MINISTRY OF SOCIAL DEVELOPMENT

ANNUAL REPORT 2009/2010

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Te Manatū Whakahiato Ora

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

Chief Executive's foreword

The 2009/2010 year was again a year in which many New Zealanders, their families and communities faced real pressures as a result of the global economic downturn. Over the year the number of New Zealanders receiving an Unemployment Benefit increased by nearly a quarter as a direct result of the economic conditions. There were 13 per cent more care and protection notifications to Child, Youth and Family, and many community organisations had to manage increased demand for services alongside pressures on their costs and in some cases, reduced sources of funding.

Our priorities for the year were to minimise the impact of the recession on New Zealanders, create opportunities for young people and reduce youth offending, improve the care of vulnerable children, improve our services to older people, and to help community organisations work with us more closely on results – and to do these things with a strong value-for-money focus.

The Ministry swung into action. We redeployed case managers, redesigned the way we do business, outreached to employers, and delivered new government programmes to reduce the worst effects of the recession. The recession also created barriers for young people getting the experience they need to get a foothold in the job market. We worked with employers and communities to help give these young people real work opportunities. During the year Work and Income helped more than 6,000 young people into a job through the Job Opportunities programme. The programme encourages employers to consider employing young people to fill entry-level positions. Work and Income helped more than 3,500 young people into employment through the Community Max programme, a wage-subsidy for community-based projects. Eighty-five per cent of Job Ops participants and 73 per cent of Community Max participants did not require a benefit after participating in the programmes.

We also developed better relationships with government agencies and community organisations, to improve our ability to intervene early and protect vulnerable infants. Child, Youth and Family completed the rollout of the Partnered Response Pathway, which gets the right services to the right people. The Never, Ever Shake a Baby Campaign was launched with support from community organisations. From December 2009, social workers joined six hospitals around the country to support hospital staff caring for children who may have been abused. These sorts of partnerships help Child, Youth and Family to make a greater difference. For the first time in a decade Child, Youth and Family delivered against every service commitment. Child, Youth and Family had 14,363 more care and protection notifications this year than last, and all of these reached a social worker or other help and assistance on time.

To help community organisations weather the economic conditions, we paid them $25.4 million through the Community Response Fund to manage their cost and demand pressures. We also introduced High Trust Contracting as a way of reducing compliance costs for organisations that have a strong and trusted record of delivery. This will allow community-based social services to focus more on families they are helping and less on complex paperwork and reporting. These agreements focus on what outcomes need to be achieved for individuals and families, rather than on specifying and measuring how services are delivered. By the end of June 2010, 24 community organisations had entered into a high trust agreement with the Ministry.

The Government and the public expect us to demonstrate value-for-money across all our activities by managing our costs. We generated efficiency gains of nearly $60 million during the year despite even more people coming into our local offices and calling our contact centres. We delivered our services better and made them more accessible, including offering more services online such as applications for Superannuation and enabling 109,000 students to get all their StudyLink correspondence online. This helped us to manage the demand and free up more time at the frontline to work more intensively with people who need extra support. It made a visible difference for our clients. Even though Work and Income had 20,000 more clients than in the previous year, these clients waited on average half a day less to see their case manager, and were more likely to have all their needs met through a single appointment rather than over several appointments.

Staff from all parts of the Ministry have delivered in a year that again made very challenging demands of them. Their work has made a real difference to the lives of many thousands of New Zealanders, to their families and in our communities. I am hugely proud of them.

Peter Hughes
Chief Executive

Our role

We are responding to the impact of the recession by helping people to get employment and training opportunities, by helping individuals and families to maintain stability and wellbeing and by managing the increased demand for our services. This is our commitment to supporting New Zealanders in these tough economic times.

We are the lead agency for the social sector. Our services are important to every New Zealander at some point in their life or in their family's lives. We help government to set priorities across the sector, to co-ordinate the actions of other social sector agencies and to track changes in the social wellbeing of New Zealanders. We do this by providing evidence-based advice to government, through working with other government and non-government organisations, employers and industry, private organisations, advisory and industry groups, and communities and iwi.

We have around 300 sites that provide services to more than 1.6 million people.

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

- employment, income support and superannuation services – Work and Income and Senior Services
- the care and protection of, and youth justice services for, at-risk children and young people – Child, Youth and Family
- connecting families with their communities and funding early intervention programmes – Family and Community Services
- student allowances and loans – StudyLink
- protecting taxpayers' money through fraud investigations and debt collection.

Protect people from the worst effects of the recession and minimise unemployment

People are better off when they have a job. It's better for them individually, for their children and their families. Having a job builds financial security and independence. It boosts self-confidence and connects people to their communities. A productive, employed workforce is good for individuals, business, industry and the country as a whole.

We have worked with businesses and employers to help keep people in jobs. Where this wasn't possible, we changed how we worked to help people to return to the work place as soon as possible.

Impact of the recession

In early 2009, it was clear New Zealand was heading into a recession the country had not experienced in over 60 years. The job market contracted significantly, becoming increasingly competitive and making it harder than usual for young jobseekers and the long-term unemployed to find work.

At the end of June 2010, 62,000 working age people were receiving an Unemployment Benefit, compared with 18,000 in June 2008 and 51,000 in June 2009. The percentage of households with dependent children with no adult in the workforce increased from 12.2 per cent in December 2008 to 14.1 per cent in December 2009[1].

Of the clients receiving an Unemployment Benefit at the end of June 2010, 71 per cent were male, 37 per cent were mature jobseekers (aged 40–64 years).

The number of working age people receiving an Unemployment Benefit increased by 11,000 (22 per cent) in the 12 months to June 2010. Over the last 24 months this number has increased by 244 per cent. This increase is a direct result of economic conditions. However, unemployment did not reach the predicted levels of 11 per cent, in part due to the Government's work-first approach and the Ministry's focus on helping New Zealanders into work wherever possible.

In our 2009–2012 Statement of Intent we included indicators for getting people into work. Our progress on these indicators reflects the success we have had in helping people to get and stay in jobs. In 2009/2010, a greater proportion of people (37.5 per cent) than in March 2009 (34.4 per cent) who attended a Work for You Seminar did not need a benefit within the following 28 days. In addition, 33,011 people who exited a main benefit stayed in work for six months or longer, compared with 30,553 in 2007/2008.

Response to the recession

Job Ops

Young people have been hard hit by the recession. Employers were reluctant to take on new staff, let alone staff with little experience or few skills. To address this, we implemented the Government's Youth Opportunities package for young people aged 16–24 years. This package of interventions helps young people at risk of long-term unemployment by creating job and training opportunities.

At the end of June 2010, over 6,000 Job Ops places had been taken up, with 4,646 employers participating in the programme. First year results show 80 per cent of participants had moved into work or training after completing their Job Ops participation.

1 This is an indicator in the Ministry's 2009–2012 Statement of Intent. There is also an indicator of households with dependent children with net-of-housing-cost incomes below 60 per cent of median. Updated comparable data is not available for this indicator.

The subsidised Job Ops programme, a part of the Youth Opportunities package, encourages employers to consider taking on young people to fill entry-level positions. This will provide young people with valuable work experience for later work opportunities.

Job Ops has been successful. Eighty per cent of participants moved into work or training. Thousands of young people have had the opportunity to prove themselves to employers. Job Ops will be expanded into 2010/2011, effectively doubling the number of placements in the programme from 6,000 to 12,000. Initially, Job Ops employers were excluded from using the 90-day employment trial. From 1 July 2010, employers will be able to use this trial period. Hopefully, this will encourage more employers to offer Job Ops positions.

Community Max

At the end of June 2010, 3,571 Community Max places had been taken up. Forty-one per cent of the young people who completed their participation in Community Max have gone into work or training.

We also offered Community Max to help get young people working in their communities by providing a wage subsidy and training for them when they worked on community-based projects. These projects give young people valuable experience in a real work environment while helping out with useful community projects. Community Max will be extended by another 1,500 places in areas where Māori youth unemployment has been the highest – Northland, Bay of Plenty, Waikato and the East Coast.

Youth Transition Services

The Youth Transition Services continued to operate alongside Job Ops and Community Max. During 2009/2010, 6,468 young people exited Youth Transition Services into employment, training or further education. This was an indicator in the Ministry's 2009–2012 Statement of Intent. It has been overtaken by the Government's increased focus on getting young people into work. The Ministry revised its measure for youth employment in its 2010–2013 Statement of Intent.

Changing how we work

To respond to the increase in demand for our services, Work and Income made changes to its operations to help keep people in work or to get more people back into work as quickly as possible. These improvements have increased productivity and efficiency while reducing costs.

Lean Six Sigma

Work and Income applied the Lean Six Sigma methodology to streamline its service delivery. Lean Six Sigma is helping us to reduce errors and duplication, increase our efficiency and remove variation in the services we provide.

Since introducing Lean Six Sigma, Work and Income has lifted case manager productivity by up to 30 per cent allowing staff more time to proactively help clients into work. This means staff are able to process close to a third more applications each day. Clients now wait on average half a day less to get an appointment, and have all of their needs dealt with in the one appointment, instead of over multiple appointments. Clients get their needs met faster and are still able to request appointments with specific case managers if they choose to. We also still offer a dedicated one-on-one service for clients with very complex needs.

Recruitment

Smarter thinking was applied to how we identify work opportunities for jobseekers. Over the last year, Work and Income has formed important strategic relationships with the Recruitment and Consulting Services Association and TradeMe Jobs. By becoming partners, we are expanding opportunities for jobseekers and employers alike.

Job Connect

Job Connect is our national recruitment service that works with clients and employers. Job Connect allows closer interaction between work brokers and employers to identify vacancies and match them to clients. Through the virtual contact centre, work-ready clients can call us instead of going into a service centre to view current vacancies. As well, Job Connect provides a centralised, co-ordinated support service for employers facing staff shortages.

Approximately 6,200 outbound and inbound calls are made through Job Connect every week.

Job Search Service

We made changes to our Job Search Service to provide jobseekers with:

- a standardised employment service – intensive job search support, tailored to the individual jobseeker, from the initial point of contact
- an upfront job search assessment that identifies the services jobseekers need to return them to employment
- employment information and job placement services that enable jobseekers to manage their own job searching
- access to services (including interventions and activities) tailored to meet a jobseeker's level of need.

We know these approaches work because, in 2009/2010, 37.5 per cent of Unemployment Benefit jobseekers did not require a benefit within 28 days of attending a Work for You seminar.

Online transactions

Work and Income has moved more transactions online. Online services play a crucial role in the Ministry's service vision, which includes offering services to our clients using the web.

Work and Income's new online services include:

- *Employers On-Line* – this service improved the interface between Work and Income and employers through online services, including job search and placement facilities.
- *Client online services* – these deliver a range of services to clients (both working age and seniors) allowing them to check their eligibility for assistance using an eligibility calculator, apply for a benefit or pension online and book an appointment online.

Future Focus

In the coming year we will be delivering the Government's Future Focus package. Future Focus is a package of welfare reforms designed to get people who rely on benefits back into work as quickly as possible. Future Focus includes financial incentives to reward those who work, support to get people back into paid work, and stronger expectations and sanctions for those who do not meet their jobseeking obligations.

Over the past year the Ministry has done a lot of work to get this package up and running. The package will cost approximately $88 million over the next four years and is largely funded through savings.

The main changes affect sole parents receiving a Domestic Purposes Benefit (DPB) (this part of the package comes into effect in September 2010) and people on Sickness Benefit (SB) (effective from May 2011). Sole parents on a DPB whose youngest child is six years or over and people on a SB who have been assessed as capable of doing some work will now have work obligations. This means that they will need to look for part-time work which we will help them to do and they may face sanctions if they are not active in their job search.

The changes to abatement levels could make an estimated 28,000 people better off.

Abatement thresholds have been raised. This means people on a DPB, an Invalid's Benefit, and a Widow's Benefit, and those on New Zealand Superannuation and a Veteran's Pension with non-qualifying spouses who claim the married rate, can now earn more before their benefits are affected.

Young people are in education, training, work or other worthwhile activities

Young New Zealanders need to grow to be independent and motivated to plan for a better life. Young people need the confidence to keep themselves on track and, when necessary, get themselves out of and stay out of trouble. They need to have the confidence to go and get training to build up their skills to get work and to contribute to economic growth and strong social outcomes.

We are increasing the opportunities for young people to contribute to decision-making processes which affect their lives. Engaging with young people helps them to build confidence in their own abilities. In addition, young people are better informed about training and study options to prepare them for work.

Youth engagement

It is important to get young people's perspectives on decisions being made that affect them so they feel connected with those decisions and feel heard by government. We held five major consultations with young people on behalf of a range of government agencies. This consultation process gives government agencies the opportunity to get fresh ideas and views, and gives young people the opportunity to participate in decisions affecting them.

Young people were consulted on:

- a review of the sale and supply of liquor for the Law Commission
- Safer Journeys – Road Safety Strategy 2020 for the Ministry of Transport
- Defence Review 2009 for the Ministry of Defence
- a review of the Holidays Act 2003 and Promoting good practice and policies for young people's work in Asia-Pacific Economic Cooperation (APEC) economies – both for the Department of Labour.

StudyLink online services

We launched the redesigned StudyLink website in September 2009, along with the Apply Online Eligibility Tool. The new website includes links to information and tools from other relevant websites. It offers post-secondary school career planning advice and guidance specifically for Work and Income clients thinking about studying.

We also implemented Mail Online on 1 November 2009. This service enables students to access most of their correspondence from StudyLink online.

At 30 June 2010, 215,187 students submitted 414,960 applications using Apply Online and more than 109,000 students signed up to Mail Online, with 345,000 letters being viewed.

Break-Away school holiday programmes

In January 2010, we delivered the first Break-Away school holiday programmes to young people (aged 11 to 17 years) whose families are not able to provide them with such activities. Targeted communities included Auckland and Northland and on the East Coast.

Over the 2010 January and April school holidays, 13,347 one-week school holiday programme placements were taken up by young people (aged 11–17 years) in Auckland and Northland and on the East Coast.

Not all young people have the opportunity to be involved in structured school holiday programmes. In some cases, young people with no focus over holiday time get in trouble. Research shows that taking part in positive activities can help to improve young people's engagement at school and to give young people an alternative to risky, antisocial behaviours. Young people can sign themselves onto the programme, or they can be referred by parents or others in the community.

From July 2010, the Break-Away school holiday programmes have been extended to 30,000 placements, available each year in areas facing social or economic disadvantage.

Limited Service Volunteers

The two additional programmes in Auckland and Wellington offer 1,250 more LSV places a year, for the next two years.

The Limited Service Volunteer (LSV) Scheme has a proud history of building confidence, motivation and initiative in the young people who have participated in the programme. LSV training is run by the New Zealand Defence Force and comprises a six-week course aimed primarily at long-term unemployed young people between the ages of 18 and 25 years (17 year olds on a case-by-case basis). Due to the success of the scheme, it has been expanded to provide additional LSV training at Youth Development Units in Wellington and Auckland.

The extra LSV places will be funded through to 2011, with an increased focus on employment for young people.

Young people who get into trouble stop offending

We are concentrating on helping serious and persistent young offenders get their lives back on track. There are now more options for dealing with young offenders, from those who have dabbled in criminal activity and could be diverted into positive activities to those serious, repeat offenders who are on their last chance before ending up in the adult criminal justice system.

For most young people, their offending is minor offending that doesn't define their future. But some young people struggle to stay away from crime and the risk of becoming involved in more serious crime is high. In 2009 the Government introduced the Fresh Start package. Fresh Start is designed to help us work with young people to turn their lives around. The legislation that supports this package was passed in March 2010 and will come into effect on 1 October 2010.

To prepare for Fresh Start, the Ministry developed services for the package and did concept tests for Parenting, Mentoring, Alcohol and Other Drug programmes, Court-supervised camps, Military Activity Camps (MAC) and Community Youth programmes.

Our 2009–2012 Statement of Intent has two indicators for young people who get into trouble or who stop offending. Since 2008, our indicators show the repeat referral rate of young people has remained steady.

The Military Activity Camps are designed to expose young offenders to physical and team building activities to broaden their horizons and to encourage them toward alternatives to offending.

Te Maioha o Parekarangi youth justice residence

We completed Te Maioha o Parekarangi (gift of life imbued in the land) – the new youth justice residence in Rotorua. The focus for the year was finishing construction work and getting the residence up and running. This included the fit-out of the residence and the recruitment of almost 100 staff in preparation to receive the first young people in August 2010.

Te Maioha o Parekarangi youth justice residence will house 30 young people. It will be part of the country's national network of residence facilities, although many of the young people who stay there will be from the Waikato and Bay of Plenty areas. Staying there will keep them closer to their family and will help them transition back into their community.

Redevelopment of Lower North youth justice residence

We started the redevelopment of the Lower North youth justice residence to improve its safety and security. We intend to manage young people in smaller groups and to increase bed capacity (from 30 young people to 40 young people) while operating the facility during the redevelopment stage.

We carried out a successful community consultation process to increase the capacity of the residence.

Keep at-risk children safe – with emphasis on under two-year-olds

There are unacceptably high rates of child abuse in New Zealand. The early years in the life of a child are critically important for their overall development. A safe, happy and healthy early life can improve a child's health, learning ability and development. That is why we have systems in place to care for and protect children in at-risk families.

Vulnerable Children programme

Vulnerable Children was launched in November 2009. It focuses on protecting children under the age of two years. The programme aims to learn what works best and what we can do to effectively reduce the number of children harmed and abused in the future.

The need for this programme is reflected in the Ministry's 2009–2012 Statement of Intent indicators, which show the rate of re-substantiated abuse or neglect of children has increased with the economic downturn. The proportion of children assessed as abused or neglected increased from 15.40 per 1,000 children aged 0–16 years in 2008/2009 to 16.61 in 2009/2010. The rate of re-substantiated abuse/neglect within six months of a previous abuse/neglect finding increased from 1.77 per 1,000 children aged 0–16 years in 2008/2009 to 2.21 in 2009/2010. Emotional abuse was present in just over 80 per cent of all substantiated re-abuse cases in 2010; physical abuse 18 per cent, sexual abuse six per cent, and neglect 36 per cent. In 2009, emotional abuse made up 78 per cent, physical abuse 16 per cent, sexual abuse 5 per cent, and neglect 39 per cent. Family violence is the primary contributor to the high levels of emotional abuse reported to Child, Youth and Family each year.

The Vulnerable Children programme of action includes:

- Never, Ever Shake a Baby campaign
- Auckland District Health Board's Preventing Shaken Baby Syndrome programme
- Multi-agency safety plans
- First Response to family violence call-outs
- Child,Youth and Family social workers in hospitals.

Never, Ever Shake a Baby campaign

Every year around 23 babies are admitted to hospital as a result of being shaken. International research shows that inconsolable infant crying is a key trigger for shaking and physical abuse, typically when babies are between six weeks and four months old.

We ran a multimedia campaign between December 2009 and June 2010, aimed at educating parents and caregivers about why you must never, ever, shake a baby. This involved television, radio, print and online advertising, and mall and bus shelter banners in our main centres. The campaign was supported by strong community action.

Auckland District Health Board's Preventing Shaken Baby Syndrome programme

Overseas studies have shown this programme reduces Shaken Baby Syndrome by 40 per cent.

We supported the Auckland District Health Board's Preventing Shaken Baby Syndrome programme, led by Dr Patrick Kelly, Consultant Paediatrician, and Clinical Director of Te Puaruruhau, Auckland District Health Board's Child Abuse Unit. Lead maternity carers will talk with every new parent about how to look after a crying baby and why you must never shake them. All new parents will also receive information pamphlets and a DVD resource.

The programme raises awareness among new parents in the Auckland District Health Board's region.

Child, Youth and Family social workers in hospitals

Child, Youth and Family has had a practice leader based in the Starship and National Women's hospitals since 2000. From December 2009, this initiative has been expanded with social workers joining hospitals in Counties Manukau, Waikato, Wellington, the Hutt Valley, Christchurch, and Dunedin.

By working closely and developing relationships with key staff across the hospitals, the Child, Youth and Family social workers are able to share information and expertise and increase the likelihood of identifying at-risk children and young people. This will ensure that when a child presents with injuries that could be non-accidental, services are linked and co-ordinated between the hospital midwives, police, Child, Youth and Family, other professionals and the child's family. The key focus is to ensure the child is supported during this vulnerable time and, in cases involving non-accidental injury, the child is kept safe from further abuse.

The programme will be further expanded by the end of 2010. This means Child, Youth and Family social workers will be in all 21 district health boards. Recruitment is already underway, with induction training scheduled for the end of October.

Multi-agency safety plans

Multi-agency safety plans will bring together Child, Youth and Family, the police and health professionals to ensure there is a clear, safety plan established for all children admitted to hospital as a result of abuse. The safety plan is about making sure children have a safe home to go to when they leave hospital, and there is an agreed plan to monitor their continued safety and wellbeing.

Our Child, Youth and Family social workers in hospitals take a lead role in ensuring robust safety plans are put in place. These plans include details about who will care for the child, any health issues, additional supports needed for the child and their family, and clear definitions around the roles and responsibilities of each professional involved in the case.

First Response

The police advise Child, Youth and Family every time they attend a family violence call-out when children are present in the home. This results in around 51,000 family violence reports of concern from the police each year and equates to 46 per cent of all reports of concern to Child, Youth and Family.

Many of these reports do not require Child, Youth and Family's ongoing involvement for a variety of reasons. For example, the incident might be an isolated argument between mum and dad but the children were asleep and not involved, or it could be between mum and dad and other relatives who don't usually live in the home and mum and dad are protective and appear to be taking appropriate steps for their children's safety. However, these incidents do indicate a family may need support.

In Auckland, we piloted an early intervention service aimed at supporting families with children under the age of two years to address the violence in the adults' relationship before it escalated.

First Response was a Child, Youth and Family led initiative in collaboration with the police and a community organisation called SHINE*. Where there are children under the age of two years present in the home, a SHINE* social worker visits the family within 72 hours of a family violence call-out. They provide support and information to help the family keep everyone safe and to link the family up with appropriate services in the community. If at any stage there are concerns for the child's safety, the SHINE* social worker makes a referral to Child, Youth and Family.

Impact of changes made to section 59 of the Crimes Amendment Act

In the period between April 2010 and 30 June 2010, Child, Youth and Family received 105 notifications (0.4 per cent of total notifications) where the information included concerns about smacking, for example, parental drug abuse and smacking. A further seven calls were received about light smacking only. These calls were not recorded as formal notifications and no action was taken by Child, Youth and Family.

Differential Response

The Differential Response provides more response options for Child, Youth and Family's care and protection services. The nature and degree of our involvement reflects the risks, strengths and needs profiles of families. We aim to achieve a reduction in re-engagements with families. This may be through a Child, Youth and Family response and/or a partnered response where Child, Youth and Family works in partnership with other social services providers, facilitating their involvement with families whose needs they can best meet. Providers have the flexibility to refer the families back to Child, Youth and Family.

Partnered Response Pathway

The Partnered Response Pathway is a component of the Differential Response approach. It allows us to work with social services providers in the community to get the right services to the child. It supports those families who will be better helped through community-based support rather than through statutory social work intervention.

This year we completed the national rollout of the Partnered Response Pathway, with every site implementing their plans for strengthening relationships with community providers. This ensures vulnerable families can get access to the level of services they need. We are completing a review of the implementation of this response and identifying the next steps we can take to further strengthen this approach.

Home for Life

We implemented a national programme to increase awareness of and to support access to permanency for children and young people in care. We put in place regular monitoring of sites to see what progress they were making with their site care plans. To further support our permanency work, we brought together our foster care and adoption expertise to develop the framework, policy and materials required to better prepare potential caregivers. This formed the background to the Home for Life work we will deliver in the 2010/2011 year.

Child, Youth and Family helped 389 children into permanent care in the last two years.

A home for life is when whānau or foster carers make a lifelong commitment to a child, and the child is no longer in Child, Youth and Family care. It provides a safe and stable home for children, helps them to build strong and nurturing attachments and gives them the greatest chance of growing into secure adults. Our Home for Life programme does not change the fact we believe children belong with their families. We will still work with families to keep their children safe, we will find extended family and whānau carers as a first priority and we will look for foster families only if the children's own extended family is not able to safely care for them. All children deserve a family to call their own and a permanent home where they will be kept safe and well cared for. The reality is, many children will not be able to return home to their own parents.

Health and Education Needs Assessment Framework

We evaluated the Health and Education Needs Assessment Framework for all children and young people who come into our care in 14 Child, Youth and Family pilot sites. This assessment helps to provide us with an overall picture of the health, disability and educational needs of the children and young people who come into our care. It helps social workers to develop care plans tailored to help caregivers look after children and young people. The framework will continue to be refined to prepare for its national implementation in 2011/2012.

Evaluation findings of the assessment show:

- 88 per cent of children and young people that come into care have health problems
- 44 per cent warrant referral for specialist treatment.

Child, Youth and Family's performance

For the first time in more than a decade, Child, Youth and Family delivered against every service commitment. This year significant progress was made on a number of Child, Youth and Family's performance measures and in some cases standards were exceeded. This includes services for adoption, care and protection, and the development and funding of community services. These results reflect the work Child, Youth and Family has done to improve its systems and processes, and to improve how it records and measures the way it works.

Child, Youth and Family also continued to have success in reducing the number of cases not allocated to social workers. In 2009/2010, Child, Youth and Family reduced the number of unallocated cases by 51 per cent despite a 13 per cent increase in care and protection notifications. To ensure we continue to improve our performance in 2010/2011, we have established new performance measures and raised the current performance standard targets.

At the end of June 2010, 124 cases were unallocated to social workers, a reduction of 89 per cent since 2006 (1,092 unallocated cases).

Older people

New Zealand has an ageing population. One in four New Zealanders will be aged over 65 years by 2040. It is essential that older people have access to their full entitlements so they can remain independent while continuing to lead full, healthy and secure lives.

Online Services for Seniors

The Ministry's 2009–2012 Statement of Intent indicators for seniors show that, for the year ended December 2009, 16.1 per cent of older people were in the workforce, compared with 15.2 per cent the previous year. According to the 2006 Census, 18 per cent of people aged 65 years and over undertook "other voluntary work"[2].

In July 2009, the Ask a Question tool went live on the Seniors website. This allows people to ask questions and to get answers about the Ministry's services for seniors. Between July 2009 and June 2010, 4,137 clients asked questions relating to their individual circumstances. Most commonly, people asked about their eligibility for New Zealand Superannuation (NZS) domestically and overseas.

The Seniors website can be accessed at www.seniors.msd.govt.nz

Since April 2010, eligible clients have been able to apply online for NZS. They can also easily check what other assistance they may be eligible for (such as the Accommodation Supplement and the Disability Allowance). Feedback from applicants about the online application has been positive. They say it gives them choice and control over how they apply for NZS and it makes the process easier for them.

Between April and June 2010, we received 7,301 applications for New Zealand Superannuation; 399 applications (5.5 per cent) were submitted online.

From July 2010 we have been promoting our online services by: encouraging people who contact us about applying for NZS to do this online; making the online application more visible on our website; updating our NZS fact sheets and brochures; providing information about the online applications to non-government organisations (NGOs), such as Grey Power, Age Concern and The Royal New Zealand Returned and Services' Association.

New Zealand Superannuation – implementing portability legislation (payment of New Zealand Superannuation and Veteran's Pension overseas)

In January 2010, we implemented new portability legislation which enables superannuitants and veterans pensioners to travel or retire overseas while retaining their entitlement to NZS or a Veteran's Pension.

At 30 June 2010, 20,633 NZS and Veteran's Pension payments were paid overseas.

Between January 2010 and June 2010, we helped 375 clients to take advantage of the legislative change that allows them to receive up to 100 per cent (compared with 50 per cent previously) of their New Zealand Superannuation and Veteran's Pension while travelling or retiring overseas to non-agreement countries. The most popular destinations are the United States, Thailand, Philippines, India, Croatia, Israel, Italy and Chile.

2 There is one further 2009–2012 Statement of Intent indicator on the proportion of older people (65+ years) with net-of-housing-cost incomes below the 60 per cent median. Updated comparable information is not available for this indicator.

SuperGold Card

As at 30 June 2010, there were 556,183 SuperGold cardholders compared to 536,932 cardholders for the same period in 2009 (an increase of 3.5 per cent).

We improved the SuperGold Card programme by:

- publishing a new directory of services in February 2010 that is easier to navigate due to its colour-coded regional breakdowns of business listings
- adding 212 new business partners between July 2009 and June 2010 – a notable signing in December 2009 was the New Zealand Super 14 franchises for the 2010 and 2011 seasons, offering a 'buy one get one free' ticket for home games (excluding semi-finals and the final).

Since the launch of the SuperGold Card in August 2007, the number of business partners has grown from 188 to 1,212 (a 545 per cent increase) and associated business outlets from 2,215 to 5,293 (a 139 per cent increase).

We have been working towards developing a trans-Tasman reciprocal arrangement with Australia that enables Seniors Card holders visiting New Zealand to access commercial discounts offered to SuperGold Card holders, and SuperGold Card holders visiting Australia to access commercial discounts offered to Senior Card holders. Positive responses have been received from all the Australian States and Territories who agreed to work together to develop this proposal further.

Elder Abuse and Neglect Prevention Services

We delivered training to our frontline staff to improve their awareness of and to help them better recognise elder abuse and neglect. As a result, Work and Income, and Senior Services staff are better able to identify and respond to cases of elder abuse and neglect.

In 2009/2010, over 4,000 clients were supported by Elder Abuse and Neglect Prevention Services (an increase of 263 per cent since 2008/2009).

Reporting on positive ageing

Local and central government agencies are required to report on their activities and outcomes achieved under the 10 goals of the New Zealand Positive Ageing Strategy. The reporting process has become more accessible now it is available online.

The development of web-based reporting simplifies the reporting process for agencies and allows the progressive release of information. The first phase of online reporting went live in April 2010. The development of the site will continue in 2010, and the website will be fully operational in March 2011.

For more information about this website visit www.osc.govt.nz

Communities are better able to support themselves

Communities know best the types of services they need to respond to the issues facing them. They know what help is available locally and they are active in finding local solutions to local issues. We worked together with community organisations and central government to strengthen the capabilities of communities, and to improve services so they are better able to help families in need and to ensure their members can participate fully in life in a stronger community.

Supporting communities and community organisations

High Trust Contracting

This year the Ministry worked with 24 community organisations to trial this new approach. Work is continuing to identify up to 150 service providers able to support the criteria for High Trust Contracting.

The Ministry is the first government department to introduce High Trust Contracting.

To qualify for a High Trust Contract, providers must demonstrate strong governance and management, consistent delivery of services their communities need, good reporting systems, and financial viability.

High Trust Contracts draw together into one contract all the services funded by Family and Community Services, Child, Youth and Family, Work and Income and the Ministry of Youth Development.

Contracts for the delivery of community services by organisations are intended to be simple, focused on achieving results, and able to provide flexible service delivery to families and individuals across a range of our services.

Over the last year, as part of a new programme, we developed High Trust Contracting with a number of our community-based organisations. These contracts:

- recognise the trust built up over time between organisations, and the quality of that relationship
- use simple but effective contracting processes to support and capitalise on the strengths and benefits of high trust relationships
- have less detailed funding agreements
- provide upfront funding
- require reporting only once a year.

Whānau Ora

Over this year, in association with Te Puni Kōkiri and the Ministry of Health, we worked on the development of Whānau Ora. In Budget 2010, the Government confirmed that $134 million will be available over four years to allow Te Puni Kōkiri, the Ministry of Health and the Ministry of Social Development to jointly implement this policy.

The Whānau Ora Fund aims to foster family wellbeing for all families. It will purchase social services from providers that focus on families as a whole, supporting those families who are experiencing or have experienced family violence, helping them to resolve their issues as a family rather than on an individual basis.

Next year, we will do further work to consolidate the implementation of Whānau Ora. Expressions of interest will be sought to select the first 20 Whānau Ora provider organisations or sites.

Community Response Fund

The Community Response Fund is a short-term, time-limited response to address the immediate cost and demand pressures the economic downturn is putting on community-based critical social services for families, children, young and older people.

The Fund's purpose is to deliver additional funding to support the provision of critical social services to our most vulnerable individuals and families. Funding of up to $104 million over two years has been made available and its disbursement overseen by 12 regional panels and one national panel.

In this year's three application rounds, 817 applications for assistance were received and 479 received funding of $25.4 million.

Over the year, we established 12 new regional panels, along with a national panel. As well, the Ministry developed or encouraged:

- a new way of working with the social sector in partnerships
- increased community involvement in and a collaborative approach to funding decisions
- more efficient and streamlined application processes
- an increased focus on innovative responses to demands
- provider co-operation to achieve better results for families
- a web-based database to better support application processes.

Settling In – Refugee and Migrant Social Services

The Refugee and Migrant Settling In programme helps refugee and migrant communities to build relationships with their host communities, and supports the collaborative development of government policies and programmes.

Settling In was a finalist in the 2010 IPANZ Gen-iPublic sector Excellence Awards in the category Working Together for Better Services. This recognised outstanding performance and the achievement of joint outcomes across clusters of agencies.

It helps refugees and migrants to establish themselves in New Zealand, and provides them with the skills, knowledge and confidence they need to become fully-functioning participants in their new country. Current programmes were consolidated, and additional networks were established in places such as Palmerston North, Hamilton and Tauranga.

In Budget 2010, the Government announced it was increasing its investment in Settling In over the next three years. This will enable further networks to be established at new sites including Dunedin and Oamaru, and the strengthening of networks, particularly in Auckland.

United Nations Conventions on the Rights of Persons with Disabilities

Work commenced on our inaugural report against the United Nations Convention on the Rights of Persons with Disabilities, which New Zealand ratified in 2008. Initiatives are underway to help promote, protect and monitor the rights of people with disabilities in line with the Convention, which will see New Zealand strengthen its reputation as a world leader in disability issues by supporting disabled people to do their own monitoring. The report will be finalised in 2010/2011.

We have been working on policy initiatives to improve the lives of disabled people by changing the attitudes and behaviours that limit their opportunities. We are developing a programme of activities to raise public awareness of the issues facing disabled people in New Zealand and these will be developed and will be delivered over the next three years.

Eliminating family violence

Eliminating family violence is a priority for the Government, and State and community agencies are working hard towards this goal. The Ministry's Statement of Intent indicator on the number of family violence incidents recorded each year shows a decrease in these incidents from 43,307 in 2008 to 42,437 in 2009.

Taskforce for Action on Violence within Families

The Taskforce for Action on Violence within Families was established to address family violence and to put in place a work programme that would start to change the way New Zealanders view family violence. The taskforce consists of chief executives and decision makers from government and non-government sectors, the judiciary, and Crown agencies.

Campaign for Action on Family Violence

The overall campaign received the Prime Minister's supreme award at the Institute of Public Administration's New Zealand Public Sector Excellence Awards, after winning the category for Public Sector Communications.

The campaign aims to change attitudes and behaviours to reduce the incidence of family violence. It wants to create an environment where family violence is not tolerated and where people feel safe in their own homes.

The ongoing campaign includes a range of initiatives such as communications, assistance for Children who Witness Family Violence, and Whānau Violence Prevention.

Over this year, we developed two television commercials aimed at motivating family and friends to be effective helpers and influencers when people close to them are living with violence.

All resources can be viewed and ordered through the campaign's website at www.areyouok.org.nz

We also developed a range of resources and advocacy tools to support change in individuals, families and communities. These include:

- a toolkit for employers (Good for Staff, Good for Business)
- resources to help families prevent child abuse before it occurs and to get help if it's already happening (Keeping Kids Safe and Secure, Aroha in Action)
- resources to support change agents (Community Action Toolkit, a Media Handbook for Police).

The Family Violence Dashboard of Indicators

In April 2010, the Taskforce completed its first Family Violence Dashboard of Indicators which is designed to better monitor the level of family violence in New Zealand. Over time, the Taskforce will extend the data collected, so when put together the indicators will tell an important story about family violence in New Zealand and what progress is being made.

The Pacific Programme of Action

This programme of action was developed by the Pacific Advisory Group as part of the Taskforce's ongoing programme of work. It sets out a practical framework for addressing issues and priorities in relation to violence within Pacific families and communities.

In April and May 2010, the Pacific Champions of Change held a series of nine fono from Auckland to Dunedin. The aim of these fono was to explore how the Pacific communities in New Zealand could take charge of, and lead, their own solutions for preventing violence in Pacific people's homes and communities. In particular, the views of younger Pacific community leaders were encouraged, to help us more effectively tackle family violence within New Zealand's Pacific communities.

Early support

An economic downturn has wide social impacts. Family violence, child abuse, neglect and offending are all correlated with social and economic factors. The key to dealing with these issues is to direct resources and efforts early in people's lives and early in the life of a problem. Early action to stop violence is more effective in protecting children and in rehabilitating perpetrators.

Community Links

Community Link is an integrated cross-agency approach with a range of government and non-government service providers working together to service common clients. We've opened up our sites to our partners and we are sharing resources with a focus on helping the clients we jointly work with. At a Community Link, partners don't just operate on site, we also have a direct link to their services at their own location.

The Community Link way of working means we tackle the underlying causes of a client's problems not just the symptoms quicker and together. This means, where a person has multiple needs, agencies no longer deliver their services to the client and their families in isolation.

In 2009/2010, we opened 17 Community Link Centres to provide integrated social services. These are located in Rotorua, Glenn Innes, Westgate, Whakatane, Tokoroa, Onehunga, Thames, Te Kuiti, Turangi, Greymouth, Kaitaia, Masterton, Napier, Taupo, Blenheim, Whangarei and Porirua. This means we have 23 Community Links across the country.

We also have Community Link Centres in Linwood, Huntly, Flaxmere, Naenae, Ashburton and Kamo.

Community Link in Courts

The Taskforce for Action on Violence within Families led the implementation of a Community Link in Courts programme in the Porirua Family Court and Family Violence Court in May 2010.

Porirua Community Link is also piloting the Community Link in Courts' CLiC project, which aims to provide a wraparound service to people affected by family violence. It is a Court-based service that links people to support and other specialist agencies. Those affected by family violence in the Porirua region will be able to get access to CLiC by either: self referral, for Family Court and Family Violence Court users affected by family violence; or judicial referral, for Family Violence Court defendants intending to plead guilty only.

Integrated Service Response

Led by Work and Income, the Integrated Service Response (ISR) is an integrated cross-agency approach to help the most at-risk individuals and families deal with the underlying causes of their problems. The main objectives of the ISR, in order of priority are to:

- meet child safety and development needs
- address other priority needs faced by a family
- assist the family to improve their circumstances by meeting employment needs.

By July 2010, of the 1,070 clients (representing 341 adults and 729 children) who had entered the programme between February and July 2009, and had been reassessed, the following outcomes had been achieved:

- 22 per cent improved their financial position
- 80 per cent reported an improvement in their quality of housing
- 94 per cent were enrolled with a GP and 62 per cent with a Primary Health Organisation
- 100 per cent of children attended WellChild, were immunised and had reduced truancy
- 83 per cent of children had improved their achievement at school.

Integrated Service Co-ordinators (ISCs) work across the Ministry, and in partnership with other government agencies and non-government organisations, to support our most at-risk clients by providing a co-ordinated interagency response.

The ISR allows us to work with partners to tackle the underlying causes and not just the symptoms of clients' problems. This co-ordinated approach allows us to better manage deep-rooted issues such as family violence, drug and alcohol abuse, debt, health problems, criminal activity, unemployment, housing and education. At times, these issues can be interlinked for our most vulnerable and at-risk families.

The ISR operates from 63 sites across the country and is an integral part of the services offered in our Community Links. We added 10 sites over the year to respond to the increased demand for Work and Income's services. We signalled in our 2009–2012 Statement of Intent we would develop an indicator for the effectiveness of the Integrated Service Response. As the Ministry's strategy in this area has developed, we have established an indicator for the number of Community Link Centres operating in our 2010–2013 Statement of Intent.

Family Start

We contract to provide intensive, home-based support services for families with high needs. The Family Start programme targets those 15 per cent of families with the greatest needs who have young children up to five years of age.

The programme is made up of three components:

- The Family Start programme – provides home-based support services for families with high needs, ensuring their children have the best possible start in life.
- Family Start Study Awards – makes up to 50 study awards available each year to help family/whānau workers and supervisors employed in Family Start sites to get a tertiary qualification in social work, health or early childhood education.
- Family Start Early Learning programme – provides financial assistance for up to 1,750 Family Start/Early Start client children so they can get access to early childhood education.

Last year, we supported 48 Family Start employees to do tertiary qualifications to improve the effectiveness of our services to the most vulnerable families. Since the inception of this programme, 40 Family Start Study Award recipients have graduated.

At any one time during the year, over 5,700 families were supported by Family Start.

Strengthening Families

Strengthening Families (SF) is a whole-of-government initiative, administered by the Ministry, which co-ordinates a network of support for families requiring multi-agency assistance.

During the year, nearly 2,000 families received assistance, up from 1,500 in the previous year.

SF brings together a family and all the agencies that have a part to play in helping that family. Together, the family and the agencies develop an action plan that reflects the family's needs.

The early connection of families to services and the willingness of government and community agencies to collaborate in providing the most effective service for each family, enables us to shift the focus from dealing with the consequences of difficulties in children's lives, to preventing things from going wrong in the first place.

Supported by 11 different government agencies and a variety of local community organisations, this community-based initiative operates across nearly 60 locations in New Zealand, each with its own network. SF is tailored to the local needs and circumstances within each area, is overseen by a Local Management Group and is supported by key government agency regional heads through a SF Regional Governance Group.

This year Strengthening Families was featured in an international study in which it was described as an exemplar of network delivery allowing agencies to organise integrated delivery around the needs of specific cases. www.accenture.com/frontofficesharedservices

Parent support and development programmes and initiatives

During the year, over 50,000 home visits were made to approximately 6,500 families.

Parents as First Teachers

This is a home-visiting programme to support parents to take a more active role in the early development of their children from pre-natal to three years of age. It provides information and support to parents so they can help their children develop to the maximum of their ability during these crucial early years.

Parents as First Teachers targets vulnerable families/whānau, families on low incomes, young mothers, single parent families, and those parents who lack family or community support or parenting knowledge.

This year SKIP supported 51 new community projects helping families to learn more about positive parenting. We have close links with organisations such as Plunket, Barnardos, Playcentre, Kohanga Reo National Trust, Parents Centre, Rural Education Activities Programme Aotearoa and the Cook Islands Health Network.

www.skip.org.nz

Strategies with Kids, Information for Parents

Strategies with Kids, Information for Parents (SKIP) develops and provides resources containing practical parenting information to increase parents' knowledge and skills. It supports parents and caregivers to raise children in positive ways. It provides parents with a range of parenting tools to give them the skills to deal with non-physical discipline, love, nurturing and setting boundaries. It delivers practical solutions to promote and support positive parenting. It also funds initiatives to help change attitudes and behaviours.

This year, we developed a website which includes resources and information to help parents, as well as case studies and other information to help community organisations.

Budget Services

During the year, Budget Services were provided to approximately 25,500 families throughout New Zealand.

One hundred and sixty-two MSD-funded services nationwide provided budget advice and education for local communities.

The Budget Services programme helps individuals and families to achieve their financial goals by giving them free access to financial education and group seminars, and to confidential one-to-one budget advice and assistance. This is provided by skilled budget advisors working in community-based, non-government agencies.

In the last year, Budget Services providers reported an increase in demand and a greater complexity of cases resulting from redundancies, mortgagee sales and other financial difficulties arising from the economic downturn.

Organisational health and capability

Our success depends on having people with the right skills, abilities and commitment. It also depends on us supporting our people by having the right strategies, structures, policies, systems and resources. Only when all these factors are in place can we consistently deliver the desired outcomes for our clients and for government.

Focusing on services

The Ministry, like the whole of New Zealand, has been affected by the recession. As demand for our services increased, the Ministry responded by redeploying existing staff and recruiting new staff to manage and respond to an increase in client numbers.

In Work and Income and Child, Youth and Family, staff numbers increased in line with the government's intentions to manage the increased demand. The Government also provided us with $17.2 million, one-off time limited funding so that Work and Income could recruit an extra 303 case managers, work brokers, and contact centre and job call centre staff in Work and Income sites across New Zealand.

Staff numbers in other parts of the Ministry, who are counted in the Government's cap on public servant numbers, were reduced by eight per cent. This was as a result of initiatives to manage workloads within the Ministry's baseline while sustaining or improving service quality. For example, StudyLink staff numbers were reduced by 13.7 per cent during the year as a result of initiatives, such as its Call to Action campaign, which saw more applications being made online.

Strong financial management

The Ministry has been committed to delivering value for money as part of our ongoing business strategy since 2005. To ensure we have strong financial management, we regularly review our expenditure and our programmes with the help of a dedicated Finance and Assets Management Governance Committee.

Value for Money

We implemented an ongoing VFM programme to meet identified cost pressures (primarily wage and rental costs) over the four-year period to June 2014. To facilitate this, we have a permanently resourced VFM Programme Unit supported by an externally-chaired Advisory Board. This Advisory Board includes external members from the private and public sector who bring specific expertise and experiences to the Ministry's VFM approach.

Through its VFM programme, the Ministry is committed to sustaining or improving the quality and effectiveness of its services, while managing cost pressures within its existing baselines. We have adopted seven key strategies to achieve this:

Online service delivery, reducing the costs of service delivery, while improving the reach and convenience to customers and freeing up frontline staff to deal with more complex needs. StudyLink has progressively moved to an online service model and now receives 98 per cent of its Student Loan applications online. Work and Income has implemented a similar model, moving some work away from case managers and customer services representatives to clients who can serve themselves over the web. Work and Income forecasts 40 per cent of its applications will be received online by June 2012.

Improving business processes to streamline, reduce waste, and develop a culture of continuous improvement. The Ministry has adopted the Lean Six Sigma methodology to help improve our customer services, streamline our processes and increase our staff's satisfaction with work processes. Lean Six Sigma is the combination of two proven business methodologies: Lean Manufacturing and Six Sigma. These methodologies improve efficiency by removing unnecessary work processes and by identifying the causes of waste such as re-working. They have been successfully used in many private sector service businesses over the last five years.

Actively managing salary increases and ensuring that increases are aligned with productivity. The Ministry is working to ensure future remuneration projections and agreements are financially sustainable and realistic. This means we will continue to pay our people a fair wage for what they do, while ensuring that salary increases reflect increases to the Ministry's productivity and are tied to service improvements.

Reducing back office and policy staff through more efficient processes and closer alignment of policy work to government priorities. We reduced net staffing levels across the Ministry's back office and policy staff between June 2009 and June 2010 by 117 staff, while the number of staff engaged in delivering services to clients increased. For example, Child, Youth and Family moved more staff to the frontline to support the opening of the new youth justice residence in Rotorua, and the introduction of new supervised group homes across the country.

The Ministry will continue to take advantage of technology and efficiency gains to actively manage staff numbers without compromising on our service quality or timeliness.

Lower operating costs. The Ministry has actively managed its property portfolio to reduce operating costs, has reduced domestic and international travel, and has decreased its motor vehicle fleet by 12 per cent in the past three years. The Ministry has an ongoing focus on procuring non-staff operating costs, which will continue to deliver benefits.

Shared services. We have been working with other agencies to identify and develop opportunities to reduce costs for both the Ministry and other government agencies by sharing back office functions.

In addition, through the VFM programme we are increasingly looking beyond meeting our own cost pressures to the wider social and government sectors. The Ministry is working closely with other agencies to find efficiency and effectiveness gains through cross-agency projects. Examples of this include:

- the Servicelink Transformation Project which co-ordinates a number of social sector agencies providing core services to clients through an online portal

- procurement practices where the Ministry enables other agencies to leverage off its economies of scale.

Reducing client numbers and duration. A critical success measure for the Ministry is when people achieve independence from us. To support the move to independence, the Ministry has a range of strategies providing better outcomes for individuals and communities. These enable the Ministry to reprioritise expenditure to other areas of need.

The Ministry is also looking for VFM opportunities to reduce Crown expenditure. For example, there are opportunities to save Crown spending through increasing investment in the areas of fraud, compliance and debt recovery.

Supporting our staff to gain the skills they need

To provide our staff with the broad skill-sets required for working with a variety of people across the community, we give our staff the opportunity to achieve a range of accredited service and leadership qualifications. These qualifications formalise the broad base of public service knowledge, understanding and skill our staff have. Developing our workforce is increasingly important as we work through more complex situations with clients and families.

Currently, 300 staff are studying towards National Certificate qualifications in public sector service, employment support, contact centre services and modern apprenticeships. Nearly 2,000 staff have graduated from the qualifications programme since it was established five years ago.

The Ministry has piloted a Level Four qualification for the Senior Services Business Unit. The current participants are expected to graduate in November 2010.

At the end of June 2010, 876 Child, Youth and Family staff were registered social workers, 70 per cent of these had a Level Six or higher social work qualification. A further 81 social workers were eligible to become registered, and 328 social workers were working towards competency.

We also developed a dedicated investigator training package for our benefit fraud investigators, to give them the tools they need to carry out their work. This approach is part of the cross-government approach to training our investigators. We teamed up with the Department of Internal Affairs and other enforcement agencies to develop formal qualifications for all investigators.

Developing our future leaders

The Ministry develops and strengthens its leaders. The Ministry's leadership programme – the Leadership Cascade – identifies and develops potential leaders from within the Ministry. The Ministry provides structured learning through leadership development workshops, secondments, in-house executive coaching, and mentoring programmes.

Māori and Pacific staff also have the opportunity to participate in Te Aka Matua and Te Aratiatia, accelerated development programmes to build the leadership capacity of our Māori and Pacific staff.

The Emerging Leaders programme offers participants a programme of internal workshops and business change projects over nine to 12 months, to develop their skills and knowledge. Since 2005, 80 staff have successfully completed the Emerging Leaders programme.

The Ministry's Leadership Team takes an active role in reviewing the development needs of our senior managers. The Ministry's People Forum was held in April and May 2010 and provided an opportunity for the Leadership Team to discuss our leaders' developmental progress.

The Leadership Cascade project was recognised by the Institute of Public Administration New Zealand (IPANZ) Gen-i Public Sector Excellence Awards in June 2010. The Ministry won the award for Improving Performance through Leadership Excellence.

Making it easier for our staff to give

Our payroll giving scheme was launched in April 2010. The simple online system allows staff to select their charities and to set up donations automatically within the payroll system. We are increasing the number of donee organisations available to staff. More than 4,000 donee organisations are currently available, including 2,467 schools.

Health and safety

ACC Partnership programme

The health and safety of our employees is important to us and we have focused on improving our health and safety systems over the past four years. This has had positive results, and in December 2009 we moved from the Primary to the Secondary level overall in the ACC Partnership programme. Accredited employers under this programme receive significant discounts on their ACC levies, in exchange for taking responsibility for their employees' work injury claims.

Over the last two years we have also successfully reduced the average cost of claims by 60 per cent. This has been achieved by better return-to-work outcomes resulting in fewer days away from work, and by improved health and safety initiatives to reduce the seriousness of the claims, such as the Pain and Discomfort programme.

Industrial relations

Public Service Association

Our relationship with the Public Service Association (PSA) has been strengthened with the signing of the Modern, Innovative and Productive Public Services in the Ministry of Social Development agreement. The agreement outlines our shared commitment to working together in a constructive way, with a joint focus on innovation and productivity. This includes working together to support the Value for Money programme. The agreement also outlines the processes for engagement with and the development of our joint work programmes. The Ministry is committed to reviewing the effectiveness of the agreement with the PSA at least every two years.

Collective agreements

The Ministry has been negotiating with the PSA to update four collective agreements which cover 4,000 staff. In the renewal of these agreements our focus has been on ensuring continued industrial stability, as well as on setting the foundation for enabling key business transformation.

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

Staff engagement

Measuring employee engagement lets managers know how things are going for their staff, improves team working environments and, subsequently, lifts productivity, efficiency and client satisfaction.

Part of our approach to employee engagement includes a formal programme. This has four steps: the Engagement survey; the rollout of survey results to teams; action planning by teams; and work to keep action planning on track.

This year we completed the Gallup Engagement survey for the second time (the first time for Child, Youth and Family). The 2010 Engagement survey included every service line and business group across the Ministry. Our final response rate of 85 per cent exceeded the average response rate across the New Zealand State sector and worldwide. Our managers are now working with their teams to identify the areas where they need to take action and to develop plans to do this.

Equal employment opportunity

All employees, regardless of their gender, age or ethnicity receive opportunities for training, development and appointment. We aim to have a diverse workforce that reflects the whole community.

The Ministry's demographic profile reflects that of the New Zealand population and of our client base:

- two-thirds of our managers, and over half of all the Ministry's senior managers, are female
- 23 per cent of our staff identify as Māori, 12 per cent as Pacific peoples and seven per cent as Asian.

To contribute to demographic diversity, our staff with the potential to be Māori and Pacific leaders are selected to participate in our Te Aratiatia programme. The programme is designed to prepare them for management roles and has been very successful. Since it started in 2002, almost 80 per cent of participants have been appointed to managerial or more senior roles. Twelve high-potential Ministry staff successfully completed the programme this year. As part of our joined-up approach to sharing resources and expertise across the State sector, two Inland Revenue staff members also participated in and successfully completed the programme.

Our technology

Every year:

- our payment systems process over 45 million transactions totaling $13 billion
- our call centres receive over 10 million calls
- our websites receive more than 70 million hits.

Our technology underpins our ability to connect with clients, and them with us, to achieve results.

We are continuously improving our technology to ensure we are in the best position to deliver better services to New Zealanders for less. The uptake of our online services shows many people prefer to help themselves, with online tools designed to provide information and resources for effective self management and decision making. The use of online services frees up our frontline staff so they can work more intensively with clients who have complex needs.

During the year we successfully re-platformed and modernised our benefit assessment and payment system. We added extra features to make the system more user friendly for our frontline staff. The new environment is more cost effective and provides us with a range of options to progressively enhance the system's functionality over time.

In 2009, we released two phases of our Voice Enabled Technology (VET) initiatives into the Work and Income call centre environment and we expect to deliver a third by the end of 2010. VET allows our clients to articulate their needs up-front and to be connected to a specialised customer service representative who can resolve their query quickly. VET is already delivering results – with the automated voice system resulting in a saving of 28 seconds of average call time for clients who use the service. So far, 60 per cent of callers have taken advantage of this service.

In November 2009, we implemented an electronic Payment Card which has significantly simplified the processing of one-off hardship assistance (Special Needs Grants). The average time being saved per application is five minutes, which translates into approximately 1,377,860 case management hours saved from November 2009 to the end of June 2010.

Our property

The Ministry operates out of about 300 locations. This means we have a presence in nearly every community across New Zealand. Around 80 per cent of our staff deliver frontline services, which enables us to provide a broad range of social services to New Zealanders. To ensure our clients have easy access to our range of services, we co-located our Work and Income and Child, Youth and Family services in 30 communities, with sites in Whangarei, Westgate, Orewa and Pukehohe merging in the last year.

We're continuing to provide opportunities for other agencies to share our facilities, and enhancing our services through the progressive rollout of Community Link Centres across the country.

Maintaining performance integrity

The Leadership Team is supported by a set of governance committees focused on key areas of the Ministry's performance. The Audit Committee meets quarterly to provide independent advice on the Ministry's systems of internal controls and its risk management framework. The Value for Money Advisory Board provides direction and guidance on our Value for Money review.

Governance arrangements

The Leadership Team oversees the Ministry's capability and capacity to deliver our strategic priorities. It receives monthly reports on a range of performance and risk issues. In 2009, three new governance committees focusing on Information Technology, Human Resources and Industrial Relations, and Finance and Assets Management were established. These governance committees comprise Deputy Chief Executives and report to the Leadership Team to ensure the key areas of the Ministry's operations achieve focused scrutiny from top management.

Information Technology Governance Committee

The Ministry has a high degree of reliance on Information Technology. The Information Technology Governance Committee provides direction on, and controls, current and future significant IT projects. It provides an oversight of significant projects and ensures IT projects are driven by the Ministry's business needs.

Human Resources and Industrial Relations Governance Committee

The purpose of the Human Resources and Industrial Relations Governance Committee is to take a whole-of-Ministry approach to human resources and industrial relations issues.

Finance and Assets Management Governance Committee

The Finance and Assets Management Governance Committee was established to monitor the management of both the operational and capital finances of the Ministry. This ensures the Ministry operates in a financially responsible manner, it uses its resources effectively and efficiently to achieve the Ministry's business objectives, and its long-term financial position is safeguarded.

Audit Committee

Our Audit Committee independently advises the Chief Executive on the Ministry's risk framework and internal controls (including legislative compliance), on its internal and external audit functions, financial and other external reporting and on its governance framework and process. The committee has the mandate to look across all our activities and it can report to the Chief Executive on any matter it sees fit to do so.

The committee meets four times a year and is chaired by one of three external members. Between them, the committee members have extensive experience in public and private sector financial and risk management, governance and the management of large projects, including information technology.

Value for Money Advisory Board

The Value for Money Advisory Board provides advice and support to the Chief Executive on the implementation of the Ministry's Value for Money work programme and on opportunities to embed a culture of efficiency and value for money in our ongoing business-as-usual activities.

The Advisory Board meets formally five times a year and is chaired by one of the three external members.

Service performance

In 2009/2010, the Ministry continued to maintain a high level of performance in delivering its services to New Zealanders.

As at 30 June 2010, the Ministry applied a total of 91 performance measures to the full breadth of its services. Seventeen measures (nine per cent), exceeded the performance standard by more than five per cent, 69 measures (76 per cent) achieved the required standard, and the remaining five measures (five per cent) were below standard. Three measures were not met due to administrative errors, and the remaining two measures were not met due to the economic conditions, where exits off the unemployment benefits were not as high as anticipated.

Complying with our legal obligations

Complying with our legal obligations is the responsibility of every member of the Ministry's staff. This year we implemented an overarching, centralised legislation compliance programme to monitor our compliance with all relevant legislation. This programme will assure us we comply with all our relevant legal obligations across the Ministry.

Our internal policies translate the law into practical guidelines for staff, tailored to the Ministry's business needs. Our Legal Services team works with managers across the Ministry to ensure those policies properly reflect the law. This is backed up by a rolling programme to systematically check all policies against the underlying legal requirements. This has been enhanced over the last year by requiring business groups to complete legislation compliance checks using a software programme specifically designed for this purpose. Our Risk and Assurance team will independently check our compliance levels as part of the 2009/2010 Total Assurance Plan.

Legal Services works with business areas to ensure the staff are aware of our legal requirements and are able to identify legal risk. This complements the Ministry's wider risk management approach.

Risk management in a changing environment

The Ministry's Risk and Assurance function monitors the control environment to see how well it is working – it is vital our key internal controls continue to be effective, our risks are actively managed, and our business operations continue to operate efficiently and effectively.

Risk and Assurance, through its Total Assurance Plan, undertakes a range of planned and responsive activities to provide assurance the Ministry's network of risk management activities, controls and governance is adequate and functioning effectively. The Total Assurance Plan includes planned audits across the Ministry's core processes, a programme of regular stock takes across business areas, and responsive reviews when there are changes that may have an impact on the control environment.

The Ministry's risk management approach provides confidence that the things we rely on to keep us safe are operating as they should be.

Security, Integrity and Business Continuity Advisory Committee

The Security, Integrity and Business Continuity Advisory Committee comprises members of the Leadership Team and General Managers. Its role is to provide a clear direction and management support and oversight of security, integrity and business continuity policies, standards and initiatives. The Committee oversees specific security, integrity and business continuity work programmes, such as the internal fraud, code of conduct and IT security policies.

Business Continuity

We know an emergency will affect the lives of New Zealanders. We aim to be as prepared for these situations as we can. Our dedicated emergency management team has two key responsibilities: first, to make sure the Ministry is prepared to respond to business disruptions and emergencies (such as earthquakes or pandemics); and secondly, when an event occurs, to help co-ordinate the Ministry's response with our wider welfare responsibilities. All of our teams across the Ministry have been developing or reviewing their business continuity plans, so they can be prepared for any emergency situation.

Code of Conduct

The Ministry's Code of Conduct covers the responsibilities of staff as public servants. It is a guide to the minimum standards of behaviour and practice expected from all the Ministry's staff. Over the last year, we have made significant progress in developing a new Code of Conduct, with a rollout expected next year.

Responding to increased risks from the recession

Fraud risk profile

We asked the firm KPMG to look at changes to the Ministry's risk profile for fraud. This was in response to changes in the external environment, such as the impact of the recession, and also in response to internal changes to our structures, processes, and systems. The Ministry wanted to confirm these changes had not resulted in a degradation of the overall control environment that could increase the chance of fraud occurring.

The review concluded that the control environment does not appear to have been weakened over the past 12 months, and that some of the change initiatives implemented have strengthened the Ministry's control environment and made it less susceptible to fraud.

Staff security review

Recent events in New Zealand and internationally have highlighted the issue of our staff's physical security. The Ministry has commissioned a review to assess the adequacy of operational security arrangements and practices for the protection of staff, to provide assurance they are adequate and fit for purpose.

Maintaining the integrity of our benefit system

Each year we handle around 93,000 client cases relating to error, abuse and fraud, and around 240,000 cases relating to the collection of overpayments from clients who are no longer receiving a benefit.

It is important New Zealanders have trust and confidence in how we deliver income support to people. We have a dedicated Integrity Services team made up of five units with 450 staff in 15 locations nationwide in the 2009/2010 year. Over the past year, we have:

- investigated more than 19,935 cases of potential benefit fraud
- reviewed and corrected entitlement for 74,030 cases identified through data matching with six other agencies
- been successful with 90 per cent of the benefit fraud cases we've prosecuted
- delivered a specialised integrity and fraud awareness resource to every member of staff to ensure they know what is required of them in maintaining the integrity of the Ministry and its payment systems
- implemented improvements to the way we manage fraud and compliance cases to further improve our effectiveness.

Ninety-four per cent of current beneficiaries are repaying their balances owed, 79 per cent of former beneficiaries are either repaying or have repaid their balances owed.

We separate balances owing arising from recoverable assistance, from debts arising from overpayments, and fraud. Recoverable assistance offers critical additional financial help to people in need and is an alternative to interest bearing debt. It helps people with their immediate and essential needs such as:

- outstanding power, gas, water costs
- bonds and rents
- fridges and washing machines
- school uniforms, car seats for children.

We know that debt from benefit overpayments has a negative impact on people, families, whānau and communities. Over the next year we will work to assure the integrity of the Ministry's systems and processes and to minimise debt for people by:

- reducing fraud and abuse
- maximising the collection of debt and recoverable assistance
- driving staff integrity across the Ministry.

We will achieve this by:

- continuing to build on existing ways that have produced effective responses, such as:
  - using our knowledge base to identify and act on integrity risks
  - enhance our data match with Inland Revenue to improve the effectiveness of this match and minimise resulting overpayments through intervening earlier.
- developing and implementing initiatives from a new Overpayment Control Plan
- reviewing and enhancing the suite of Fraud Control Plans
- continuing a sustained focus on staffs awareness of integrity issues across the Ministry
- implementing a specialised IT system that will support fraud investigations, compliance reviews and prosecutions seamlessly
- improving our Collections performance through:
  - implementation of a new IT system which will increase productivity
  - improving business processes and tools
  - enhanced client service.

Strong leadership and governance combined with a culture of risk-smart behaviour and a commitment to maintaining the integrity of the benefit system mean we're well placed to deliver on our commitments.

Statement of responsibility

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

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of our financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry of Social Development for the year ended 30 June 2010.

Peter Hughes
Chief Executive
30 September 2010

Countersigned by:

Nick Gale
Chief Financial Officer
30 September 2010

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of the Ministry of Social Development's financial statements and statement of service performance for the year ended 30 June 2010

The Auditor-General is the auditor of the Ministry of Social Development (the Ministry). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Ministry, for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Ministry on pages 61 to 92:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Ministry's financial position as at 30 June 2010;
    - the results of its operations and cash flows for the year ended on that date;
    - its expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2010; and
    - its unappropriated expenses and capital expenditure for the year ended 30 June 2010.
- The schedules of non-departmental activities on pages 93 to 116 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2010.
- The statement of service performance of the Ministry on pages 37 to 59:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2010, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statements and statement of service performance disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2010. The financial statements must also fairly reflect the Department's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Chief Executive is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2009 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2010.

The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.

The Chief Executive's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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

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

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Ministry of Social Development (the Ministry) for the year ended 30 June 2010 included on the Ministry's website. The Ministry's Chief Executive is responsible for the maintenance and integrity of the Ministry's website. We have not been engaged to report on the integrity of the Ministry's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30 September 2010 to confirm the information included in the audited financial statements presented on this website.

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

Statement of Objectives and Service Performance

For the year ended 30 June 2010

Vote Social Development

Output Expense: Adoption Services

Scope

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

Summary of Performance

Ninety-nine per cent of the prospective adoptive parents who attended the Child, Youth and Family's education programme evaluated the programme as achieving its objective of preparing them adequately for their assessment for suitability to adopt.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[3] 2010 $000
	Revenue			
7,744	Crown	8,302	8,644	8,302
86	Department	46	46	46
–	Other	–	–	–
7,830	**Total Revenue**	**8,348**	**8,690**	**8,348**
7,239	**Total Expense**	**7,923**	**8,690**	**8,348**
591	**Net Surplus/(Deficit)**	**425**	**–**	**–**

Service Performance Information

Output: Adoption Services

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
98.2%	Percentage of prospective adoptive parents evaluating the education programme as achieving its objectives[4]	98.8%	95%

Output Expense: Care and Protection Services

Scope

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

Summary of Performance

All care and protection performance measures in this output expense have met or exceeded their minimum standards.

Being responsive to children and young people in need of care and protection services is a key priority for Child, Youth and Family. Response times to notifications continue to exceed the minimum standards. This is despite an increase in notifications of approximately 12 per cent this year.

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

4 Programme delivered by Child, Youth and Family to prepare adoptive applicants for receiving an adopted child.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[5] 2010 $000
	Revenue			
314,412	Crown	320,201	300,714	320,201
2,153	Department	797	797	797
1,653	Other	1,451	1,799	1,799
318,218	**Total Revenue**	**322,449**	**303,310**	**322,797**
312,435	**Total Expense**	**322,736**	**303,310**	**322,797**
5,783	**Net Surplus/(Deficit)**	**(287)**	**–**	**–**

Service Performance Information

Output: Intake, Investigation and Assessment

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Timeliness		
	Response to notifications		
	Notifications allocated to a social worker for investigation within timeframes		
98.5%	Critical – within 24 hours	98.1%	95–100%
97.5%	Very Urgent – 48 hours	97.3%	90–95%

Output: Intake, Investigation and Assessment

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Action taken at sites by a social worker to establish the immediate safety of the child or young person, and to confirm the response time and further action required, within timeframes		
82%	Urgent – within 7 days	89%[6]	50–85%
94%	Low Urgent – within 28 days	93.5%[7]	50–85%
88.3%	Percentage of investigations that will be completed in 90 days is no less than[8]	95.8%[9]	70%

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

6 Following system improvements implemented in 2008/2009 Child, Youth and Family has continued to proactively manage its response times to notifications that require further actions. This standard has been increased for the 2010/2011 year to 80–95 per cent.

7 See footnote 6.

8 This performance measure focuses social work on actively achieving an outcome to a notification. Reporting captures the length of time it takes to complete an investigation from allocation to assessment decision.

9 Following system improvements implemented in 2008/2009 Child, Youth and Family has become very effective in completing investigations in a timely manner. This standard has been increased for the 2010/2011 year to 80–95 per cent.

Service Performance Information
Output: Case Management

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
88.9%	Percentage of children and young people whose care and protection Family Group Conference plans were completed and the objectives were assessed as being met	94.1%[10]	80%
	Timeliness		
98.3%	Percentage of care and protection Family Group Conference plans reviewed on time[11]	99.1%[12]	90%

Service Performance Information
Output: Resolution Services

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Timeliness		
New measure in 2009/2010	Percentage of Family Court plans reviewed on time	92.4%	90%

Service Performance Information
Output: Court-ordered Assessments and Reports Under Other Enactments

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Timeliness		
New measure in 2009/2010	Assessments[13] and reports provided to Courts are delivered on time	94.5%	90%

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

Scope

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

Summary of Performance

The 2009/2010 year was a difficult one in which to collect outstanding balances. Economic conditions during the year limited clients' ability to repay debt and increased the number of clients on benefit. This reduced the potential number of repaying clients.

Despite the difficult economic environment, all performance standards were achieved for the year:

- The value collected in 2009/2010 increased by $2.7million compared with the previous year.
- The percentage of clients repaid or repaying at four months shows how effective the Collections Unit is at getting clients to start their repayments quickly. The 2009/2010 result (84 per cent) was the same as that for the previous year.

10 The improved recording and co-ordination of information by care and protection co-ordinators and social workers has resulted in a significant improvement in this area.

11 Each Family Group Conference is reviewed within the timeframe established in the particular plan.

12 Changes to processes have enabled Child, Youth and Family sites to manage their Family Group Conference volumes in a timelier manner. This standard has been increased for the 2010/2011 year to 95–100 per cent.

13 The act of assessing information to acquire an understanding of a situation or problem, or to estimate the suitability of something or someone.

- The percentage of clients repaid or repaying at 12 months was 89 per cent. This shows the Collections Unit is effective at maintaining repayments from clients.
- A cost effective collection process is being delivered. It cost $0.21 to recover $1.00 in the 2009/2010 year.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[14] 2010 $000
	Revenue			
16,594	Crown	16,402	19,602	16,402
181	Department	180	180	180
–	Other	–	–	–
16,775	**Total Revenue**	**16,582**	**19,782**	**16,582**
16,342	**Total Expense**	**16,353**	**19,782**	**16,582**
433	**Net Surplus/(Deficit)**	**229**	**–**	**–**

Service Performance Information

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

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quantity		
$78.5m	The actual amount of money collected by the Collections Unit is expected to be	$81.236m	$77–$82m
	Cost of Collection		
New measure in 2009/2010	The cost per dollar of collecting balances owed will be less than	$0.21	$0.25
	Timeliness		
84%	The percentage of former clients on arrangement to pay, or paid in full, within four months of the balances owed transferring to the Collections Unit will be no less than	84%	82%
New measure in 2009/2010	The percentage of former clients on arrangement to pay, or paid in full, within 12 months of the balances owed transferring to the Collections Unit will be no less than	89%	85%

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

Output Expense: Development and Funding of Community Services

Scope

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

Summary of Performance

At the year ended 30 June 2010 100 per cent of all funding agreements with all providers contracted by Child, Youth and Family complied with Treasury Guidelines.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[15] 2010 $000
	Revenue			
8,118	Crown	8,251	7,702	8,251
78	Department	59	59	59
–	Other	–	–	–
8,196	**Total Revenue**	**8,310**	**7,761**	**8,310**
7,567	**Total Expense**	**8,157**	**7,761**	**8,310**
629	**Net Surplus/(Deficit)**	**153**	**–**	**–**

Service Performance Information

Output: Development and Funding of Community Services

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
100%	All funding agreements will have their provider monitoring reports reviewed and assessed at least once a year for funding agreement compliance	100%	100%
100%	All providers contracted under the Children, Young Persons, and Their Families Act 1989 will be assessed at least once every two years against Child, Youth and Family Approval Standards[16]	100%	100%

Output Expense: Family and Community Services

Scope

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

Summary of Performance

In 2009/2010, over 94,000 people gained access to government and non-government social services through the 35 Heartland Services Centres.

In 2009/2010, 51 community projects received funding through Strategies with Kids - Information for Parents' (SKIP) Local Initiatives Fund. These projects were in communities all over the country from as far north as Doubtless Bay, to Dunedin in the south.

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

16 This covers all providers contracted under sections 396 and 403 of the Children, Young Persons, and Their Families Act 1989 who are classified as high-risk or medium-risk providers.

The Campaign for Action on Family Violence received the Prime Minister's supreme award at the Institute of Public Administration New Zealand Public Sector Excellence Awards. The campaign won the category for Public Sector Communications. The campaign was recognised for bringing family violence out into the open and making it ok for people experiencing family violence to ask for help.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[17] 2010 $000
	Revenue			
32,301	Crown	30,329	29,698	30,329
317	Department	129	129	129
–	Other	–	–	–
32,618	**Total Revenue**	**30,458**	**29,827**	**30,458**
31,568	**Total Expense**	**30,033**	**29,827**	**30,458**
1,050	**Net Surplus/(Deficit)**	**425**	**–**	**–**

Service Performance Information

Output: Leadership Facilitation and Planning Processes

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quantity – Local Service Mapping		
	Local Service Mapping has supported the development of 35 local service plans to date		
New measure in 2009/2010	Family and Community Services will facilitate, subject to the active support of local authorities, the development of local service plans in 10–15 of the remaining 37 territorial authorities	10	10–15
	Quantity/Quality – Heartland Services		
	The Ministry of Social Development provides facilities and co-ordination services to Heartland Services Centres to the satisfaction of clients[18]		
8,355	The average number of clients using Heartland Services Centres on a monthly basis will be no less than	8,481	7,000–9,000
	Quantity – Strengthening Families		
New measure in 2009/2010	The number of new cases opened, on a monthly basis, in the Strengthening Families process will be	142	120–150

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

18 This measure was developed as a quantity measure but it's also a proxy for quality. Attendance is voluntary, so the assumption made is that if the service is not useful clients will not use the centres.

Service Performance Information

Output: Development and Management of Early Intervention and Preventative Social Support Services Programmes

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	The Campaign for Action on Family Violence		
	Quality		
95%	The level of public awareness of the key messages of the Campaign for Action on Family Violence will be higher than	86%[19]	80%
	Quantity		
9,420	The average number of visits to the campaign website each month will be	12,314[20]	4,000–5,000
45	The number of community projects funded through the Campaign for Action on Family Violence Community Action Fund	39	30–40
	Family Violence		
	Quantity		
New measure in 2009/2010	The number of host agencies contracted to employ advocates, acting as a resource for people working with children and young people affected by family violence will be	45	45

Service Performance Information

Output: Positive Parenting

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	SKIP		
	Quantity		
New measure in 2009/2010	Number of community projects funded through SKIP's Local Initiatives Fund per round will be	26	20–25

Output Expense: Income Support and Assistance to Seniors

Scope

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

Summary of Performance

Bringing all our services for seniors together into one area has provided a strong platform for us to develop our services further. It has enabled us both to enhance the services we provide to seniors, for example, we can provide more intensive services for those seniors with a range of needs, and to streamline services to more efficiently manage the growing number of seniors.

A work programme to streamline and simplify processes has begun by:

– reducing administrative compliance

– making better use of information already held by the Ministry and other government agencies to avoid repeatedly asking clients for the same information

– reviewing the way the Ministry manages work flows to make better use of staff time, skills and knowledge for the benefit of our clients.

19 This is highly influenced by the level of television advertising as well as news media coverage (for example magazine and newspaper reporting). In addition, each year the campaign messaging becomes more and more embedded within communities.

20 Visits increased exponentially during and after the advertising, far surpassing the Ministry's expectations.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[21] 2010 $000
	Revenue			
34,911	Crown	35,032	36,685	35,032
390	Department	412	412	412
–	Other	–	–	–
35,301	**Total Revenue**	**35,444**	**37,097**	**35,444**
34,952	**Total Expense**	**34,999**	**37,097**	**35,444**
349	**Net Surplus/(Deficit)**	**445**	**–**	**–**

Service Performance Information
Output: Services to Seniors

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
94.6%	The percentage of independently surveyed clients satisfied with the quality of service provided will be no less than	96%	90–95%
87.1%	The percentage of entitlement assessments completed accurately will be no less than	88.6%[22]	92%
	Timeliness		
84.9%	The percentage of entitlements completed within three working days shall be no less than	86.6%	85%

Service Performance Information
Output: International Services

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
78.9%	The percentage of independently–surveyed clients satisfied with the quality of service will be no less than	82%	80–85%
94.7%	The percentage of entitlement assessments completed accurately will be no less than	92.7%	92%
	Timeliness		
93.2%	The percentage of applications for payment overseas finalised within 20 working days will be no less than	95.9%[23]	90%
95.6%	The percentage of review actions that are completed within five working days will be no less than	93.6%	93%

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

22 A programme of work has been implemented that focuses on improving business practice and processes to ensure clients receive an accurate and consistent service. Although this measure did not achieve the standard, we expect an improvement in results in 2010/2011.

23 A lower volume of Australian applications has allowed the Ministry to focus on clearing claims in a timely manner.

Output Expense: Management of Service Cards (MCOA[24])

Output Class: Administration of Community Services Card

Scope

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

Summary of Performance

All performance measures for this output expense for the 2009/2010 year were exceeded. Performance improved as a result of an ongoing focus on improving processes, including introducing a new document batching and retrieval system.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
5,728	Crown	5,666	5,728	5,666
56	Department	36	36	36
–	Other	–	–	–
5,784	**Total Revenue**	**5,702**	**5,764**	**5,702**
5,510	**Total Expense**	**5,677**	**5,764**	**5,702**
274	**Net Surplus/(Deficit)**	**25**	–	–

Service Performance

Output Class: Administration of Community Services Card

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
95.4%	The percentage of Community Services Card entitlement assessments accurately completed will be no less than	95.8%	95%
	Timeliness		
94.1%	The percentage of applications processed within two working days of receipt will be no less than	95.2%[25]	90%

Output Class: Management of SuperGold Card

Scope

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

Summary of Performance

All performance measures for this output expense for the 2009/2010 year were exceeded due to the low volume of manual applications and the priority we give to these. This priority ensures as many clients as possible receive their SuperGold Card before their 65th birth date, and business partner discounts are quickly available to them.

24 This means Multi Class Output Appropriation.

25 There has been an ongoing focus on process improvement including a new document batching and retrieval system.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
1,850	Crown	1,421	1,300	1,421
–	Department	–	–	–
–	Other	–	–	–
1,850	**Total Revenue**	**1,421**	**1,300**	**1,421**
1,749	**Total Expense**	**1,417**	**1,300**	**1,421**
101	**Net Surplus/(Deficit)**	**4**	**–**	**–**

Service Performance

Output Class: Management of SuperGold Card

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
98.4%	The percentage of accurate SuperGold Card entitlement assessments completed as determined will be	98.6%	95%
	Timeliness		
88.9%	The percentage of SuperGold Card applications processed within two working days of receipt will be no less than	100%[26]	90%
93.8%	The percentage of business partner applications approved within three working days of receipt will be no less than	93.5%[27]	85%

Output Expense: Management of Student Support

Scope

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

Summary of Performance

For the year ended 30 June 2010, StudyLink processed a total of 159,780 Student Allowance applications and 281,443 Student Loan applications. This is an increase of 21.8 per cent and 12.7 per cent respectively on the previous year. Despite the significant growth in volumes of applications during the year, student satisfaction with StudyLink remained strong, with 84.3 per cent of the students surveyed indicating they were satisfied or very satisfied with their last contact with StudyLink.

There was continued growth in the use of StudyLink's online services. During the year 98 per cent of Student Allowance applications and 96 per cent of Student Loan applications were received online. StudyLink's new Apply Online eligibility tool was launched in September. The tool enables students to assess their eligibility for a range of assistance based on their individual circumstances, and to apply for it in one seamless process.

In November 2009, StudyLink launched its new Mail Online service, enabling students to sign up to receive the majority of the letters they receive from StudyLink online. By the end of June 2010 over 109,000 people had registered for the service.

26 The low volume of manual applications means a high level of timeliness for this measure. The majority of SuperGold Cards are issued automatically following New Zealand Superannuation being granted, without the requirement for a specific application.

27 Our focus on SuperGold business partner activity has made this work a priority.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[28] 2010 $000
	Revenue			
37,505	Crown	30,386	33,271	30,386
358	Department	164	164	164
–	Other	–	–	–
37,863	**Total Revenue**	**30,550**	**33,435**	**30,550**
35,400	**Total Expense**	**30,388**	**33,435**	**30,550**
2,463	**Net Surplus/(Deficit)**	**162**	**–**	**–**

Service Performance Information
Output: Student Allowances and Student Loans

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
85.7%	The percentage of independently–surveyed students satisfied with the quality of service provided will be no less than	84.3%	80–85%

Service Performance Information
Output: Student Allowances

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
98.5%	The percentage of students who receive their correct Student Allowance entitlement on their first payment will be no less than	98.1%[29]	95%
	Timeliness		
99.2%	The initial entitlement assessment for a Student Allowance will be completed within five working days of application receipt	98.9%[30]	90%

Service Performance Information
Output: Student Loans

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
99.8%	The percentage of students who receive their correct entitlement (living cost component) on their first payment will be no less than	99.9%[31]	95%
	Timeliness		
99.6%	The initial entitlement assessment for a Student Loan will be completed within three working days of application receipt	99.4%[32]	90%

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

29 Despite an increase in application volumes and a decrease in staff members to deal with them, this result is consistent with the level of performance StudyLink has achieved in recent years. Increased student uptake of StudyLink's online services, including Apply Online and MyStudyLink, as well as the tools and calculators on its enhanced website, combined with enhanced staff training, have enabled StudyLink to manage the growth in volumes while maintaining its high level of performance.

30 See footnote 29.

31 See footnote 29.

32 See footnote 29.

Output Expense: Policy Advice and Support to Ministers (MCOA[33])

Output Class: Social Policy Advice

Scope

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

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
45,482	Crown	42,679	50,929	42,679
1,265	Department	1,545	1,545	1,545
–	Other	–	–	–
46,747	**Total Revenue**	**44,224**	**52,474**	**44,224**
45,611	**Total Expense**	**41,419**	**52,474**	**44,224**
1,136	**Net Surplus/(Deficit)**	**2,805**	**–**	**–**

Service Performance Information

Output Class: Social Policy Advice

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quantity and Timeliness		
Standard met	Policy advice will be delivered in accordance with work programmes agreed with their respective Ministers[34]	Standard met	Standard met[35]
	Quality[36]		
	Process		
93.1% of cases	An audit shows that the Ministry of Social Development's policy and research processes as outlined in the Quality Management System[37] have been followed in at least[38]	91.1% of cases	90% of cases
	Technical robustness[39]		
Standard met	An external independent review of the Ministry of Social Development's policy advice confirms that it meets acceptable standards based on pre-determined criteria	Standard met	Standard met[40]

33 This means Multi Class Output Appropriation.

34 The Ministers who receive services are: the Minister for Social Development and Employment, the Minister for Disability Issues and the Minister for the Community and Voluntary Sector.

35 Standard met means we have received confirmation from the Ministers via their Offices that advice has been delivered in accordance with a work programme.

36 The work relating to the internal audit, review or survey for these measures is done during the year and reported on an annual basis.

37 Under the audit, a random sample of reports is presented to the Minister, over the year, to assess if they comply with minimum standards.

38 The quality characteristics in the Ministry's Quality Management System are based on decision making (defining, debating and deciding) and communication (capturing issues, convincing and confirming).

39 This is measured by a review of the quality of advice provided by the Ministry. The review is conducted annually by NZIER on a selected sample of reports.

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

Service Performance Information

Output: Ministerial Servicing

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality The percentage of all drafts provided for the Minister's signature that are factually accurate, meet any legislative requirements, and contain no avoidable errors will be no less than:		
98.9%	Ministerial correspondence replies	99.3%	95%
100%	Parliamentary question responses	99.9%[41]	100%
New measure in 2009/2010	Ministerial Official Information Act request replies	100%	100%
New measure in 2009/2010	Select Committee Estimates examination responses	100%	100%
	Timeliness The percentage of all drafts provided for the Minister's signature within the following timeframes will be no less than:		
95.8%	Ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed	99.4%	95%
100%	Parliamentary question responses provided to the Minister's office so that answers can meet the timeframe set in Parliamentary Standing Orders	100%	100%
New measure in 2009/2010	Ministerial Official Information Act request replies completed five days prior to the statutory time limit, unless otherwise agreed	100%	100%
New measure in 2009/2010	Responses to Select Committee examinations provided to the Minister's office so that answers can meet the timeframe set by the Committee(s)	100%	100%

41 One written parliamentary question was corrected as it was identified there was an error in the data provided to the Minister's office.

Output Class: Crown Entity Monitoring

Scope

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

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
300	Crown	337	1,900	337
17	Department	–	–	–
–	Other	–	–	–
317	**Total Revenue**	**337**	**1,900**	**337**
268	**Total Expense**	**292**	**1,900**	**337**
49	**Net Surplus/(Deficit)**	**45**	**–**	**–**

Service Performance Information

Output Class: Crown Entity Monitoring

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quantity		
10	Provide advice to the Minister on the development of Crown entity statements of intent and output agreements	10	10
20	Provide monitoring advice on each Crown entity's performance reports against their statements of intent and output agreements	20[42]	Minimum of 10
New measure in 2009/2010	Provide advice to the Minister on Crown entity and Statutory Board appointments, as required	Standard met	Standard met

Service Performance Information

Output: Ministerial Servicing

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
New measure in 2009/2010	The percentage of all reports provided to the Minister that are factually accurate, meet any legislative requirements, and contain no avoidable errors will be no less than	100%[43]	95%
	Timeliness		
100%	Purchase advice will be delivered to Ministers within negotiated deadlines	100%	100%
100%	Advice to Ministers on draft statements of intent for the five Crown entities for the next year is provided by no later than 31 May 2010	100%	100%
100%	Advice to Ministers on draft output agreements[44] for the five Crown entities for the next year is provided by no later than 30 June 2010	100%	100%
100%	Performance reports are reviewed no later than 20 working days from receipt of the final Crown entity reports	100%	100%

42 The standard provided for two formal reports per entity (ten reports per year). Actual performance reflects the decision to continue to produce four formal reports per entity (20 reports). These were complemented by informal reports which are not included in the total.

43 A new standardised reporting format was introduced in 2009/2010. It improved the consistency and quality of monitoring reports.

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

Output Expense: Prevention Services

Scope

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

Summary of Performance

Child, Youth and Family provided education and advice services for the prevention of child abuse and neglect, and for the promotion of the wellbeing of children, young people and their families. These services included activities to build and support stronger communities, such as public education programmes to promote the importance of child and family wellbeing.

Everyday Communities programme was delivered by Child, Youth and Family. It brought together a wide range of government and non-government organisations to develop ways of educating their communities about child abuse and neglect and family violence and how to respond to it. In 2004 the Everyday Theatre programme was implemented to reach children and young people in schools. This 'education in theatre' approach to engaging Years 7 and 8 children has reached nearly 25,000 students during the last four years. It aims to raise, children's awareness of how to recognise abuse, the causes of abuse, and how to deal with abuse. A range of information booklets, brochures, posters and strength-based resources called Everyday Gear is available nationally as a result of the collaborations of Everyday Communities.

The Everyday Communities Programme ended in June 2010. It is replaced by various activities involving contracts with Everyday Theatre to provide child abuse education in communities.

National Children's Day is managed under Prevention Services. Its 10th year was marked on 7 March 2010 with a 45 per cent increase in registered events. In all, 466 public and private events were registered for Children's Day. Feedback from organisers noted an increase in the number of participants at the events.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
3,040	Crown	3,767	4,490	3,767
259	Department	601	601	601
–	Other	–	13	13
3,299	**Total Revenue**	**4,368**	**5,104**	**4,381**
3,334	**Total Expense**	**4,263**	**5,104**	**4,381**
(35)	**Net Surplus/(Deficit)**	**105**	**–**	**–**

Service Performance Information

Output: Prevention Services

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
Standard met	In those communities in which the Everyday Communities Programme is run, there is an increased awareness of child abuse and neglect	Standard met[45]	Increase in awareness as measured by monitoring at the end of each phase of the programme.

45 The standard for this measure is an increase in awareness measured by monitoring awareness at the end of each phase of the programme. Each programme goes through four phases. A benchmark is established at the beginning of the programme and at the end of each phase. Following the completion of the programmes providers report that participants display positive and notable changes in their behaviour towards others and a greater awareness of the services they can access.

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

Scope

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

Summary of Performance

We completed 789 prosecutions in 2009/2010, up from 735 prosecutions in 2008/2009.

Timeliness continues to be a focus for Integrity Services, and the unit had a high standard of achievement this financial year.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[46] 2010 $000
	Revenue			
38,786	Crown	34,407	35,404	34,407
349	Department	346	346	346
–	Other	–	–	–
39,135	**Total Revenue**	**34,753**	**35,750**	**34,753**
38,832	**Total Expense**	**34,454**	**35,750**	**34,753**
303	**Net Surplus/(Deficit)**	**299**	**–**	**–**

Service Performance Information

Output: Services to Protect the Integrity of the Benefit System

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
94.7%	Of all the cases we prosecute, the percentage of successful prosecutions concluded will exceed	90.5%	90%
	Timeliness		
New measure in 2009/2010	The percentage of cases concluded within a 12–month period will be no less than	99.1%[47]	95%

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

47 This new measure was introduced while we were developing a new model to respond to benefit fraud. Therefore this measure requires monitoring to understand the impact of the new model and to determine the appropriate target. The new benefit fraud model was implemented in December 2009 and is still subject to some adjustments.

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

Scope

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

Summary of Performance

Due to the recession, there have been more people competing for fewer jobs. People with barriers to employment (such as childcare needs, low skills or time out of work) can be crowded out by higher-skilled and more experienced applicants. This is compounded by the fact there is no requirement for non-Unemployment Benefit jobseekers to enroll for full-time employment. The impact of this is reflected in the lower than expected number of non-Unemployment Benefit clients exiting into full-time employment.

The introduction of work testing for sole parents and a greater focus on Sickness Benefit clients (through Future Focus) coupled with the expansion of the Job Search Service for all clients and the increasing number of vacancies we are securing will over time, see an increase in exits of non-Unemployment Benefit clients into full-time employment.

Targets for getting Unemployment Benefit jobseekers into work were based on an official forecast which predicted Unemployment Benefit numbers would be considerably higher than they actually were. In our response to the economic downturn, we developed and implemented a number of strategies that enabled us to achieve greater Unemployment Benefit reductions than originally anticipated. These strategies included the enhancement of our Job Search Service and the introduction of Job Connect. As a result we were able to increase the number of Unemployment Benefit jobseekers exiting into full-time employment.

Work and Income performed strongly against service standards despite an increase in work volumes, compared to the same time last year. The accuracy levels for processing working-age entitlement assessments remained steady at 90.8 per cent, and our timeliness at 88.9 per cent.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[48] 2010 $000
	Revenue			
402,908	Crown	430,311	402,736	430,311
4,566	Department	8,110	10,109	10,109
1,036	Other	979	4,349	4,349
408,510	**Total Revenue**	**439,400**	**417,194**	**444,769**
415,797	**Total Expense**	**441,776**	**417,194**	**444,769**
(7,287)	**Net Surplus/(Deficit)**	**(2,376)**	**–**	**–**

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

Service Performance Information

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

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Jobseekers not coming onto the benefit		
New measure in 2009/2010	The proportion of Work for You[49] seminar participants who do not require a benefit within 28 days of attending the seminar will be	37.5%	30–35%
	Getting clients into full-time work		
New measure in 2009/2010	The proportion of Unemployment Benefit (UB) Jobseekers[50] who exit a main benefit into full-time employment will be	42.3%[51]	23–25%
New measure in 2009/2010	The proportion of work-ready non UB clients[52] who exit a main benefit into full-time employment will be	10.0%[53]	13–15%
New measure in 2009/2010	The proportion of UB Jobseekers with a duration of six months or more, who exit a main-benefit into full-time employment will be	47.0%[54]	25–27%
New measure in 2009/2010	The proportion of work-ready non UB clients with a duration of six months or more, who exit a main benefit into full-time employment will be	8.7%[55]	4–6%
	Sustainable employment		
New measure in 2009/2010	The average cumulative time that UB Jobseekers, who exit a main benefit into work, spend in employment over the course of a year will be	36.9 weeks[56]	35 weeks
New measures in 2009/2010	The average cumulative time that work-ready non UB clients, who exit a main benefit into work spend in employment over the course of a year will be	36.1 weeks[57]	39 weeks
New measure in 2009/2010	The proportion of UB Jobseekers who exit a main benefit into employment and achieve six months employment will be	59.9%[58]	53–55%
New measure in 2009/2010	The proportion of work-ready non UB clients who exit a main benefit into employment and achieve six months employment will be	61.4%	59–61%
	Benefit entitlement		
	Quality		
90.9%	The percentage of entitlement assessments completed accurately will be no less than	90.8%	90%
	Timeliness		
89%	The percentage of entitlement assessments completed within five working days will be no less than	88.9%	85%

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

50 Unemployment Benefit (UB) Jobseekers include those people on the Unemployment Benefit, Unemployment Benefit Hardship, Independent Youth Benefit, Unemployment Benefit Hardship Training and Unemployment Benefit Training.

51 The 2009/2010 target was based on an official forecast which predicted UB numbers would be considerably higher than they actually were. Although, reductions were expected, in response to a deteriorating economy we developed and implemented a number of strategies that enabled us to achieve greater Unemployment Benefit (UB) reductions than originally anticipated. These strategies included enhancing the Job Search Service and introducing Job Connect. As a result the number of UB clients exiting into full-time employment has increased. New measures for Jobseekers spending less time on a benefit will be introduced for 2010/2011 and they will result in more exits into full-time employment.

52 Non UB clients include those people on the Domestic Purposes Benefit (DPB), Sole Parent, DPB–Woman Alone, Widow's Benefit, Emergency Maintenance Allowance, Sickness Benefit and Sickness Benefit Hardship.

53 Due to the recession, there have been more people competing for fewer jobs. People with barriers to employment can be crowded out by higher-skilled and more experienced applicants. This is compounded by the fact there is no requirement for non-UB jobseekers to enrol for full-time employment. The impact of this is reflected in the lower than expected number of non-UB clients exiting into full-time employment. Improvements in the economy, the introduction of work testing for sole parents, a greater focus on Sickness Benefit clients (through Future Focus) the expansion of the Job Search Service for all clients, and the increasing number of vacancies we are securing will result in more exits into full-time employment.

54 See footnote 51.

55 See footnote 53.

56 See footnote 51.

57 During a recession we know that people in low-skilled occupations feel the impact of a tight labour market more acutely and more likely to be laid off, and a number of people like sole parents get discouraged from working and drop out of the labour force altogether. The introduction of new Jobseeker obligations and the expansion of the Job Search Service for all clients will encourage more people to stay in employment or to move into jobs before they need a benefit. This will increase the amount of time a person spends in work over the course of a year. The standard has been revised to 36–39 weeks for 2010/2011.

58 See footnote 51.

Output Expense: Vocational Skills Training

Scope

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

Summary of Performance

The percentage of learners moving on to paid employment or training within two months of attending the Training Opportunities Programme was higher than expected. The increase reflected both a rise in the number of learners eligible for the Training Opportunities Programme and an increase in the demand across the country from people wanting to get access to the programme. It was also due in part to the increased competition for jobs as a result of the recession.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
89,851	Crown	86,024	86,024	86,024
–	Department	–	–	–
–	Other	–	–	–
89,851	**Total Revenue**	**86,024**	**86,024**	**86,024**
89,153	**Total Expense**	**86,022**	**86,024**	**86,024**
698	**Net Surplus/(Deficit)**	**2**	**–**	**–**

Service Performance Information

Output: Vocational Skills Training

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
11 Work and Income regions	In-depth discussions regarding training needs will be undertaken before annual purchase	Standard met	Standard met[59]
100%	The proportion of programmes delivered by NZQA registered and accredited training providers will be no less than	100%	100%
69.5%	The percentage of learners who move on to employment or further tertiary training outside of Training Opportunities within two months of leaving the programme will be no less than	73%[60]	60%
100%	The proportion of training providers monitored and programme performance evaluated including outcome achievement, will be no less than	100%	100%
	Quantity		
7,508	The average number of learners in training at any one time will be	7,018[61]	7,000

59 Standard met means discussions have taken place between the Tertiary Education Commission and Work and Income at a national level in consultation with our Work and Income regions.

60 This is measured for the period 1 March 2009 to 28 February 2010. The reported outcomes time lag recognises the two-month period the providers use to collect the information of learner placements and to report the outcomes to the Tertiary Education Commission.The percentage of learners moving to paid employment or training within two months of attending the Training Opportunities programme was higher than expected. The increase reflected both a rise in the number of learners initially eligible for the Training Opportunities programme and an increased demand across the country from people wanting access to the programme, due in part to increased competition for jobs as a result of the recession.

61 The figure for the average number of students is measured for the period 1 July 2009 to 30 June 2010 and is the average learner numbers on the first and the 15th of each month in the reporting period.

Output Expense: Youth Justice Services

Scope

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

Summary of Performance

Youth Justice Family Group Conferences are the primary way Child, Youth and Family deals with young people who have offended. Family Group Conferences develop individualised plans that address all the young person's needs and create an opportunity for change.

This year, all performance measures for Youth Justice Services have been met including the percentage of children and young people whose Youth Justice Family Group Conference plans were completed and objectives met, and the percentage of Youth Justice Family Group Conferences that were held within statutory timeframes.

Strong encouragement of external parties (family, whānau, victims, and other agency representatives), to participate in the Family Group Conferences is one of the primary reasons for the improvement in the timeliness and quality of the plans developed for young people this year.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[62] 2010 $000
	Revenue			
104,528	Crown	112,482	116,306	112,482
972	Department	397	397	397
–	Other	–	–	–
105,500	**Total Revenue**	**112,879**	**116,703**	**112,879**
100,765	**Total Expense**	**110,305**	**116,703**	**112,879**
4,735	**Net Surplus/(Deficit)**	**2,574**	**–**	**–**

Service Performance Information

Output: Case Management (Youth Justice)

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Timeliness		
97.1%	Youth Justice[63] Family Group Conference are held within statutory timeframes (unless there are special reasons for delay)	98.4%	95–100%

Service Performance Information

Output: Restorative Services

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
90%	Percentage of children and young people whose Youth Justice Family Group Conference plans were completed and the objectives were assessed as being met	91.3%[64]	80%

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

63 A Youth Justice Family Group Conference convened under section 245 of the Children, Young Persons, and Their Families Act 1989 is required to be completed within seven days or one month after being convened, unless there are special reasons why a longer period is required.

64 Youth Justice Teams are continuing to build on system and data recording improvements made to the Youth Justice Family Group Conference processes which are having a positive impact on the performance of Youth Justice Services.

Vote Senior Citizens

Output Expense: Senior Citizens Services

Scope

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

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
1,017	Crown	1,017	1,017	1,017
11	Department	18	18	18
–	Other	–	–	–
1,028	**Total Revenue**	**1,035**	**1,035**	**1,035**
933	**Total Expense**	**923**	**1,035**	**1,035**
95	**Net Surplus/(Deficit)**	**112**	**–**	**–**

Service Performance Information

Output: Senior Citizens' Services

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Work programme and timeliness		
Standard met	Policy advice will be delivered in accordance with a work programme agreed at the start of each six-month period with the Minister for Senior Citizens	Standard met	Standard met[65]
	Quality[66]		
	Process		
90% of cases	An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System[67] have been followed in at least[68]	100%[69] of cases	90% of cases
	Technical robustness[70]		
Standard met	An external independent review of the Ministry of Social Development's policy advice confirms that it meets acceptable standards based on pre-determined criteria	Standard met	Standard met[71]
	Timeliness		
Standard met	Two six–monthly reports on the work programme will be provided within 20 working days from the period end	Standard met	Standard met

65 Standard met means we have received confirmation from the Minister for Senior Citizens via the Minister's Office that advice has been delivered in accordance with an agreed work programme.

66 The work relating to the internal audit, review or survey for these measures will be done during the year and reported on an annual basis.

67 Under the audit, random samples of reports are presented to the Minister, over the year, to assess if they comply with minimum standards.

68 The quality characteristics in the Ministry's Quality Management System are based on decision making (defining, debating and deciding) and communication (capturing issues, convincing and confirming).

69 Audits carried out in December 2009 have met the processes outlined in the Quality Management System. This result was obtained from a relatively small sample of papers assessed during the year (nine in total).

70 This is measured by a review of the quality of advice provided by the Ministry. The review is conducted annually by NZIER on a selected sample of reports.

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

Vote Veterans' Affairs – Social Development

Output Expense: Processing and Payment of Veterans' Pensions

Scope

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

Summary of Performance

All performance measures for this output expense for the 2009/2010 year were exceeded. The processing of applications was prioritised ahead of other Veteran's Pension work to ensure clients were paid as soon as possible. We also gained efficiencies in this area by bringing together our call centre services.

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
407	Crown	427	427	427
–	Department	23	23	23
–	Other	–	–	–
407	**Total Revenue**	**450**	**450**	**450**
318	**Total Expense**	**391**	**450**	**450**
89	**Net Surplus/(Deficit)**	**59**	**–**	**–**

Service Performance Information

Output: Processing and Payment of Veterans' Pensions

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
	Quality		
New measure in 2009/2010	The percentage of Veterans' Pension actions accurately processed will be no less than	97.1%[72]	90%
96.6%	The percentage of new Veterans' Pension applications that are administered and processed (application acknowledged and decision relayed to the veteran) within seven days will be no less than	96.6%[73]	85%

72 A consistently high level of quality is achieved due to experienced staff processing Veterans' Pensions.

73 As the Veterans' Pension is a main source of income, applications are treated with urgency.

Vote Youth Development

Output Expense: Youth Development

Scope

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

Financial Performance

ACTUAL 2009 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Revenue			
5,214	Crown	5,511	5,614	5,511
54	Department	37	37	37
–	Other	–	–	–
5,268	**Total Revenue**	**5,548**	**5,651**	**5,548**
5,026	**Total Expense**	**4,997**	**5,651**	**5,548**
242	**Net Surplus/(Deficit)**	**551**	**–**	**–**

Service Performance Information

Output: Youth Development Policy Advice

ACTUAL 30 JUNE 2009	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2010	STANDARD 30 JUNE 2010
Standard met	**Quality and Timeliness** Advice will be delivered in accordance with the work programme agreed with the Minister of Youth Affairs	Standard met	Standard met[74]
100% of cases	**Quality[75]** *Process* An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System[76] have been followed in at least[77]	100%[78] of cases	90% of cases
Standard met	*Technical robustness[79]* An external independent review of the Ministry of Youth Development's policy advice confirms that it meets acceptable standards based on pre-determined criteria	Standard met	Standard met[80]

74 Standard met means we have received confirmation from the Minister of Youth Affairs via the Minister's Office that advice has been delivered in accordance with the work programme.

75 The work relating to the internal audit, review or survey for these measures, is done during the year and reported on an annual basis.

76 Under the audit, random samples of reports are presented to the Minister, over the year, to assess if they comply with minimum standards.

77 The quality characteristics in the Ministry's Quality Management System are based on decision-making (defining, debating and deciding) and communication (capturing issues, convincing and confirming).

78 Audits carried out in December 2009 have met the processes outlined in the Quality Management System.

79 This is measured by a review of the quality of advice provided by the Ministry. The review is conducted annually by NZIER on a selected sample of reports.

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

Financial statements

Statement of Accounting Policies: Departmental

For the year ended 30 June 2010

Reporting Entity

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

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

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

The financial statements of the Ministry are for the year ended 30 June 2010. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2010.

Basis of Preparation

Statement of compliance

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

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

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

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

> NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Ministry has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.

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

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

- NZ IAS 24 Related Party Disclosures (revised 2009) replaces NZ IAS 24 Related Party Disclosures (issued 2004) and is effective for reporting periods commencing on or after 1 January 2011. The revised standard:
  i) Removes the previous disclosure concessions applied by the Ministry for arms-length transactions between the Ministry and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Ministry and entities controlled or significantly influenced by the Crown.
  ii) Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister for Social Development and Employment, Minister of Youth Affairs, Minister for Senior Citizens, Minister for the Community and Voluntary Sector, Minister for Disability Issues, Associate Minister for Social Development and Employment and Associate Minister for Disability Issues, the Ministry will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures, should there be any related party transactions with Ministers of the Crown.
  iii) Clarifies that related party transactions include commitments with related parties.

  The Ministry expects it will early adopt the revised standard for the year ended 30 June 2011.
- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Ministry has not yet assessed the effect of the new standard and expects it will not be early adopted.

Significant Accounting Policies

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

Budget Figures

The budget figures are those included in the Budget 2009, The Estimates of Appropriations for all Votes administered by the Ministry. Additional reference to budget figures can be found in the Information Supporting the Estimates of Appropriations (ie the Forecast Financial Statements of the Ministry of Social Development for the year ended 30 June 2010). The financial statements also present the updated budget information from the Supplementary Estimates and transfers made under section 26A of the Public Finance Act 1989. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Revenue

The Ministry gets revenue from providing outputs to the Crown and for services to third parties. Revenue is recognised when it is earned and is reported in the financial period it relates to.

Cost Allocation

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

The first stage allocates all direct costs to output expenses as and when they are incurred. The second stage accumulates and allocates indirect costs to output expenses based on cost drivers, such as full-time equivalent (FTE) staff and workload information obtained from surveys, which reflect an appropriate measure of resource consumption/use. The third stage accumulates and allocates overhead costs to output expenses based on resource consumption/use where possible, such as the FTE staff ratio, or if 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 all costs that vary directly with the level of activity and are causally related to, and readily assignable to, an output expense. Overhead costs are those costs that do not vary with the level of activity undertaken. Indirect costs are all costs other than direct costs and overhead costs.

For the year ended 30 June 2010, direct costs accounted for 81.5 per cent of the Ministry's costs (2009: 81.3 per cent).

Expenses

General

Expenses are recognised in the period to which they relate.

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 principle outstanding to determine interest expense each period.

Foreign Currency

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

Financial Instruments

Financial assets

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

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

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

Financial liabilities

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

Property, Plant and Equipment

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

Property, plant and equipment 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 future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

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

Disposals

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

Subsequent costs

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

Depreciation

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

TYPE OF ASSETS	ESTIMATED LIFE (YEARS)	ESTIMATED LIFE (%)
Buildings (including components)	10–50 years	2%–10%
Leasehold improvements	up to 10 years	
Computer equipment	3–5 years	20%–33%
Furniture, fittings and office equipment	3–5 years	20%–33%
Motor vehicles	4 years	25%

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

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

Revaluation

Land and buildings are revalued at least every three years to ensure the carrying amount does not differ materially from the fair value. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure those values are not materially different to fair value. Additions 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 revaluing are recorded in the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Income. Any subsequent increase after revaluation, that offsets a previous decrease in value recognised in the Statement of Comprehensive Income, will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible Assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

Amortisation

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

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

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

Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An intangible asset that is not yet available for use at the balance sheet date is 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 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 entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

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

Non-Current Assets Held for Sale

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

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

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

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

Income Tax

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Leases

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

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

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

Provisions

The Ministry recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. 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 there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that 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 at which the contingency is evident.

Employee Entitlements

Short-term employee entitlements

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

These include salaries and wages accrued up to balance date, 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 entitlement that can be carried forward at balance date, to the extent the Ministry anticipates it will be used by staff to cover those future absences.

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

Long-term employee entitlements

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

- likely future entitlements based on years of service, years to entitlement, the likelihood staff will reach the point of entitlement and contractual entitlements information; and
- 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 include cash received from all income sources of the Ministry and record the cash payments made for the supply of goods and services.

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

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

Taxpayers' Funds

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

Revaluation reserves

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

Critical Accounting Estimates and Assumptions

In preparing these financial statements the Ministry has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are 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 in relation to estimates and uncertainties surrounding retirement and long service leave liabilities is contained within the notes. Refer Note 13.

Critical Judgements in Applying the Ministry's Accounting Policies

There were no significant items whereby management had to exercise critical judgment in applying the Ministry's Accounting Policies for the period ended 30 June 2010.

Statement of Comprehensive Income

For the year ended 30 June 2010

ACTUAL 2009 $000		NOTES	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Income				
1,151,180	Revenue Crown		1,172,952	1,148,191	1,172,952
13,836	Revenue other	1	15,330	21,060	21,060
213	Gain on disposal of fixed assets		-	-	-
-	Gain on foreign exchange	2	8	-	-
1,165,229	**Total income**		**1,188,290**	**1,169,251**	**1,194,012**
	Expenditure				
599,791	Personnel costs	3	619,574	611,496	627,780
49,633	Depreciation and amortisation expenses	8,9	63,537	61,957	65,001
17,669	Capital charge	4	23,126	17,599	17,599
486,154	Other operating expenses	5	476,048	478,199	483,632
-	Loss on disposal of fixed assets	6	240	-	-
11	Loss on foreign exchange		-	-	-
1,153,258	**Total expenditure**		**1,182,525**	**1,169,251**	**1,194,012**
11,971	**Net surplus/(deficit)**		**5,765**	**-**	**-**
	Other comprehensive income				
-	Gain on property, plant and equipment revaluations		5,304	-	-
11,971	**Total comprehensive income**		**11,069**	**-**	**-**

Explanations of significant variances against budget are detailed in Note 20.

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement of Financial Position

As at 30 June 2010

ACTUAL 2009 $000		NOTES	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Taxpayers' funds				
303,172	General funds		282,901	327,423	282,901
26,123	Revaluation reserve		31,427	26,123	26,123
329,295	**Total taxpayers' funds**	**14**	**314,328**	**353,546**	**309,024**
	Assets				
	Current assets				
147,899	Cash and cash equivalents		127,028	85,003	64,884
3,709	Accounts receivable	7	7,479	3,600	3,709
6,109	Prepayments		6,310	3,753	6,109
157,717	**Total current assets**		**140,817**	**92,356**	**74,702**
	Non-current assets				
271,059	Property, plant and equipment	8	305,953	363,667	322,360
79,257	Intangible assets	9	60,851	65,147	78,729
350,316	**Total non-current assets**		**366,804**	**428,814**	**401,089**
508,033	**Total assets**		**507,621**	**521,170**	**475,791**
	Liabilities				
	Current liabilities				
71,155	Accounts payable and accruals	10	97,804	82,492	71,155
1,469	Capital charge payable	4	-	1,350	1,469
11,971	Return of operating surplus to the Crown	11	5,765	-	-
46,288	Provision for employee entitlements	13	48,856	56,012	46,288
18,290	Other provisions	12	9,901	6,758	18,290
149,173	**Total current liabilities**		**162,326**	**146,612**	**137,202**
	Non-current liabilities				
29,565	Provision for employee entitlements	13	30,967	21,012	29,565
29,565	**Total non-current liabilities**		**30,967**	**21,012**	**29,565**
178,738	**Total liabilities**		**193,293**	**167,624**	**166,767**
329,295	**Net assets**		**314,328**	**353,546**	**309,024**

Explanations of significant variances against budget are detailed in Note 20.

Peter Hughes
Chief Executive
30 September 2010

Nick Gale
Chief Financial Officer
30 September 2010

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement of Changes in Taxpayers' Funds

For the year ended 30 June 2010

ACTUAL 2009 $000		NOTE	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
329,295	**Balance at 1 July**		**329,295**	**340,782**	**329,295**
11,971	Total comprehensive income		11,069	-	-
(11,971)	Return of operating surplus to the Crown	11	(5,765)	-	-
-	Capital injections		37,981	37,981	37,981
-	Capital withdrawal		(58,252)	(25,217)	(58,252)
329,295	**Balance at 30 June**		**314,328**	**353,546**	**309,024**

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2010

ACTUAL 2009 $000		NOTE	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Cash flows from operating activities				
1,151,180	Receipts from Crown revenue		1,172,952	1,148,191	1,172,952
14,005	Receipts from other revenue		14,822	21,060	21,060
(502,157)	Payments to suppliers		(456,253)	(479,932)	(482,988)
(587,791)	Payments to employees		(620,857)	(609,763)	(628,424)
(17,550)	Payments for capital charge		(24,595)	(17,599)	(17,599)
383	Goods and services tax (net)		263	-	-
58,070	**Net cash flow from operating activities**	**15**	**86,332**	**61,957**	**65,001**
	Cash flows from investing activities				
3,132	Receipts from sale of property, plant and equipment		3,261	1,800	1,800
(42,580)	Purchase of property, plant and equipment		(60,568)	(109,836)	(78,115)
(29,103)	Purchase of intangible assets		(17,653)	(29,320)	(39,458)
(68,551)	**Net cash flow from investing activities**		**(74,960)**	**(137,356)**	**(115,773)**
	Cash flows from financing activities				
-	Capital contribution from the Crown		37,981	37,981	37,981
-	Capital withdrawal from the Crown		(58,252)	(25,217)	(58,252)
(14,850)	Return of operating surplus to Crown		(11,972)	(4,000)	(11,972)
(14,850)	**Net cash flow from financing activities**		**(32,243)**	**8,764**	**(32,243)**
(25,331)	Net increase/(decrease) in cash held		(20,871)	(66,635)	(83,015)
173,230	Cash and cash equivalents at the beginning of the year		147,899	151,638	147,899
147,899	**Cash and cash equivalents at the end of the year**		**127,028**	**85,003**	**64,884**

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been 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.

Explanations of significant variances against budget are detailed in Note 20.

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement Of Trust Monies

For the year ended 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000
	William Wallace Trust	
393	**Balance at 1 July**	**399**
-	Contributions	-
(24)	Distributions	(10)
30	Revenue	16
-	Expenditure	-
399	**Balance at 30 June**	**405**

William Wallace Trust Account

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

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement of Commitments

As at 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000
	Capital commitments	
22,643	Land and buildings	1,899
-	Intangibles	-
22,643	**Total capital commitments**	**1,899**
	Operating commitments	
	Non-cancellable accommodation leases	
36,077	Less than one year	37,978
22,695	One to two years	29,251
26,226	Two to five years	60,845
4,563	More than five years	11,343
89,561	**Total non-cancellable accommodation leases**	**139,417**
	Other non-cancellable contracts	
133,635	Less than one year	84,027
12,529	One to two years	2,245
12,690	Two to five years	1,837
-	More than five years	-
158,854	**Total other non-cancellable contracts**	**88,109**
248,415	**Total operating commitments**	**227,526**
271,058	**Total commitments**	**229,425**

Non-cancellable accommodation leases

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

In addition to the costs above the Ministry has sub-lease rental recoveries of $0.409 million expected to be received in the following year, 2010/2011. Actual rental recoveries are contained in the notes. Refer Note 1.

Other non-cancellable commitments

Other non-cancellable contracts include agreements for the provision of specialist day programmes, specialist family home services, bed-night placements for children and young persons in the care of Child, Youth and Family and other non-government organisation contracts for services.

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2010

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 in respect of these claims may prejudice the legal proceedings.

Quantifiable contingent liabilities

ACTUAL 2009 $000		ACTUAL 2010 $000
231	Personal grievances claims	190
210	Other claims	120
441	**Total contingent liabilities**	**310**

Personal grievances

Personal grievances claims represent amounts claimed by employees for personal grievances cases. There are 14 personal grievances claims (2009: 19 personal grievance claims).

Other claims

Other claims represent outstanding claims from our clients for unpaid benefit entitlements. There are two other claims (2009: three other claims).

Contingent assets

The Ministry has no contingent assets (2009: nil).

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement of Departmental Expenditure and Capital Expenditure Appropriations

For the year ended 30 June 2010

ACTUAL 2009 $000	SUMMARY BY OUTPUT EXPENSES	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES[81] 2010 $000
	Appropriations for output expenses			
	VOTE SOCIAL DEVELOPMENT			
7,239	Adoption Services	7,923	8,690	8,348
312,435	Care and Protection Services	322,736	303,310	322,797
16,342	Collection of Balances Owed by Former Clients and Non-beneficiaries	16,353	19,782	16,582
7,567	Development and Funding of Community Services	8,157	7,761	8,310
31,568	Family and Community Services	30,033	29,827	30,458
34,952	Income Support and Assistance to Seniors	34,999	37,097	35,444
	Management of Service Cards MCOA			
5,510	Administration of Community Services Card	5,677	5,764	5,702
1,749	Management of SuperGold Card	1,417	1,300	1,421
35,400	Management of Student Support	30,388	33,435	30,550
	Policy Advice and Support to Ministers MCOA			
268	Crown Entity Monitoring	292	1,900	337
45,611	Social Policy Advice	41,419	52,474	44,224
3,334	Prevention Services	4,263	5,104	4,381
38,832	Services to Protect the Integrity of the Benefit System	34,454	35,750	34,753
415,797	Tailored Sets of Services to Help People into Work or Achieve Independence	441,776	417,194	444,769
89,153	Vocational Skills Training	86,022	86,024	86,024
100,765	Youth Justice Services	110,305	116,703	112,879
1,146,522	**Total Vote Social Development**	**1,176,214**	**1,162,115**	**1,186,979**
	VOTE SENIOR CITIZENS			
933	Senior Citizens Services	923	1,035	1,035
933	**Total Vote Senior Citizens**	**923**	**1,035**	**1,035**
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT			
459	Processing and Payment of Pensions	-	-	-
318	Processing and Payment of Veterans' Pensions	391	450	450
777	**Total Vote Veterans' Affairs - Social Development**	**391**	**450**	**450**
	VOTE YOUTH DEVELOPMENT			
5,026	Youth Development	4,997	5,651	5,548
5,026	**Total Vote Youth Development**	**4,997**	**5,651**	**5,548**
1,153,258	**Total departmental output expenses**	**1,182,525**	**1,169,251**	**1,194,012**
	Appropriations for capital expenditure			
	VOTE SOCIAL DEVELOPMENT			
71,683	Ministry of Social Development - Capital Expenditure PLA	78,221	139,157	117,573
71,683	**Total departmental capital expenditure**	**78,221**	**139,157**	**117,573**
1,224,941	**Total departmental expenditure and capital expenditure**	**1,260,746**	**1,308,408**	**1,311,585**

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

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement of Departmental Expenditure and Capital Expenditure Appropriations (continued)

For the year ended 30 June 2010

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

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

	SUPPLEMENTARY ESTIMATES 2010 $000	SECTION 26A TRANSFERS 2010 $000	FINAL VOTED[82] 2010 $000
VOTE SOCIAL DEVELOPMENT			
Adoption Services	8,808	(460)	8,348
Collection of Balances Owed by Former Clients and Non-beneficiaries	16,682	(100)	16,582
Development and Funding of Community Services	8,370	(60)	8,310
Family and Community Services	31,318	(860)	30,458
Income Support and Assistance to Seniors	34,439	1,005	35,444
Management of Student Support	32,400	(1,850)	30,550
Care and Protection Services	317,782	5,015	322,797
Youth Justice Services	119,634	(6,755)	112,879
Services to Protect the Integrity of the Benefit System	35,453	(700)	34,753
Tailored Sets of Services to Help People into Work or Achieve Independence	440,004	4,765	444,769
Total appropriations for output expenses	**1,044,890**	**-**	**1,044,890**

Statement of Unappropriated Departmental Expenditure and Capital Expenditure Appropriations

For the year ended 30 June 2010

The Ministry had no unappropriated departmental operating and capital expenditure in 2009/2010 (2009: nil).

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

The Statement of Accounting Policies: Departmental on pages 61 to 68 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2010

Note 1: Revenue other

ACTUAL 2009 $000		ACTUAL 2010 $000
453	Sub-lease rental recoveries	471
13,383	Other recoveries	14,859
13,836	**Total revenue other**	**15,330**

The Ministry received revenue from the State Services Commission (SSC) for the State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver ($10.890 million), child support receipts on behalf of children in foster care ($1.411 million), Strengthening Families inter-agency support ($0.570 million), the Family and Community Services helpline services ($0.481 million) and the Growing up in New Zealand longitudinal study ($0.812 million). The Ministry received other revenues of $0.695 million.

Note 2: Gains

ACTUAL 2009 $000		ACTUAL 2010 $000
213	Gain on disposal of fixed assets	-
-	Net foreign exchange gains	8
213	**Total gains**	**8**

The foreign exchange gain is due to the translation at year-end exchange rates of the Ministry's Australian bank account. The Australian bank account has been set up to save transaction fees on payments made to the Ministry's Australian-based suppliers of goods and services.

Note 3: Personnel costs

ACTUAL 2009 $000		ACTUAL 2010 $000
563,687	Salaries and wages	593,266
(382)	Increase/(decrease) in employee entitlements	3,970
10,820	Increase/(decrease) in restructuring costs	(1,697)
12,014	Defined superannuation contribution scheme	12,533
13,652	Other personnel expenses	11,502
599,791	**Total personnel costs**	**619,574**

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

Note 4: Capital charge

The Ministry pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year. The capital charge rate for the year ended 30 June 2010 was 7.5 per cent (2009: 7.5 per cent).

The Ministry was formerly part of the differential capital charge scheme which was closed by the Treasury in 2008/2009. This meant that in the prior financial year the Ministry earned notional interest based on the daily cash balances held, and this was offset against the capital charge. The notional interest rate was 4.5 per cent per annum in 2008/2009.

Note 5: Other operating expenses

ACTUAL 2009 $000		ACTUAL 2010 $000
1,078	Audit fees	1,078
3	Other services provided by our Auditors	-
67,157	Rental, leasing and occupancy costs	67,336
454	Bad debts written off	340
(861)	Impairment of receivables	(281)
107,002	Financial plan costs[83]	108,928
21,013	Non-specific client costs[84]	22,922
89,153	Training Opportunity Programmes (TOPs)	86,022
35,493	Office operating expenses	41,314
88,168	IT related operating expenses	70,199
7,907	Staff travel	8,095
10,147	Consultancy and contractors' fees	5,998
14,781	Professional fees	14,910
44,659	Other operating expenses	49,187
486,154	**Total operating costs**	**476,048**

Note 6: Losses

ACTUAL 2009 $000		ACTUAL 2010 $000
-	Loss on disposal of fixed assets	240
11	Loss on foreign exchange	-
11	**Total losses**	**240**

The loss on the disposal of fixed assets of $0.240 million (2009: gain on disposal $0.213 million) is due to the Ministry selling items of property, plant and equipment. The sale of buildings is the main asset type contributing to the loss on sale.

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

84 Non-specific client costs are costs which cannot be attributed to a specific client. It includes costs for maintaining an infrastructure that supports the Ministry to meet its legal and support obligations for the care and protection of children and young persons and the casework resolution process. The costs can be grouped into four main categories:
- Family home costs including bed availability allowances, family home supplies and foster parent resettlement grants;
- Residential costs including programmes and client costs;
- Care and Protection resource panels of external advisors mandated by the Children, Young Persons, and Their Families Act 1989 to advise on procedures;
- External provider contracts, which are specific programmes run by non-government organisations for the help of children and young people.

Note 7: Debtors and other receivables

ACTUAL 2009 $000		ACTUAL 2010 $000
	By type	
3,709	Trade and other receivables	7,479
3,709	**Total receivables**	**7,479**
	By maturity	
3,322	Expected to be realised within one year	7,479
387	Expected to be held for more than one year	-
3,709	**Total receivables**	**7,479**
	Trade and other receivables	
5,212	Gross trade and other receivables	8,702
(1,503)	Impairment of trade and other receivables	(1,223)
3,709	**Total trade and other receivables**	**7,479**
	Impairment of trade and other receivables	
2,369	Balance at beginning of the year	1,503
363	Impairment losses recognised on receivables	408
(1,229)	Amounts written off as uncollectible	(688)
1,503	**Balance at end of the year**	**1,223**
1,503	Collective impairment allowance	1,223
-	Individual impairment allowance	-
1,503	**Balance at end of the year**	**1,223**
	Ageing of trade and other receivables past due but not impaired	
3,271	Less than six months	388
7	Between six months and one year	1,530
13	Greater than one year	13
3,291	**Trade and other receivables past due but not impaired**	**1,931**

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

Debtors impairment

As at 30 June 2010 (and 30 June 2009), all overdue receivables have been assessed for impairment and the appropriate provisions applied as detailed above.

As at 30 June 2010, the Ministry had no debtors that were deemed insolvent (2009: nil).

Note 8: Property, plant and equipment

	LAND $000	BUILDINGS $000	FURNITURE & FITTINGS $000	COMPUTER EQUIPMENT $000	MOTOR VEHICLES $000	PLANT & EQUIPMENT $000	TOTAL $000
Cost or revaluation							
Balance as at 1 July 2008	**63,606**	**134,503**	**79,502**	**100,317**	**25,899**	**9,657**	**413,484**
Additions by purchase	-	598	4,969	9,575	7,304	1,349	23,795
Revaluation increase/ (decrease)	-	-	-	-	-	-	-
Work in progress movement	-	21,149	-	(2,051)	-	(260)	18,838
Asset transfers	-	-	(3)	(269)	-	21	(251)
Other asset movement	-	-	-	-	-	-	-
Disposals	-	-	(2,343)	(6,615)	(5,866)	(257)	(15,081)
Balance as at 30 June 2009	**63,606**	**156,250**	**82,125**	**100,957**	**27,337**	**10,510**	**440,785**
Balance as at 1 July 2009	**63,606**	**156,250**	**82,125**	**100,957**	**27,337**	**10,510**	**440,785**
Additions by purchase	-	2,100	11,024	4,903	5,053	515	23,595
Revaluation increase/ (decrease)	(7,993)	1,787	-	-	-	-	(6,206)
Work in progress movement	-	30,207	-	4,373	-	2,393	36,973
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	(1)	-	-	(1)
Disposals	(705)	(834)	(39,355)	-	(5,109)	(47)	(46,050)
Balance as at 30 June 2010	**54,908**	**189,510**	**53,794**	**110,232**	**27,281**	**13,371**	**449,096**
Accumulated depreciation and impairment losses							
Balance as at 1 July 2008	**-**	**3,869**	**61,605**	**47,109**	**7,804**	**7,066**	**127,453**
Depreciation expense	-	3,903	8,841	12,412	3,968	1,257	30,381
Eliminate on disposal	-	-	(2,201)	(6,619)	(3,352)	(199)	(12,371)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	24,251	-	13	24,264
Other asset movement	-	(1)	-	-	-	-	(1)
Balance as at 30 June 2009	**-**	**7,771**	**68,245**	**77,153**	**8,420**	**8,137**	**169,726**
Balance as at 1 July 2009	**-**	**7,771**	**68,245**	**77,153**	**8,420**	**8,137**	**169,726**
Depreciation expense	-	3,744	8,781	10,019	3,956	977	27,477
Eliminate on disposal	-	(5)	(39,334)	(2)	(3,163)	(46)	(42,550)
Eliminate on revaluation	-	(11,510)	-	-	-	-	(11,510)
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Balance as at 30 June 2010	**-**	**-**	**37,692**	**87,170**	**9,213**	**9,068**	**143,143**
Carrying amounts							
At 1 July 2008	**63,606**	**130,634**	**17,897**	**53,208**	**18,095**	**2,591**	**286,031**
At 30 June and 1 July 2009	**63,606**	**148,479**	**13,880**	**23,804**	**18,917**	**2,373**	**271,059**
At 30 June 2010	**54,908**	**189,510**	**16,102**	**23,062**	**18,068**	**4,303**	**305,953**

Valuation

Land and Buildings owned by the Ministry were valued at fair value as at 30 June 2010 by Darroch Corporate Advisory (Darroch), a division of Quotable Value Limited (QV). Registered valuer Kerry Stewart Val Prof Urb, MBA, PG Dip Env, FNZIV, FPINZ from Darroch was the project director. The total fair value of land and buildings valued to fair value as at 30 June 2010 by Darroch was $189.956 million.

The valuations involved a full physical examination and have been completed in compliance with:

- New Zealand Institute of Chartered Accountants New Zealand Equivalent to Financial Reporting Standards and New Zealand Equivalent to International Accounting Standards 16 (NZ IAS 16) Accounting for Property, Plant and Equipment; and
- Property Institute of New Zealand Professional Practice Standard 2009, and in particular International Valuation Application 1 and 3 and New Zealand Valuation Guidance Note 1 (effective from 1 October 2009).

Land

All land has been valued on a fair market, highest and best use basis determined from market-based evidence. Each site has been individually considered and valued in accordance with current market conditions. Land is valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.

An open market "willing buyer willing seller" scenario has been assumed. This is effectively the price an informed purchaser would have to pay to acquire a similar property. Where there is a designation held against the land, adjustments have been made to reflect that designation.

Buildings

Residential dwellings and commercial properties have been valued in relation to market-based evidence. Residential Centres have been valued using market based evidence where it exists, if there is no active market evidence or the property is specialised in nature, optimised depreciated replacement cost had been utilised.

For commercial properties market rents and capitalisation rates were applied to reflect market value while considering the highest and best use alternatives. When valuing the residential properties market based net rates were derived from the analysis of recent comparable sales. The analysed added value of the improvements is derived by the area, quality and location of the asset. External works or other improvements relating to the various land assets have been assessed on a fair market value basis where relevant. In the absence of conclusive market evidence they have been valued by depreciated replacement cost approach.

Building works under construction and work in progress as at 30 June 2010 are $54.462 million.

The total amount of property, plant and equipment in the course of construction and work in progress is $69.362 million (2009: $32.389 million).

Note 9: Intangible assets

	INTERNALLY GENERATED SOFTWARE $000	TOTAL $000
Cost or revaluation		
Balance as at 1 July 2008	**137,443**	**137,443**
Additions by purchase and internally generated	42,721	42,721
Work in progress movement	(13,881)	(13,881)
Asset transfers	250	250
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2009	**166,533**	**166,533**
Balance as at 1 July 2009	**166,533**	**166,533**
Additions by purchase and internally generated	22,033	22,033
Work in progress movement	(4,378)	(4,378)
Asset transfers	-	-
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2010	**184,188**	**184,188**
Accumulated amortisation and impairment losses		
Balance as at 1 July 2008	**92,288**	**92,288**
Amortisation expense	19,252	19,252
Disposals	-	-
Asset transfers	(24,264)	(24,264)
Other asset movement	-	-
Balance as at 30 June 2009	**87,276**	**87,276**
Balance as at 1 July 2009	**87,276**	**87,276**
Amortisation expense	36,060	36,060
Disposals	-	-
Asset transfers	-	-
Other asset movement	1	1
Balance as at 30 June 2010	**123,337**	**123,337**
Carrying amounts		
At 1 July 2008	**45,155**	**45,155**
At 30 June and 1 July 2009	**79,257**	**79,257**
At 30 June 2010	**60,851**	**60,851**

The total amount of intangibles in the course of construction is $8.072 million (2009: $12.450 million).

Note 10: Creditors and other payables

ACTUAL 2009 $000		ACTUAL 2010 $000
	By type	
9,141	Trade creditors	15,434
6,284	GST payable	6,547
55,730	Accrued expenses	75,823
71,155	**Total payables**	**97,804**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

Note 11: Return of operating surplus

ACTUAL 2009 $000		ACTUAL 2010 $000
11,971	Net surplus/(deficit)	5,765
11,971	**Total repayment of surplus**	**5,765**

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

Note 12: Provisions

ACTUAL 2009 $000		ACTUAL 2010 $000
6,750	ACC Partnership Programme	6,401
10,255	Restructuring provision	2,700
1,202	Lease make-good	713
83	Other provisions	87
18,290	**Total provisions**	**9,901**

Provisions by category

	ACC PARTNERSHIP PROGRAMME $000	LEASE MAKE-GOOD $000	RESTRUCTURE $000	OTHERS $000	TOTAL $000
2009					
Balance as at 1 July 2008	**5,469**	**1,289**	**-**	**-**	**6,758**
Additional provisions made	1,281	-	10,255	83	11,619
Amounts used	-	-	-	-	-
Unused amounts reversed	-	(190)	-	-	(190)
Discount unwind	-	103	-	-	103
Balance as at 30 June 2009	**6,750**	**1,202**	**10,255**	**83**	**18,290**
2010					
Balance as at 1 July 2009	**6,750**	**1,202**	**10,255**	**83**	**18,290**
Additional provisions made	2,957	67	-	4	3,028
Amounts used	(3,306)	-	(4,798)	-	(8,104)
Unused amounts reversed	-	(630)	(2,757)	-	(3,387)
Discount unwind	-	74	-	-	74
Balance as at 30 June 2010	**6,401**	**713**	**2,700**	**87**	**9,901**

ACC Partnership programme

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

The liability for the ACC Partnership programme is measured at the present value of expected future payments to be made for employees' injuries and claims up to the reporting date using actuarial techniques. Consideration is given to 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 national 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
- induction training on health and safety
- actively managing work place injuries to ensure employees return to work as soon as possible
- recording and monitoring work place injuries and near misses to identify risk areas and implementing mitigating actions
- identifying work place hazards and implementing appropriate safety procedures.

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

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

An external independent actuarial valuer, Melville Jessup Weaver has calculated the Ministry's liability, and the valuation is effective as at 30 June 2010. 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.

The value of the liability is not material for the Ministry's financial statements. Therefore any changes in assumptions will not have a material impact on the financial statements.

Lease make-good

In respect of a number of its leased premises, at the expiry of the lease term the Ministry is required to to make good any damage caused to the premises and to remove any fixtures or fittings installed by the Ministry.

At year-end there were 13 sites where a make-good provision had been established with a value of $0.713 million. The timing of any future make-good work is currently up to three years in the future.

In many cases the Ministry has the option to renew these leases, which has an impact on the timing of expected cash outflows to make good the premises.

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

An asset to the value of $1.524 million was established for the lease reinstatement costs. This is being depreciated on a straight-line basis per lease term.

Restructure

The Ministry announced its decision to restructure certain parts of the organisation on 12 May 2009. Following consultation period with staff, relevant unions and other affected parties, a detailed restructure plan was approved on 29 June 2009. A restructuring provision of $10.255 million was established to recognise the amount of the redundancy payments likely to be paid out to those staff made redundant as a result of the restructure. Most of the change management process has now been completed and the redundancy payments made accordingly. The remainder of the provision is mainly for equalisation allowances for staff affected by the restructure who have been reassigned to positions within the Ministry at lower salary levels.

The restructuring provision as at 30 June 2010 is $2.700 million.

Other

The Ministry has resolved a legal case between Child, Youth and Family and a member of the public as at 30 June 2010. The case is awaiting final settlement. The provision is $20,000.

Also, the Ministry has a provision of $67,000 for family home resettlement. A $1,000 a year resettlement grant is paid to resigning or retiring family home caregivers after five or more years of unbroken service (up to a maximum of $10,000 per couple).

Note 13: Employee entitlements

ACTUAL 2009 $000		ACTUAL 2010 $000
	Current liabilities	
7,453	Retirement and long service leave	8,609
37,282	Provision for annual leave	38,793
1,553	Provision for sickness leave	1,454
46,288	**Total current portion**	**48,856**
	Non-current liabilities	
29,565	Retirement and long service leave	30,967
29,565	**Total non-current portion**	**30,967**
75,853	**Total employment entitlements**	**79,823**

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

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

Discount rates and salary inflation applied:

EMPLOYEE ENTITLEMENT VARIABLES	2011 %	2012 %	2013 %
Discount rates	3.48	4.45	6.00
Salary inflation	-	3.50	3.50

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

MOVEMENTS	ACTUAL 2010 $000	SALARY + 1% 2010 $000	SALARY - 1% 2010 $000	DISCOUNT + 1% 2010 $000	DISCOUNT - 1% 2010 $000
Current	8,609	34	(34)	(27)	18
Non-current	30,967	3,163	(2,771)	(2,548)	2,949
Total	**39,576**	**3,197**	**(2,805)**	**(2,575)**	**2,967**

Note 14: Taxpayers' funds

ACTUAL 2009 $000		ACTUAL 2010 $000
	General funds	
303,172	Balance at 1 July	303,172
11,971	Surplus/(deficit)	5,765
-	Capital contribution	37,981
-	Capital withdrawal	(58,252)
(11,971)	Repayment of surplus	(5,765)
303,172	**General funds at 30 June**	**282,901**
	Revaluation reserves	
26,123	Balance at 1 July	26,123
-	Revaluations	5,304
26,123	**Revaluation reserves at 30 June**	**31,427**
329,295	**Total taxpayers' funds**	**314,328**

Note 15: Reconciliation of net surplus/(deficit) to net cash from operating activities

For the year ended 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
11,971	**Net surplus/(deficit) after tax**	**5,765**	**-**	**-**
	Add/(less) non-cash items			
30,381	Depreciation	27,477	42,005	25,014
19,252	Amortisation	36,060	19,952	39,987
49,633	**Total non-cash items**	**63,537**	**61,957**	**65,001**
	Add/(less) items classified as investing or financing activities			
(213)	(Gains)/losses on disposal property, plant and equipment	240	-	-
(213)	**Total items classified as investing or financing activities**	**240**	**-**	**-**
	Add/(less) working capital movements			
(109)	(Increase)/decrease in accounts receivable	(3,770)	-	-
(2,356)	(Increase)/decrease in prepayments	(201)	-	-
(11,336)	Increase/(decrease) in accounts payable	26,649	-	-
119	Increase/(decrease) in capital charge	(1,469)	-	-
(9,724)	Increase/(decrease) in provision for employee entitlements	2,568	-	-
11,532	Increase/(decrease) other provisions	(8,389)	-	-
(11,874)	**Net movements in working capital items**	**15,388**	**-**	**-**
	Add/(less) movements in non-current liabilities			
8,553	Increase/(decrease) in provision for employee entitlements	1,402	-	-
8,553	**Net movements in non-current liabilities**	**1,402**	**-**	**-**
58,070	**Net cash inflow from operating activities**	**86,332**	**61,957**	**65,001**

Note 16: Related party transactions and key management personnel

Related party transactions

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

The Ministry enters into transactions with other government departments, Crown entities and State-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client relationship, on terms and conditions no more or less favorable than those which it is reasonable to expect the Ministry would have adopted if dealing with that entity at arm's length, in the same circumstance, are not disclosed.

The following transactions were carried out with related parties:

- There are close family members of key management personnel employed by the Ministry. The terms and conditions of those arrangements are no more favorable than the Ministry would have adopted if there were no relationship to key management personnel.
- Related parties of key management personnel who are in receipt of statutory benefits, pensions or student loans are receiving them based on their own entitlements and eligibility criteria to such benefits, pensions or student loans.

No provision has been required, nor any expense recognised, for the impairment of receivables from related parties.

Key management personnel compensation

ACTUAL 2009 $000		ACTUAL 2010 $000
3,998	Salaries and other short-term employee benefits	3,582
-	Post-employment benefits	-
-	Other long-term benefits	-
-	Termination benefits	-
3,998	**Total key management personnel compensation**	**3,582**

Key management personnel include the Chief Executive and 10 members of the Senior Management Team. The above table also includes remuneration paid to staff who acted in senior management roles during the year.

Note 17: Events after the balance sheet date

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

Note 18: 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 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.

The Ministry purchases some capital equipment internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the US and Australian dollars. Currency risk arises from future capital purchases and recognised liabilities, which are denominated in a foreign currency.

As at 30 June 2010 there are no significant foreign exchange exposures that required a sensitivity analysis to be prepared.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or the cash flows from a financial instrument, will fluctuate due to changes in market interest rates.

The Ministry has no interest-bearing financial instruments and, accordingly, has no exposure to interest rate risk.

Credit risk

Credit risk is the risk 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 debtors, deposits with banks and derivative financial instrument assets.

The Ministry is only permitted to deposit funds with Westpac, a registered bank and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office. These entities have high credit ratings.

Westpac has opted into the Crown Retail Deposit Guarantee Scheme. This scheme guarantees deposits up to the value of $1 million per depositor.

For its other financial instruments, the Ministry does not have significant concentrations of credit risk. The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, net debtors (refer Note 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

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.

Financial instrument risks

Classes and categories of financial assets

AS AT 30 JUNE 2009 DESIGNATION						AS AT 30 JUNE 2010 DESIGNATION				
AMORTISED COST $000	LOANS & RECEIVABLES $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000		AMORTISED COST $000	LOANS & RECEIVABLES $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000
-	147,899	-	-	**147,899**	Cash and cash equivalents	-	127,028	-	-	**127,028**
-	3,709	-	-	**3,709**	Trade and other receivables	-	7,479	-	-	**7,479**
-	**151,608**	**-**	**-**	**151,608**	**Total financial assets by designation**	**-**	**134,507**	**-**	**-**	**134,507**

Classes and categories of financial liabilities

AS AT 30 JUNE 2009 DESIGNATION					AS AT 30 JUNE 2010 DESIGNATION			
AMORTISED COST $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000		AMORTISED COST $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000
71,155	-	-	**71,155**	Accounts payable	97,804	-	-	**97,804**
71,155	**-**	**-**	**71,155**	**Total financial liabilities by designation**	**97,804**	**-**	**-**	**97,804**

Foreign currency risk management

AS AT 30 JUNE 2009					AS AT 30 JUNE 2010			
NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000		NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000
147,514	385	-	**147,899**	Cash and cash equivalents	126,868	160	-	**127,028**
3,709	-	-	**3,709**	Trade and other receivables	7,479	-	-	**7,479**
151,223	**385**	**-**	**151,608**	**Total financial assets**	**134,347**	**160**	**-**	**134,507**
71,155	-	-	**71,155**	Accounts payable	**97,804**	-	-	**97,804**
71,155	**-**	**-**	**71,155**	**Total financial liabilities**	**97,804**	**-**	**-**	**97,804**

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

Credit risk management

AS AT 30 JUNE 2009						AS AT 30 JUNE 2010				
AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000		AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000
-	147,851	-	48	**147,899**	Cash and cash equivalents	-	126,980	-	48	**127,028**
-	-	-	3,709	**3,709**	Trade and other receivables	-	-	-	7,479	**7,479**
-	**147,851**	**-**	**3,757**	**151,608**	**Total financial assets**	**-**	**126,980**	**-**	**7,527**	**134,507**

The non-rated portion of cash and cash equivalents is the Ministry's petty cash fund.

Concentration of credit exposure by geographical area

AS AT 30 JUNE 2009						AS AT 30 JUNE 2010				
NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000		NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000
147,514	385	-	-	**147,899**	Cash and cash equivalents	126,868	160	-	-	**127,028**
3,709	-	-	-	**3,709**	Trade and other receivables	7,479	-	-	-	**7,479**
151,223	**385**	**-**	**-**	**151,608**	**Total financial assets**	**134,347**	**160**	**-**	**-**	**134,507**

Liquidity risk management

AS AT 30 JUNE 2009						AS AT 30 JUNE 2010				
CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	0-12 MONTHS $000	1-2 YEARS $000	> 2YEARS $000		CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	0-12 MONTHS $000	1-2 YEARS $000	> 2YEARS $000
71,155	71,155	71,155	-	-	Accounts payable	97,804	97,804	97,804	-	-
71,155	**71,155**	**71,155**	**-**	**-**	**Total financial liabilities**	**97,804**	**97,804**	**97,804**	**-**	**-**

Note 19: Capital management

The Ministry's capital is its equity (or taxpayers' funds), which comprise general funds and revaluation reserves. Equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and the Ministry's compliance with the Government Budget processes, Treasury Instructions and the Public Finance Act 1989.

The objective of managing the Ministry's equity is to ensure the Ministry effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

Note 20: Major budget variations

Explanations for major variances from the Ministry's estimated figures in the Forecast Financial Statements are as follows:

	NOTE	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000	ACTUAL VS MAIN ESTIMATES VARIANCE 2010 $000
Statement of Comprehensive Income					
Income					
Revenue Crown	(a)	1,172,952	1,148,191	1,172,952	24,761
Expenditure					
Personnel costs	(b)	619,574	611,496	627,780	(8,078)
Statement of Financial Position					
Taxpayers' funds					
General funds	(c)	282,901	327,423	282,901	44,522
Assets					
Cash and cash equivalents	(d)	127,028	85,003	64,884	42,025
Property, plant and equipment	(e)	305,953	363,667	322,360	(57,714)
Liabilities					
Accounts payable and accruals	(f)	97,804	82,492	71,155	(15,312)
Statement of Cash Flows					
Cash flows from operating activities					
Purchase of intangible assets	(g)	(17,653)	(29,320)	(39,458)	11,667
Cash flows from financing activites					
Capital withdrawal from the Crown	(h)	(58,252)	(25,217)	(58,252)	(33,035)

Statement of Comprehensive Income

(a) Revenue Crown has increased due to additional funding for Work and Income to cover work-volume pressures ($17.200 million) and a funding increase to compensate for the ending of the differential capital charge scheme ($4.645 million).

(b) Personnel costs have increased by $8.078 million (1.32%) from the Main Estimates due to wage and salary increases and employee entitlement cost increases.

Statement of Financial Position

(c) General Funds were lower due to the capital contribution for the Youth Justice Central building project ($11.487 million) not being drawn down in the prior financial year as per the Main Estimates. Additionally, the capital repayment of $27.000 million for reprioritisation of the departmental capital programme and $6.035 million for the Student Job Search campaign and Additional Job Ops places were transferred out, which was not factored into the Main Estimates.

(d) Lower than planned capital expenditure has contributed to a higher cash position than that initially forecast in the Main Estimates.

(e) Property, plant and equipment balance was lower due to a combination of savings and the timing of the completion of IT projects and property fit-outs.

(f) Accounts payable and accruals were higher due to large IT-related and other equipment type purchases in accounts payable at year-end awaiting payment to suppliers.

Statement of Cash Flows

(g) Purchase of intangible assets was lower due to the timing of the completion of work in progress software development projects.

(h) The capital withdrawal from the Crown variance was due to the capital repayment of $27.000 million and the capital withdrawal of $6.035 million for the Student Job Search campaign and Additional Job Ops places.

Changes in appropriations

The table below summarises the material changes in appropriation between the Main Estimates and the final Supplementary Estimates for the 2009/2010 financial year.

	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000	VARIANCE 2010 $000	EXPLANATION
VOTE SOCIAL DEVELOPMENT Care and Protection Services	303,310	322,797	19,487	The increase was due to: - a fiscally neutral transfer to establish a Community Response Contingency to respond to urgent funding issues in the NGO sector ($0.992 million) - the change in the capital charge scheme ($1.741 million) - a fiscally neutral transfer to accurately reflect the appropriation cost ($11.692 million) - S26A adjustment to meet increases in volume of case referrals ($5.015 million).
Tailored Sets of Services to Help People into Work or Achieve Independence	417,194	444,769	27,575	The increase was due to: - additional funding to meet volume pressures faced by Work and Income ($17.200 million) - the change in the capital charge scheme ($2.146 million) - extra funding for the Limited Service Volunteer programme ($4.750 million) - a fiscally neutral transfer to meet Work and Income's one-off costs ($6.850 million) - S26A adjustment to reflect the settlement of the Work and Income collective agreement ($3.400 million) - S26A adjustment to recognise the appropriation cost impact of changing demand volumes on the Management of Student Services ($1.850 million) This was offset by: - a fiscally neutral transfer to accurately reflect the appropriation cost ($8.136 million) - S26A adjustment to allow for the re-alignment of the Services to Seniors service delivery lines. Previously these services were delivered in part by Work and Income staff ($0.485 million).
Ministry of Social Development - Capital Expenditure PLA	139,157	117,573	(21,584)	The decease was due to: - timing delays and savings on completing the Youth Justice Central building project and on a number of other capital projects.

Non-Departmental Financial Statements and Schedules

For the year ended 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000
	Summary	
16,975,507	Expenditure and appropriations	19,036,214
74,039	Revenue	79,418
544,061	Capital receipts	585,055
1,237,065	Assets	1,176,364
378,258	Liabilities	395,802
541	Trust monies	538

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities the Ministry manages on behalf of the Crown. The Ministry administered $19.036 billion of non-departmental payments, $664.5 million of non-departmental revenues and receipts, $1.176 billion of assets and $395.8 million of liabilities on behalf of the Crown for the year ended 30 June 2010.

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

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Statement of Accounting Policies: Non-Departmental

For the year ended 30 June 2010

Reporting Entity

These non-departmental schedules and statements 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, reference should be made to the Financial Statements of the Government.

Basis of Preparation

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies set out in the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with the New Zealand generally accepted accounting practice as appropriate for public benefit entities.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year. The Ministry has adopted the following revision to accounting standards during the financial year, which have had only a presentational or disclosure effect:

> Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used, and requires the maturity analysis of derivative liabilities to be presented separately from non-derivative financial liability contractual maturity analysis. This new information is disclosed in Note 4. The transitional provisions of the amendments do not require disclosure of comparative information in the first year of application. The Ministry has elected to disclose comparative information.

Significant Accounting Policies

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

Budget Figures

The budget figures are consistent with the financial information in the Main Estimates. In addition, these financial statements also present the updated budget information from the Supplementary Estimates.

Revenues

The Ministry administers revenue on behalf of the Crown. This revenue includes Student Loan administration fees, Student Loan interest unwind, interest revenue and maintenance capitalisation.

Student Loan administration fee revenue is recognised when the eligible Student Loan application has been processed.

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

Interest revenue relates to interest on Major Repairs Advance (MRA). This relates to advances on repairs or maintenance for clients' homes.

Maintenance capitalisation records the re-establishment of historical maintenance debt previously written off. Up until 30 June 1992, a person who had custody of a child could seek financial support (ie maintenance) from the non-custodial parent. The Child Support Scheme replaced this scheme. It was introduced in 1992 and is managed by the Inland Revenue Department.

Expenses

Expenses are recognised in the period to which they relate.

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

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

Foreign Currency

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Schedule of Non-Departmental Income or Expenses. For information on foreign currency risk management. Refer Note 4.

Financial Instruments

Financial assets

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

Debtors and other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate less any provision for impairment except for social benefit debt receivables.

Social benefit debt receivables relate to benefit overpayments, advances on benefits and recoverable special needs grants. Refer Note 3. They are initially assessed at nominal amount or face value. These receivables are subsequently tested for impairment.

The impairment of a receivable is established when there is objective evidence the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, a probability the debtor will enter into bankruptcy and defaults in payments are considered indicators 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).

Student Loans are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss. Refer Note 2.

Financial liabilities

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

Derivatives

Foreign forward exchange contracts are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or a net loss position respectively. These derivatives are entered into for risk management purposes.

Goods and Services Tax

All items in the financial statements, including the appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue at the consolidation of the government financial statements.

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts entered into at balance date are disclosed as commitments to the extent there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that 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 at which the contingency is evident.

Schedule of Non-Departmental Expenses

For the year ended 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	VOTE SOCIAL DEVELOPMENT			
284,429	Non-departmental output expenses	313,094	299,058	318,105
647,027	Non-departmental other expenses	924,805	778,577	988,768
1,507,159	Non-departmental capital expenditure	1,701,491	1,655,687	1,758,456
14,280,779	Benefits and other unrequited expenses	15,847,433	15,826,103	15,966,403
3,926	Loss on foreign exchange	4,934	-	-
48,364	Other operating expenses	56,208	46,870	59,399
16,771,684	**Total Vote Social Development**	**18,847,965**	**18,606,295**	**19,091,131**
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT			
194,444	Benefits and other unrequited expenses	179,230	189,494	179,864
194,444	**Total Vote Veterans' Affairs - Social Development**	**179,230**	**189,494**	**179,864**
	VOTE YOUTH DEVELOPMENT			
9,379	Non-departmental output expenses	9,019	8,985	9,035
9,379	**Total Vote Youth Development**	**9,019**	**8,985**	**9,035**
16,975,507	**Total non-departmental expenses**	**19,036,214**	**18,804,774**	**19,280,030**

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Statement of Non-Departmental Expenditure and Appropriations

For the year ended 30 June 2010

ACTUAL 2009 $000	TYPE OF APPROPRIATION	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	VOTE SOCIAL DEVELOPMENT			
	Non-departmental output expenses			
879	Assistance to Disadvantaged Persons	901	1,450	950
1,757	Children's Commissioner	2,157	1,757	2,157
4,383	Connected Communities	4,109	4,644	4,109
17,018	Counselling and Rehabilitation Services	17,728	16,906	17,739
8,539	Education and Prevention Services	8,893	8,766	9,184
8,170	Families Commission	7,770	8,170	7,770
51,429	Family Wellbeing Services	69,185	52,816	69,573
172	Life Skills and Employment-Related Training Activities	488	543	543
5,682	Retirement Commissioner	5,682	5,682	5,682
4,993	Strengthening Providers and Communities	3,382	5,803	5,885
89,940	Strong Families	100,938	100,769	101,976
3,511	Student Placement Services	4,276	3,512	4,297
87,956	Vocational Services for People with Disabilities	87,585	88,240	88,240
284,429	**Total non-departmental output expenses**	**313,094**	**299,058**	**318,105**
	Non-departmental other expenses			
7,845	Community Labour Market Development Assistance	-	3,733	-
365	Contingency and Innovations Fund	363	365	365
553,930	Debt Write-downs	791,799	679,390	849,115
63,441	Employment Assistance	109,062	60,575	113,461
428	Job Support Scheme	1,434	11,607	2,920
2,499	Mainstream Supported Employment Programme	3,620	4,159	4,159
18,519	Out of School Care Programmes	18,527	18,748	18,748
647,027	**Total non-departmental other expenses**	**924,805**	**778,577**	**988,768**
	Non-departmental capital expenditure			
156,902	Recoverable Assistance	176,466	178,040	179,205
1,350,257	Student Loans	1,525,025	1,477,647	1,579,251
1,507,159	**Total non-departmental capital expenditure**	**1,701,491**	**1,655,687**	**1,758,456**

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Statement of Non-Departmental Expenditure and Appropriations (continued)

For the year ended 30 June 2010

ACTUAL 2009 $000	TYPE OF APPROPRIATION	ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Benefits and other unrequited expenses			
989,385	Accommodation Assistance	1,153,610	1,165,866	1,164,493
50,278	Benefits Paid in Australia	45,041	45,482	45,041
159,077	Childcare Assistance	178,145	177,737	184,877
389,886	Disability Assistance	411,466	417,439	412,639
1,530,294	Domestic Purposes Benefit	1,693,401	1,646,835	1,701,913
29,702	Employment Related Training Assistance	18,591	23,467	23,467
559	Family Start/NGO Awards	599	630	705
227,322	Hardship Assistance	270,376	294,920	277,963
15,903	Independent Youth Benefit	19,185	19,376	19,621
1,259,625	Invalid's Benefit	1,303,110	1,296,942	1,306,435
7,744,149	New Zealand Superannuation	8,289,830	8,246,007	8,306,504
87,526	Orphan's/Unsupported Child's Benefit	101,165	97,056	101,549
2,736	Redundancy Assistance	3,675	21,367	3,637
613,471	Sickness Benefit	709,786	691,852	716,788
18	Special Annuities	26	48	26
14,103	Special Circumstance Assistance	14,174	13,774	15,790
444,268	Student Allowances	570,396	461,683	596,284
41,690	Study Scholarships and Awards	39,755	40,148	44,645
16,782	Transition to Work	22,078	16,947	23,166
3,650	Transitional Assistance	-	-	-
585,867	Unemployment Benefit and Emergency Benefit	930,260	1,078,170	947,867
69,601	Widow's Benefit	72,764	70,357	72,993
14,275,892	**Total Benefit and other unrequited expenses**	**15,847,433**	**15,826,103**	**15,966,403**
(4,887)	Realised exchange (gain)/loss on benefit paid in Australia	-	-	-
14,280,779	**Total BOUES excluding realised exchange gain or loss**	**15,847,433**	**15,826,103**	**15,966,403**
16,719,394	**Total Vote Social Development**	**18,786,823**	**18,559,425**	**19,031,732**
	VOTE VETERANS' AFFAIRS – SOCIAL DEVELOPMENT			
	Benefits and other unrequited expenses			
1,610	Medical Treatment	-	-	-
175,861	Veterans' Pension	179,230	189,494	179,864
16,973	War Disablement Pensions	-	-	-
194,444	**Total Vote Veterans' Affairs - Social Development**	**179,230**	**189,494**	**179,864**
	VOTE YOUTH DEVELOPMENT			
	Non-departmental output expenses			
8,495	Services for Young People	8,133	8,096	8,146
884	Youth Development Partnership Fund	886	889	889
9,379	**Total Vote Youth Development**	**9,019**	**8,985**	**9,035**
16,923,217	**Total non-departmental expenses**	**18,975,072**	**18,757,904**	**19,220,631**

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Statement of Unappropriated Non-Departmental Expenditure and Appropriations

For the year ended 30 June 2010

UNAPPROPRIATED EXPENDITURE 2009 $000	TYPE OF APPROPRIATION	PRE-APPROVAL UNAPPROPRIATED EXPENDITURE 2010 $000	APPROVAL UNDER SECTION 26B PUBLIC FINANCE ACT 1989 2010 $000	UNAPPROPRIATED EXPENDITURE 2010 $000
	VOTE SOCIAL DEVELOPMENT			
	Benefits and other unrequited expenses			
-	Redundancy Assistance	38	72	-
-	Disability Assistance	-	750	-
9	Family Start/NGO Awards	-	-	-
25	Independent Youth Benefit	-	-	-
645	Sickness Benefit	-	-	-
5,023	Student Allowances	-	-	-
5,702	**Total**	**38**	**822**	**-**

The demand-driven nature of Benefits and Other Unrequited Expenses (BOUE) and Non-Departmental Capital Expenditure appropriations means it was forecast on a mid-point average basis during the year. Under this method of forecasting, it was expected that actual expenditure on some of the forecast items would be more than the mid-point forecast and on other forecast items less than the mid-point forecast. As an appropriation is a legal upper limit on expenditure, using a mid-point forecast to determine the amount of the appropriation inevitably means there will be unappropriated expenditure for some forecast items requiring separate ministerial approval.

To reduce the likelihood of unappropriated expenditure, each item in the 2009/2010 Supplementary Estimates included forecasts, which were set within reason at the higher end of their forecast range. In addition to this, the Ministry identified and sought approval under section 26B of the Public Finance Act 1989, for demand-driven expenditure which was likely to exceed (but was within the scope of the appropriations) the forecasts prepared for the 2009/2010 Supplementary Estimates.

Approval was received before 30 June 2010 from the Minister of Finance for two section 26B approvals under the Public Finance Act 1989.

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Income

For the year ended 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
11	Interest revenue	21	-	-
323	Maintenance Capitalisation	483	168	168
-	Gain on foreign exchange	155	-	-
9,594	Student Loan - Administration Fee	10,532	9,902	10,800
64,111	Student Loan - interest unwind	68,227	65,790	65,535
74,039	**Total non-departmental income**	**79,418**	**75,860**	**76,503**

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
203,331	Benefit Recoveries - Current Debt	238,027	206,526	237,085
2,185	Benefit Recoveries - Liable Parent Contributions	1,894	1,820	1,897
75,617	Benefit Recoveries - Non-Current Debt	78,589	70,256	77,189
171,989	Overseas Pension Recoveries	164,382	190,381	165,940
90,939	Student Loans - Repayment of Principal	102,163	89,043	103,620
544,061	**Total non-departmental capital receipts**	**585,055**	**558,026**	**585,731**

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Assets

As at 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Current assets			
91,812	Cash and cash equivalents	39,456	143,805	91,812
1,150,732	Student Loans advanced[85]	1,315,689	1,154,686	1,343,220
(423,809)	Provision for doubtful debts - student loans	(630,389)	(406,498)	(655,277)
165,354	Accounts receivable - benefits and allowances	186,601	300,615	230,265
127	Prepayments - benefits and allowances	1,169	981	127
984,216	**Total current assets**	**912,526**	**1,193,589**	**1,010,147**
	Non-current assets			
726,689	Accounts receivable - benefits and allowances	774,302	685,249	725,802
(478,890)	Provision for doubtful debts - benefits and allowances	(510,607)	(542,763)	(518,889)
163	Advances - benefits and allowances	143	170	146
4,887	Foreign currency forward contract	-	12,061	4,887
252,849	**Total non-current assets**	**263,838**	**154,717**	**211,946**
1,237,065	**Total non-departmental assets**	**1,176,364**	**1,348,306**	**1,222,093**

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 2009/2010.

85 The Student Loan scheme is administered by the Ministry of Social Development in conjunction with the Ministry of Education and the Inland Revenue Department. The Ministry's role is to assess and make payments to students undertaking tertiary education. The Student Loans advanced, including any early repayments, interest and administration fees charged, are transferred to the Inland Revenue Department in March and April each year for collection.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Liabilities

As at 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000
	Current liabilities			
295,515	Accruals - other than government departments	311,238	301,533	296,292
81,966	Tax payable	83,616	86,355	81,966
777	Other current liabilities	900	-	-
-	Foreign currency forward contract	48	-	-
378,258	**Total non-departmental liabilities**	**395,802**	**387,888**	**378,258**

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Commitments

As at 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000
	Operating commitments	
88,051	Less than one year	73,399
-	One to two years	-
-	Two to five years	-
-	More than five years	-
88,051	**Total operating commitments**	**73,399**

The majority of the commitments disclosed above are with non-government organisations (NGO) delivering community-based outcomes within New Zealand.

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2010

Unquantifiable contingent liabilities

The Ministry on behalf of the Crown has no unquantifiable contingent liabilities.

Quantifiable contingent liabilities

There are no quantifiable cases (2009: nil) lodged against the Ministry that remain unresolved as at 30 June 2010.

Contingent assets

The Ministry on behalf of the Crown has no contingent assets (2009: 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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Statement of Trust Monies

For the year ended 30 June 2010

The Ministry operates trust accounts as the agent under section 66 of the Public Finance Act 1989. The transactions through these accounts and their balances at 30 June 2010 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2010 were as follows:

ACTUAL 2009 $000		ACTUAL 2010 $000
	Australian Debt Recoveries	
4	**Balance at 1 July**	**4**
36	Contributions	43
(36)	Distributions	(43)
-	Revenue	-
-	Expenditure	-
4	**Balance at 30 June**	**4**
	Australian Embargoed Arrears	
322	**Balance at 1 July**	**481**
4,263	Contributions	5,088
(4,104)	Distributions	(5,078)
-	Revenue	-
-	Expenditure	-
481	**Balance at 30 June**	**491**
	Maintenance	
49	**Balance at 1 July**	**55**
830	Contributions	732
(824)	Distributions	(746)
-	Revenue	-
-	Expenditure	-
55	**Balance at 30 June**	**41**
	Netherlands Debt	
11	**Balance at 1 July**	**1**
44	Contributions	66
(54)	Distributions	(65)
-	Revenue	-
-	Expenditure	-
1	**Balance at 30 June**	**2**
541	**Total trust monies**	**538**

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Australian Debt Recoveries Trust Account

An agreement exists between the Australian and New Zealand governments for the Ministry to deduct monies from customers in receipt of a benefit in New Zealand for debts owing in Australia. The trust account records these transactions and transfers the amounts held in the trust account to the Australian government on a monthly basis.

Australian Embargoed Arrears Trust Account

Under the reciprocal agreement between the Australian and the New Zealand governments, the New Zealand government is required to make regular contributions to any former New Zealand residents living in Australia in receipt of a benefit in Australia. The trust account has been established to record any one-off arrears payments.

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 2009/2010.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 109 to 116 form an integral part of these financial statements and schedules.

Notes to the Non-Departmental Financial Statements

For the year ended 30 June 2010

Note 1: Explanation of major variances against budget

Changes in actual results and Supplementary Estimates

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

	ACTUAL 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000	VARIANCE 2010 $000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Non-departmental other expenses				
Debt Write-downs	791,799	849,115	57,316	The decrease relates to: - a better student loan revaluation result than expected.
Non-departmental capital expenditure				
Student Loans	1,525,025	1,579,251	54,226	The decrease relates to: - lower than anticipated loan volumes than forecast in the Supplementary Estimates. The Supplementary Estimates were based on the high end of the forecast range. Anecdotal information from tertiary institutions indicated a significant rise in enrolments. This is evident in the actual expenditure exceeding the original Main Estimates.
Benefits and other unrequited expenses				
New Zealand Superannuation	8,289,830	8,306,504	16,674	The decrease relates to: - lower average payment and number of recipients than forecast in the Supplementary Estimates. Volumes and payment rates have been higher during the course of the year and the Supplementary Estimates were increased to take those volume and rate increases into account.
Student Allowances	570,396	596,284	25,888	The decrease relates to: - lower number of recipients than forecast in the Supplementary Estimates.
Unemployment Benefit and Emergency Benefit	930,260	947,867	17,607	The decrease relates to: - lower average payment and number of recipients than forecast in the Supplementary Estimates. The Supplementary Estimates were increased to the high end of the forecast range to take into account the current stage of the economic recession.

Changes in appropriations

The table below summarises the material changes in appropriations between the Main Estimates and the final Supplementary Estimates for the 2009/2010 financial year.

	MAIN ESTIMATES 2010 $000	SUPPLEMENTARY ESTIMATES 2010 $000	VARIANCE 2010 $000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Non-departmental output expenses				
Family Wellbeing Services	52,816	69,573	16,757	The increase relates to: - fiscally neutral transfer to establish a Community Response Contingency to respond to urgent funding issues in the NGO sector ($2.782 million). - fiscally neutral transfer for Children's Health Camp funding ($13.975 million).
Non-departmental output expenses				
Debt Write-downs	679,390	849,115	169,725	The increase relates to: - an increase in the Student Loan borrowing in 2009/2010 and a decrease in the Student Loan initial fair value ratio.
Employment Assistance	60,575	113,461	52,886	The increase relates to: - additional funding for opportunities for young people during the economic downturn ($40.264 million). - additional funding for Job Opportunities places ($8.889 million). - a fiscally neutral transfer from the Community Labour Market Development Assistance appropriation ($3.733 million).
Non-departmental capital expenditure				
Student Loans	1,477,647	1,579,251	101,604	The increase relates to: - a higher than expected number of borrowers and the increase to the appropriation to reduce the likelihood of an overspend. These were partly offset by a lower than expected average amount borrowed.
Benefits and other unrequited expenses				
Domestic Purposes Benefit	1,646,835	1,701,913	55,078	The increase relates to: - a higher than expected number of recipients. The increase to the appropriation was to reduce the likelihood of an overspend.
New Zealand Superannuation	8,246,007	8,306,504	60,497	The increase relates to: - a higher than expected number of recipients and a higher than expected 1 April 2010 cost of living adjustment (due to both higher than expected inflation and wage growth). Lower than expected overseas pension recoveries also contribute to the increase. These were partly offset by a lower than expected average payment rate (before indexation).
Sickness Benefit	691,852	716,788	24,936	The increase relates to: - a higher than expected number of recipients, partly offset by a lower than expected average payment rate (before indexation).
Student Allowances	461,683	596,284	134,601	The increase relates to: - a higher than expected number of recipients, with the increase in appropriation to reduce the likelihood of an overspend.
Unemployment Benefit and Emergency Benefit	1,078,170	947,867	(130,303)	The decrease relates to: - a lower than expected number of recipients reflecting a stronger than expected recovery from the recession. A lower than forecast average payment rate (before indexation) also contributes.
VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT				
Benefits and other unrequited expenses				
Veterans' Pension	189,494	179,864	(9,630)	The decrease relates to: - a lower than expected number of recipients which is partially offset by a higher than expected average payment rate (before indexation).

Note 2: Student Loan advances

Source: Ministry of Education – Student Loan Scheme

Student Loans are stated at the carrying value as determined in NZ IAS 39 under the loans and receivables category. Independent advice from PriceWaterhouseCoopers (PWC) was sought to help determine the carrying value of the Student Loan portfolio under NZ IFRS requirements. The Ministry of Social Development is responsible for the lending and the initial administration of Student Loans. The students can borrow for course fees, course-related costs and/or living costs. In March of each year, the majority of the balance of the loans is transferred to the Inland Revenue Department (IRD).

Student Loan nominal value

The nominal balance is the total obligations borrowers have including loan principal, interest (from 2008 there is an interest free policy) and penalties. The change in nominal value from year to year reflects the net growth of the portfolio through new lending less repayments and other adjustments such as write-offs due to death and bankruptcy. The nominal value is the basis for other values such as the carrying value and fair value.

Student Loan carrying value

Student Loans are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method less any impairment loss.

Fair value on the initial recognition of Student Loans is determined by projecting forward expected repayments required under the scheme and discounting them back at an appropriate discount rate. The subsequent measurement at amortised cost is determined using the effective interest rate calculated at initial recognition. This rate is used to spread the interest income across the life of the loan and determines the loan's carrying value at each reporting date.

The valuation model has been adapted to reflect current Student Loan policy. The carrying value is also sensitive to changes in a number of underlying assumptions, including future income levels, repayment behaviour and macroeconomic factors such as inflation and discount rates. The significant assumptions are included in the table Carrying value of Student Loans as at 30 June 2010.

Student Loan fair value

Fair value is the amount for which the loan book could be exchanged between knowledgeable, willing parties in an arm's-length transaction as at 30 June 2010. It is determined by discounting the estimated cash flows at an appropriate discount rate. The estimated fair value of the Student Loan debt at 30 June 2010 has been determined to be approximately $725.3 million ($580.9 million at 30 June 2009).

Fair values will differ from carrying values due to changes in market interest rates. The carrying value is not adjusted for changes in market interest rates, whereas the fair value was calculated using a discount rate that was current as at 30 June 2010. At that date, the fair value was calculated on a discount rate of 7.67 per cent, whereas a weighted average discount rate of 6.97 per cent was used for the carrying value. The difference between fair value and carrying value does not represent an impairment of the asset.

The fair value interest rate sensitivity is included in the table Carrying value of Student Loans as at 30 June 2010.

Impairment

Allowances for estimated irrecoverable amounts are recognised when there is objective evidence the loan is impaired. Impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan, and if a 'loss' event (or events) has an impact on the estimated future cash flows of the Student Loan book that can be reliably measured.

Carrying value of Student Loans as at 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000
	VOTE SOCIAL DEVELOPMENT	
	Student Loans	
1,020,610	**Opening nominal balance**	**1,150,732**
1,350,257	New lending	1,525,025
(90,939)	Repayment	(102,163)
(1,138,790)	Loan balance transfer to IRD	(1,268,435)
9,594	Administration fee	10,532
-	Other movement in nominal value	(2)
1,150,732	**Closing nominal balance**	**1,315,689**
(444,133)	Cumulative fair value write-down	(487,960)
93,660	Cumulative impairment	3,600
30,872	Cumulative interest unwind	60,552
(532,419)	Fair value write-down of new lending	(727,751)
3,600	Impairment	(22,504)
64,111	Interest unwind	68,227
360,500	Loan fair value adjustment transferred to IRD	475,447
-	Other movement	-
726,923	**Net carrying value of Student Loans**	**685,300**
	Significant assumptions behind the carrying value are:	
6.73%	Weighted average interest rate for calculating impaired value	6.97%
6.7%-6.8%	Interest rate applied to loans for overseas borrowers	6.7%-6.8%
1.5%-2.5%	CPI	2.4%-3.0%
1.5%-3.5%	Future salary inflation	3.0%-3.5%
	The estimated fair value of the Student Loan portfolio and key assumptions underpinning the fair valuation are:	
580,900	Fair value	725,300
9.18%	Discount rate	7.67%
(35,000)	Impact on fair value of a 1% increase in discount rate	(41,000)
39,700	Impact on fair value of a 1% decrease in discount rate	46,800

Student Loans are transferred to the IRD for collection each year. Interest rate risk and credit risk on those loans are held with the IRD. The Ministry has an interest rate risk and credit risk on the balance not transferred at year-end.

The Ministry's interest rate risk and credit risk is consistent with that of the IRD.

Note 3: Accounts receivables – benefits and allowances

Balances owed to the Ministry are made up of overpayments, recoverable assistance and fraud. Interest is not charged on benefit recovery and demands for repayment are restricted to prevent hardship.

The carrying value and 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 appropriate interest rates at year-end. The effective interest rates applied at year-end were between 4.67–6.7 per cent (5.6–6.46 per cent last year).

The fair value of the portfolio as at 30 June 2010 is $450 million ($413 million at 30 June 2009).

Social benefit receivables as at 30 June 2010

ACTUAL 2009 $000		ACTUAL 2010 $000
	By type	
413,153	Social benefit receivables	450,296
163	Advances - benefits and allowances	143
413,316	**Total receivables**	**450,439**
	By maturity	
165,354	Expected to be realised within one year	186,601
247,962	Expected to be held for more than one year	263,838
413,316	**Total receivables**	**450,439**
	Social benefit receivables	
892,043	Gross social benefit receivables	960,903
(478,890)	Impairment of social benefit receivables	(510,607)
413,153	**Total social benefit receivables**	**450,296**
	Impairment of social benefit receivables	
(462,763)	Balance at beginning of the year	(478,890)
(16,127)	Impairment losses recognised on receivables	(31,717)
-	Amounts written off as uncollectible	-
(478,890)	**Balance at end of the year**	**(510,607)**
(478,890)	Collective impairment allowance	(510,607)
-	Individual impairment allowance	-
(478,890)	**Balance at end of the year**	**(510,607)**
	Significant assumptions behind the carrying value are:	
5.6%-6.46%	Effective interest rate	4.67%-6.70%
	The estimated fair value of the Social Benefit Debt portfolio and key assumptions underpinning the fair valuation are:	
413,153	Fair value	450,296
(13,609)	Impact on fair value of a 1% increase in discount rate	(13,972)
15,185	Impact on fair value of a 1% decrease in discount rate	15,515

Impairment is calculated on a collective basis, not on an individual basis. There was a net movement in impairment losses of $31.7 million during the year.

The fair value is sensitive to the discount rate and the expected future cash flows. A one per cent increase in the discount rate would decrease fair value by approximately $14.0 million, whereas a one per cent decrease in the discount rate would increase fair value by approximately $15.5 million. Since there are no contractual repayment terms, future cash flows assume existing cash flow receipts will continue but 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. The effective interest rate range applied to determine the fair value, has moved by between 0.9 per cent and 0.24 per cent from 1 July 2009 to 30 June 2010.

Credit risk is the risk that the benefit debt is not repaid before the borrower dies. Benefit policy does not require recipients to provide any collateral or security to support advances made. As the total benefit debt is dispersed over a large number of borrowers there is not any material individual concentration of credit risk. The credit risk is reduced by compulsory deductions from benefit and superannuation payments, provided hardship is not caused.

Note 4: Financial instrument risks

Classes and categories of financial assets

AS AT 30 JUNE 2009 DESIGNATION						AS AT 30 JUNE 2010 DESIGNATION				
AMORTISED COST $000	LOANS & RECEIVABLES $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000		AMORTISED COST $000	LOANS & RECEIVABLES $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000
-	91,812	-	-	**91,812**	Cash and cash equivalents	-	39,456	-	-	**39,456**
726,923	-	-	-	**726,923**	Student Loans	685,300	-	-	-	**685,300**
-	-	4,887	-	**4,887**	Foreign exchange contract	-	-	-	-	-
726,923	**91,812**	**4,887**	**-**	**823,622**	**Total financial assets by designation**	**685,300**	**39,456**	**-**	**-**	**724,756**

Classes and categories of financial liabilities

AS AT 30 JUNE 2009 DESIGNATION					AS AT 30 JUNE 2010 DESIGNATION			
AMORTISED COST $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000		AMORTISED COST $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000
296,292	-	-	**296,292**	Accounts payable	312,138	-	-	**312,138**
81,966	-	-	**81,966**	Tax payable	83,616	-	-	**83,616**
-	-	-	-	Foreign exchange contract	-	48	-	**48**
378,258	**-**	**-**	**378,258**	**Total financial liabilities by designation**	**395,754**	**48**	**-**	**395,802**

Foreign currency risk management

AS AT 30 JUNE 2009					AS AT 30 JUNE 2010			
NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000		NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000
90,555	1,030	227	**91,812**	Cash and cash equivalents	36,845	2,495	116	**39,456**
726,923	-	-	**726,923**	Student Loans	685,300	-	-	**685,300**
4,887	-	-	**4,887**	Foreign exchange contract	-	-	-	-
822,365	**1,030**	**227**	**823,622**	**Total financial assets**	**722,145**	**2,495**	**116**	**724,756**
296,292	-	-	**296,292**	Accounts payable	312,138	-	-	**312,138**
-	-	-	-	Foreign exchange contract	48	-	-	**48**
296,292	**-**	**-**	**296,292**	**Total financial liabilities**	**312,186**	**-**	**-**	**312,186**

The Ministry needs to reimburse the Australian government for income support assistance provided to New Zealanders eligible under the 1994 Reciprocal Agreement. The reimbursement is paid in Australian dollars. The Ministry has bought foreign exchange forward contracts with the New Zealand Debt Management Office (NZDMO) to hedge the currency risk.

At balance date, the Ministry had a series of forward exchange contracts which entitles the Ministry to exchange NZ$110.977 million with NZDMO for AUD$91.287 million. On 30 June 2010, the market value of these contracts was a liability of NZ$0.048 million (2009: NZ$4.887 million).

Credit risk management

AS AT 30 JUNE 2009						AS AT 30 JUNE 2010				
AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000		AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000
-	91,812	-	-	**91,812**	Cash and cash equivalents	-	39,456	-	-	**39,456**
-	-	-	726,923	**726,923**	Student Loans	-	-	-	685,300	**685,300**
-	-	-	4,887	**4,887**	Foreign exchange contract	-	-	-	-	**-**
-	**91,812**	**-**	**731,810**	**823,622**	**Total financial assets**	**-**	**39,456**	**-**	**685,300**	**724,756**

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 debtors, deposits with banks and derivative financial instrument assets.

The Ministry is only permitted to deposit funds with Westpac, a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office. These entities have high credit ratings.

Westpac has opted into the Crown Retail Deposit Guarantee Scheme. This scheme guarantees deposits up to the value of $1 million per depositor.

For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

Credit risk has a significant impact on the valuation of social benefit receivables and Student Loans. The credit risk factor has been built into the valuation models to calculate the fair value of these two assets.

Concentration of credit exposure by geographical area

AS AT 30 JUNE 2009						AS AT 30 JUNE 2010				
NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000		NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000
90,555	1,030	227	-	**91,812**	Cash and cash equivalents	36,845	2,495	116	-	**39,456**
726,923	-	-	-	**726,923**	Student Loans	685,300	-	-	-	**685,300**
4,887	-	-	-	**4,887**	Foreign exchange contract	-	-	-	-	-
822,365	**1,030**	**227**	**-**	**823,622**	**Total financial assets**	**722,145**	**2,495**	**116**	**-**	**724,756**

Liquidity risk management

AS AT 30 JUNE 2009						AS AT 30 JUNE 2010				
CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	0-12 MONTHS $000	1-2 YEARS $000	> 2 YEARS $000		CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	0-12 MONTHS $000	1-2 YEARS $000	> 2 YEARS $000
296,292	296,292	296,292	-	-	Accounts payable	312,138	312,138	312,138	-	-
81,966	81,966	81,966	-	-	Tax payable	83,616	83,616	83,616	-	-
-	-	-	-	-	Foreign exchange contract	48	48	-	48	-
378,258	**378,258**	**378,258**	**-**	**-**	**Total financial liabilities**	**395,802**	**395,802**	**395,754**	**48**	**-**

Fair value hierarchy risk management

AS AT 30 JUNE 2009					AS AT 30 JUNE 2010			
QUOTED MARKET PRICE NZ$000	OBSERVABLE INPUTS NZ$000	SIGNIFICANT NON-OBSERVABLE INPUTS NZ$000	TOTAL NZ$000		QUOTED MARKET PRICE $000	OBSERVABLE INPUTS NZ$000	SIGNIFICANT NON-OBSERVABLE INPUTS NZ$000	TOTAL NZ$000
-	4,887	-	**4,887**	Foreign exchange contract	-	-	-	-
-	**4,887**	**-**	**4,887**	**Total financial assets**	**-**	**-**	**-**	**-**
-	-	-	-	Foreign exchange contract	-	48	-	**48**
-	**-**	**-**	**-**	**Total financial liabilities**	**-**	**48**	**-**	**48**

Appendix A

Fees and expenses paid to members of statutory and other bodies serviced by the Ministry of Social Development to 30 June 2010

Advisory Group on Conduct Problems

Number of members:

Eleven members who are appointed for their individual expertise.

(2008/2009: 11 members)

Nature of work:

The Advisory Group on Conduct Problems was established in November 2007 to provide advice to officials of the Ministries of Social Development, Education, Health and Justice on improving the delivery of behavioural services in New Zealand. The group provides advice on the identification, treatment and management of childhood conduct problems.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $20,600.

(2008/2009: $20,615)

Number of meetings held:

Seven meetings were held for the period ended 30 June 2010.

(2008/2009: eight full meetings)

Benefit Review Committees

Number of members:

Each Benefit Review Committee has three members: a community representative appointed by the Minister, and two Ministry staff members who have not been involved in the decision being reviewed. The 78 community representatives are spread throughout the 11 Work and Income regions.

(2008/2009: 82 community representatives)

Nature of work:

The Benefit Review Committees are independent review bodies established under section 10A of the Social Security Act 1964. Their role is to take an impartial second look at benefit decisions to ensure the decisions are correct and fair with regard to procedure and the law.

The benefit review process is an important part of ensuring correct decisions are made by the Ministry on a case-by-case basis. The benefit review hearings are an opportunity for the applicants to explain why they disagree with a decision, and for the Committees to review the Ministry's decisions.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $193,779.

(2008/2009: $138,198)

Number of reviews held:

There were 5,144 Review of Decisions lodged for the year ended 30 June 2010 and 1,563 Benefit Review Committee hearings held in this period.

(2008/2009: There were 3,784 Review of Decisions lodged for the year ended 30 June 2009 and 1,047 Benefit Review Committee hearings in the same period.)

Building Better Government Engagement Reference Group

Number of members:

Nine members (four from community organisations).

(2008/2009: not applicable)

Nature of work:

To develop recommendations for improving the engagement of government agencies with citizens and communities.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $577.

(2008/2009: not applicable)

Number of meetings held:

Two meetings were held for the period ended 30 June 2010[86].

(2008/2009: not applicable)

Chief Executive's Advisory Panel

Number of members:

The Chief Executive's Advisory Panel was appointed on 14 July 2008, with three members. The chairperson was appointed for a three-year term, and the two panel members for a two-year term. An alternative chairperson was appointed for a three-year term from 12 August 2009, to cover when the chairperson is unavailable for a meeting. The four people are respected community members who do not work for the Ministry.

(2008/2009: three members)

Nature of work:

The Chief Executive's Advisory Panel was established as the second stage of the Child, Youth and Family's complaints system implemented from 21 July 2008. The first step is a review of the complaint by Child, Youth and Family. If the complainant is dissatisfied with the outcome of the Child, Youth and Family's review, they can seek a review by the Chief Executive's Advisory Panel. The panel provides advice to the Chief Executive who then makes the final decision on what action, if any, should be taken.

The panel received 45 applications for a review in 2009/2010. Seventeen had not been through the Child, Youth and Family's complaints process and were referred back for review. Five were found to be outside the panel's jurisdiction. Eleven complaints were heard. As at 30 June 2010, the panel had 12 complaints on hand for review.

Fees and expenses paid:

Total amount of fees and expenses paid to panel members to 30 June 2010: $35,072[87].

(2008/2009: $11,831)

Number of meetings held:

Seven meetings were held for the period ended 30 June 2010. Six meetings were held to consider complaints. A further meeting was held in February 2010 to review 2009 activities and to plan for 2010.

(2008/2009: three meetings)

86 The Reference Group was established in 2008, but the group has now been disestablished.

87 The increase in fees paid reflects the increased number of complaints received.

Child, Youth and Family Care and Protection Resource Panels

Number of members:

There are 65 Care and Protection Resource Panels nationally. Each panel is made up of representatives from local communities who have knowledge and expertise relevant to the care and protection of children and young people in the local area. Panel members are appointed by the local site manager. Panels are not required to have a set number of members. The number of members varies from location to location, with an average of eight per panel.

(2008/2009: 63 panels nationally)

Nature of work:

Care and Protection Resource Panels were established under section 428 of the Children, Young Persons, and Their Families Act 1989. Panels provide advice to social workers, care and protection co-ordinators and Police involved in cases of alleged abuse and neglect of children and young people.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $332,723.

(2008/2009: $393,961)

Number of consultations held:

Most panels meet fortnightly, although the number of meetings is driven by the number of cases requiring consultation. The number of consultations varies, according to the size of the site for which the panel is consulting and the demographic makeup of the area.

(2008/2009: Most panels met fortnightly, although the number of meetings varied, depending on the number of cases that required consultation in a local area.)

Child, Youth and Family Residence Grievance Panels

Number of members:

There are eight Grievance Panels nationally. Each panel is required to have three members appointed by the Minister on the recommendation of the Chief Executive. Each panel has at least one member of the tangāta whenua in the area in which the residence is situated.

(2008/2009: eight panels nationally)

Nature of work:

Grievance Panels are statutory bodies appointed to independently monitor the grievance process within Child, Youth and Family residences. The panels' functions and duties are set out in section 29 of the Children, Young Persons, and Their Families (Residential Care) Regulations 1996.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $88,293.

(2008/2009: $83,147[88])

Number of reviews:

There were 14 reviews/investigations completed by Grievance Panels nationally for the period ended 30 June 2010.

(2008/2009: 35 reviews/investigations)

Disability Advisory Council

Number of members:

Thirteen members.

(2008/2009: 13 members)

Nature of work:

The council brings together the different perspectives of people with disabilities and of family carers, and provides advice to the Office for Disability Issues. Council meetings provide opportunities for a disability perspective to be given to other government agencies, as part of the New Zealand Disability Strategy.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $12,437.

(2008/2009: $15,148)

Number of meetings held:

Three meetings were held for the period ended 30 June 2010.

(2008/2009: four meetings)

88 The amount of $86,110 was inaccurately reported in the 2008/2009 Annual Report.

Family Services National Advisory Council

Number of members:

Twenty-five attendees (14 non-government organisation representatives, 11 government representatives).

(2008/2009: 25 attendees (14 non-government organisation representatives, 11 government representatives)

Nature of work:

The council provides a forum where stakeholders work together to develop and oversee the implementation of a vision and strategies to improve outcomes for families. The council is made up of senior representatives from government agencies and from non-government organisations (mandated by a wider group of non-government and community-based organisations), and people who provide an iwi/Māori and Pacific peoples perspective.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $8,371.

(2008/2009: $13,984)

Number of meetings held:

Five meetings were held for the period ended 30 June 2010.

(2008/2009: six meetings)

Internal Audit Review Committee

Number of members:

Three external members.

(2008/2009: three external members)

Nature of work:

The committee is an advisory body established by the Chief Executive to provide independent advice on the Ministry's systems of internal control, and its risk management framework.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $44,658.

(2008/2009: $48,886)

Number of meetings held:

Four meetings were held for the period ended 30 June 2010.

(2008/2009: four meetings)

Kia Tutahi Standing Together Steering Group

Number of members:

Sixteen members including two co-chairpersons[89].

(2008/2009: not applicable)

Nature of work:

To oversee the development of a community-government relationship agreement and to lead and participate in the consultation process on the draft Relationship Agreement.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $15,913.

(2008/2009: not applicable)

Number of meetings held:

Five meetings were held for the period ended 30 June 2010.

(2008/2009: not applicable)

Māori Reference Group (Family Violence)

Number of members:

Twenty-one members.

(2008/2009: 21 members)

Nature of work:

The Māori Reference Group was established to provide advice to the Taskforce for Action on Family Violence. The group also has a smaller strategic subgroup made up of seven members of the Māori Reference Group.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $36,289.

(2008/2009: $56,456)

Number of meetings held:

Two one-day meetings for the whole Māori Reference Group were held for the period ended 30 June 2010. Four one-day meetings were held for the smaller strategic group, for the period ended 30 June 2010.

(2008/2009: two one-day meetings and one two-day meeting for the whole Reference Group, two one-day meetings for the smaller strategic group)

89 Half of the members are from the community and voluntary sector and half are from government agencies.

Medical Appeal Board

Number of members:

Each board is made up of three members appointed by the Chief Executive for a particular purpose. Members are medical practitioners, rehabilitation professionals, or other persons who have the appropriate expertise in the fields of vocational training or vocational support for persons with sickness, injury or disability.

Nature of work:

In accordance with section 53A of the Social Security Act 1964, the Medical Appeal Board reviews an appellant's eligibility for a benefit on medical grounds, including their capacity to undertake work independently. The Medical Appeal Board provides an opportunity to take a fresh look at decisions relating to a client's medical condition, using all the information about an appellant's medical circumstances or incapacity, on a case-by-case basis.

Fees and expenses paid:

Total fees and expenses paid to 30 June 2010: $605,137[90].

(2008/2009: $195,096)

Pacific Advisory Group (Family Violence)[91]

Number of members:

Eight members.

(2008/2009: seven members)

Nature of work:

The Pacific Advisory Group was established to provide advice to the Taskforce for Action on Family Violence.

Fees and expenses paid:

Total fees and expenses paid to 30 June 2010: $59,948.

(2008/2009: $22,668)

Number of meetings held:

Ten one-day meetings were held for the period ended 30 June 2010. There were also nine Champions of Change community fono and one two-day Champions of Change national fono for the period ended 30 June 2010.

(2008/2009: five one-day meetings)

Promoting Generosity Hub

Number of members:

The Promoting Generosity Hub consists of 14 members from the community, philanthropic, business and corporate, voluntary and government sectors.

Government officials are not entitled to meeting fee payments.

(2008/2009: not applicable)

Nature of work:

The Hub's work is to promote and raise awareness of Generosity throughout New Zealand.

(2008/2009: not applicable)

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $7,527.

(2008/2009: not applicable)

Number of meetings held:

Five meetings were held for the period ended 30 June 2010.

(2008/2009: not applicable)

Social Policy Evaluation and Research Committee

Number of members:

An independent chairperson and representatives from 17 member agencies.

(2008/2009: independent chairperson and representatives from 17 member agencies)

Nature of work:

The Social Policy Evaluation and Research Committee is a cross-agency committee set up to help improve the knowledge base in the social sector. The committee oversees the Government's investment in social policy research and evaluation, and undertakes particular projects, in accordance with the terms of reference approved by Cabinet in 2001.

Fees and expenses paid:

Total amount of fees and expenses (independent chairperson only) paid to 30 June 2010: $18,000[92].

(2008/2009: $27,000)

Number of meetings held:

The chairperson held one full committee meeting and three associated workshops, which were attended by up to 11 agencies. The chairperson also wrote two papers.

(2008/2009: The chairperson held six one-on-one meetings and four associated subcommittee meetings. There were no major events, and no full committee meetings.)

90 Expenditure on Medical Appeal Board hearings has increased due to the higher number of appeals lodged in 2009/2010. The increase in appeals corresponds with Work and Income's outreach work to raise community awareness of the Child Disability Allowance and an associated growth in applications. NGOs such as Community Law and advocacy agencies have also recently increased the information they provide on the appeals process and they are encouraging people to lodge an appeal when an application is declined.

91 This group was previously known as the Pacific Advisory Group to Family and Community Services.

92 This is less than the previous year, as less work was done.

Student Allowance Review Body

Number of members:

The panel that hears a Student Allowance Review is made up of the Secretary and two advisors. The Secretary is a StudyLink Service Manager and the advisors are a Ministry staff member and a student representative. The two advisors do not take part in the final decision making. They provide advice to the Secretary who makes the final decision.

(2008/2009: three members)

Nature of work:

The Student Allowance Review process provides an independent review of StudyLink's decisions, to ensure correct and fair decisions have been made in accordance with the law governing Student Allowance entitlement (section 305 of the Education Act 1989). Established in 2007, the Student Allowance Review Body operates in a similar way to the Benefit Review Committees.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $8,065[93].

(2008/2009: $3,892)

Number of reviews held:

Thirty-nine cases were heard in the period ended 30 June 2010.

(2008/2009: 35 cases were heard)

Taskforce for Action on Violence within Families

Number of members:

Representatives from eight government departments, three Crown entities, seven non-government organisations, and two members of the judiciary.

(2008/2009: representatives from eight government departments, three Crown entities, seven non-government organisations, and two members of the judiciary)

Nature of work:

The Taskforce for Action on Violence within Families was established in 2005 to advise the Family Violence Ministerial Team on how to make improvements to the way family violence is addressed, and how to eliminate family violence in New Zealand.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $47,465.

(2008/2009: $53,484)

Number of meetings held:

Six formal meetings were held for the year ended 30 June 2010 and a number of ad-hoc workshops were held.

(2008/2009: six meetings)

Taskforce on Whānau-centred Initiatives

Number of members:

Five members.

(2008/2009: six members)

Nature of work:

The Taskforce on Whānau-centred Initiatives was established by the Minister for the Community and Voluntary Sector in June 2009 to develop a policy framework for social services aimed at improving the wellbeing of Māori whānau.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2010: $81,486[94].

(2008/2009: $5,980)

Number of meetings held:

Fourteen Taskforce meetings were held and attended by Taskforce members. Twenty-two hui were held throughout New Zealand with at least two Taskforce members attending each hui.

(2008/2009: one meeting)

Welfare Working Group

Number of members:

Eight members appointed by the Minister for Social Development and Employment.

(2008/2009: not applicable)

Nature of work:

The Welfare Working Group was established by Cabinet in April 2010 to undertake an expansive and fundamental review of New Zealand's welfare system. The Working Group's primary task is to identify how to reduce long-term welfare dependency. A final report is due to be presented to the Government by the end of December 2010.

Fees and expenses paid:

Total amount of fees and expenses paid for the period ended 30 June 2010: $32,850.

(2008/2009: not applicable)

Number of meetings held:

Three Welfare Working Group meetings were held before 30 June 2010, and a Welfare Working Group Forum was held 9-10 June 2010.

(2008/2009: not applicable)

93 No payments were made to the New Zealand Union of Students' Associations between January 2009 and March 2010, as no valid invoices were received during that period. This meant a number of payments for reviews held during 2008/2009 were not made until the 2009/2010 year.

94 The increase in fees paid reflects the number of meetings held in 2009/2010.

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