



MINISTRY OF SOCIAL DEVELOPMENT

ANNUAL REPORT 2007/2008



Contents

Our role and direction	3
Ensuring children and young people have stable upbringings	6
Helping young people have bright futures	9
Working to help people live successful lives	12
Supporting families to support themselves	16
Building partnerships	20
Organisational health and capability	25
Managing performance and integrity	31
Appendix A	130
Appendix B	134

Chief Executive's Foreword

Since its establishment in 2001 the Ministry of Social Development has made excellent service delivery a bottom-line priority. This has allowed us to focus on making a real difference in the lives of New Zealanders.

We have continued to make great progress in helping New Zealanders find work and in supporting them to stay in work, with record low numbers of people receiving the Unemployment benefit. We have enhanced our services and tailored them to individuals' needs.

We have led policy work on changes to the Children, Young Persons, and Their Families Act – the biggest changes since the Act was introduced 1989. And we have worked with Government and our non-government organisation sector colleagues on changes that will improve the way we fund and work with family, child and youth service providers.

We are expanding our network of services to support young people – especially those at risk – to improve successful transitions to adulthood. We have established 25 community-based youth justice teams to reduce the severity and frequency of reoffending by young people. Our collaborated work efforts with other agencies working with youth gangs in Auckland has resulted in a reduction in reported offending.

Families don't compartmentalise their problems by sector, which is why government and non-government agencies are working to join-up to respond to families' needs and help prevent families from falling through the gaps. The Integrated Service Response sits at the centre of our new way of working to wrap services around clients. The new Linwood Community Link Centre brings public sector agencies, non-government organisations and community groups together in one workspace to wrap services around clients and to enable joined-up case management.

I want to acknowledge the hard work, energy and professionalism of all our staff and our partners in working together to improve the lives of New Zealanders. It has been an exciting year and I am very proud of what we have achieved together.

Peter Hughes
Chief Executive

30 September 2008

Our Vision

What we want to achieve

An inclusive New Zealand where all people are able to participate in the social and economic life of their communities.

Our Purpose

What we are here to do

We lead social development to achieve better futures for all New Zealanders.

Our Principles

Our people:

- put people first
- team up to make a bigger difference
- act with courage and respect
- empower others to act
- create new solutions
- are 'can do' and deliver
- honour achievement.

Above all, we do the right thing for New Zealanders.

Our role and direction

An inclusive New Zealand where everyone is able to take responsibility for themselves, be successful in their lives and participate in their communities. This is not always a simple job – there are no quick and easy solutions to many of the issues some people face. We work with our partners to achieve tangible results that are sustainable for them. When we do this we know we are making a difference.

About the Ministry

Our staff currently support more than one million New Zealanders from Cape Reinga to Stewart Island and east to the Chatham Islands.

Our tailored services help to care for children, support young people and families, develop the workforce, care for older people and strengthen New Zealand's communities. Our core functions include:

- providing care and protection services for children and young people, youth justice services, adoption information and community organisation funding
- delivering employment and income support services, and New Zealand Superannuation
- administering New Zealand's international welfare portability arrangements
- providing Student Allowances and Loans
- providing access to affordable health care for older people, families and lower income New Zealanders
- running a benefit system that has integrity and minimises overpayments to our clients
- providing accessible services to rural communities
- providing leadership and co-ordinating social and support services and funding to community service providers.

We monitor how the wellbeing of New Zealanders is changing over time in the annual Social Report. This report monitors 10 'domains' or aspects of life that are important to our wellbeing, ranging from our health, to our social connectedness.

Our Approach

A key priority is to improve outcomes for disadvantaged groups and to help them reach their potential.

Children and young people

- Give children the best start in life. Children are New Zealand's future. All children grow up in a safe and happy environment.
- Help young people achieve their potential. Young people are supported to overcome barriers, and develop their understanding and ability to make good decisions about the range of issues and opportunities they may face.

Working age people

- Enable people to live independent lives. All New Zealanders have access to services and the ability to obtain skills that will allow them to live healthy and productive lives and to achieve independence throughout their working lives.

Older people

- Enable older people to lead full and secure lives. Older people have access to their full entitlements and are able to live independently.

Families and whānau

- Support families and whānau to be safe and resilient. Families and whānau are able to support their members' wellbeing, identity, participation in society and interdependence.

Communities, hapū and iwi

- Strengthening communities. Build our relationships with, and the capability of, the community and voluntary sector to ensure that New Zealand families and communities are strong and resilient.

Our work is not always straightforward. Every individual, family or community we work with has different needs, strengths, backgrounds and expectations. We work to ensure their experiences and expectations inform our service design and development. We improve our services by listening and responding to people, rather than by delivering services based on our convenience, processes or structures.

How we are set up to deliver our services

We've organised our business groups into three clusters so we can provide our diverse range of services in the best possible way. This clustering enables our people to:

- understand the big picture of what is going on in their cluster areas and in the Ministry as a whole
- identify, compare and benchmark good and best practice
- network internally.

The clusters are:

Service delivery

Work and Income, Students, Seniors and Integrity Services, Child, Youth and Family, and Family and Community Services.

Policy

Social Development Policy and Knowledge (including the Offices for Disability Issues, Senior Citizens and the Community and Voluntary Sector which provide advice and support to distinct portfolios) and Social Services Policy (including the Ministry of Youth Development).

Corporate

People, Capability and Resources, Risk and Assurance, and Corporate and Governance.

Each of the business groups is headed by a Deputy Chief Executive. Together with the Chief Executive, they form the Leadership Team.

Ensuring children and young people have stable upbringings

Early intervention > Over the last year we have strengthened early intervention services for children, young people and families. We have continued to build on programmes already established and we've introduced new initiatives to give children, parents, families and communities every opportunity to make a positive change for a better future.

Strengthening care and protection

A Bill to amend the Children, Young Persons, and their Families Act 1989 was developed this year. The proposed changes in the Bill will lead to the first significant improvements in child welfare law since 1989. This is an important piece of legislation that will impact on thousands of New Zealand children, young people and their families.

In line with New Zealand's commitment to the United Nations Convention on the Rights of the Child, we've proposed that the Act include cover for 17 year olds.

Other proposed changes to the Act include:

- improved responsiveness to the needs of children and young people requiring care and protection
- participation of children and young people in decisions about them
- appropriate delivery of services and responses to families in need, including children with disabilities
- increased support for young people moving out of the care and protection system and into young adult independence.

Early Years Service Hubs

Early Years Service Hubs aim to give vulnerable families better access to the support and help they need by improving the co-ordination and integration of services. Hubs have been established to provide families with young children access to a range of services. They are part of the Government's commitment to ensuring families are supported so all children can get the best start in life.

Over the last year we established new hubs in Shirley, Pahiatua, Levin, Mount Roskill, Taita, Kaipara and Tauranga. We also connected the HIPPY (Home Interaction Programme for Parents and Youngsters) programme, which gives parents an opportunity to explore alternative early childhood education services, with the hub in Murupara.

Roots of Empathy

Launched as a trial programme in 2007, it has been extended from 10 classrooms to include a further 20 classrooms in Auckland and Wellington.

The Roots of Empathy programme focuses on reducing levels of aggression and violence among school children by raising emotional awareness and levels of empathy.

Meeting the needs of families and communities

SKIP

The SKIP (Strategies with Kids Information for Parents) programme consists of resources and practical solutions that promote positive parenting. Delivered to groups of parents by organisations from their own community, the material is practical and easy to understand, with examples of real everyday situations.

Since 2004, SKIP material has been translated into 10 languages. More than 550,000 sets of parenting pamphlets have been distributed by hundreds of providers throughout New Zealand.

The material has been used by Jude Dobson to make a series of television programmes focused on empowering and supporting parents so they can meet the challenges of parenting.

Family Start

Family Start provides intensive home-based, child-centred support services for families with high needs to ensure their children have the best possible start in life. Since the programme began, 15,000 families have participated in Family Start.

During 2007/2008:

- 3,300 new families took part in the programme
- the first phase of a two-part evaluation of the programme's effectiveness was completed.

Differential Response

Differential Response is about getting the right services to the right child at the right time. It allows us to focus our resources on the cases that need our help. Differential Response recognises the Ministry is only one part of a wider child-welfare community. We're working with government and non-government organisations to improve the effectiveness of our response to children and young people.

This response involves an upfront assessment of notified cases to determine if we, or one of our partner agencies, need to become involved with a family. It then offers a range of service options to meet a family's specific needs.

Additional support for caregivers

0508 Carers Line (0508 227 377) – Child, Youth and Family caregivers

The 0508 CARERS Line was introduced in May 2008. This line offers practical support for foster caregivers. Callers are able to speak to a Social Worker and a Caregiver Liaison Social Worker for support or advice. As at June 2008, 147 calls had been received from caregivers.

The goal to achieving permanency is for the young person to do one of the following:

- plan to return home
- have permanent placement with their extended family/whānau
- have permanent placement with a new family
- plan their transition to independent living.

Permanency – Children in Care Improving Information Project

We are committed to building enduring living arrangements for children and young people in care. This helps to establish their sense of belonging, attachment, continuity and stability. Children and young people who have been abused, or neglected have a heightened need for security and emotional constancy.

This year we set out to improve the recording and reporting of children in care data. We introduced new permanency recording and reporting functionality in the Child, Youth and Family Case Management Information System as a part of our permanency policy.

We're developing a structured and consistent framework to guide frontline social work practice in the preparation of permanency plans for children in care including those who are being cared for by family or whānau.

Multi-party Working Group supports Children's Day

On 2 March thousands of families took part in events across New Zealand to celebrate and value children. This year's theme was 'New Experiences'.

The Multi-party Working Group on Family Violence supported by community groups and organisations and chaired by Hon Ruth Dyson, Minister for Social Development and Employment worked together to make Children's Day a success. Other members of the group included Barnardos, the Ministry of Pacific Island Affairs, Save the Children, the Office of the Commissioner for Children, the Ministry of Justice, the Families Commission, Rotary and the Ministry of Education.

Events ranged from the annual Toddlers' Day Out and Parenting Fair at Waitakere in Auckland, which attracted 11,000 people, to small family, school and early childhood centre celebrations which were held all over the country.

New Zealand received the American Humane Association Award in June 2007 for its pioneering use of the Family Group Conference. The award was presented at the Association's annual Family Group Decision Making Conference in Washington DC. The Family Group Conference approach was first established under the Children, Young Persons, and Their Families Act 1989. Because of its success it has been adopted and adapted as a best practice model in more than 20 countries worldwide, and in at least 35 states in the United States.

Helping young people have bright futures

Broadening the choices available > Building young people's educational achievements and learning foundations provides them with the best opportunities for achieving their potential. Some young people need extra help to make the best decisions for their future. In the 2007/2008 year we supported a number of initiatives that promoted and offered assistance to young people during this important time in their lives.

Schools Plus

We're working with the Ministry of Education to ensure Ministry programmes support young people, including those with disabilities, get access to education, skills training, or structured learning to suit their needs until they are 18. Options are explored for students leaving school before age 18, including training through youth training programmes, modern apprenticeships, local industry training organisations and individual employers.

During 2007/2008 we worked with the Ministry of Education and Department of Labour to develop a youth-friendly survey questionnaire to collect young people's views on education and learning.

New youth-centred services

Our new youth-centred service provides support to 14-19 year olds so they can improve their educational achievements and work prospects. In 2007/2008 we implemented the programme in Manurewa, the Wairarapa and Hamilton. Through this service, we:

- identify young people with additional needs
- reconnect under-16 year olds with school
- provide a co-ordinated service both within the Ministry and with other providers.

Youth Transition Services

We recognise the importance of helping 15-19 year olds successfully transition from school into further education, training or work in an effort to build their wellbeing and independence. In addition, these services provide practical interventions for young people by following up with school leavers who are 'at risk' of making poor transitions into employment. We have expanded and enhanced the Youth Transition Services, with an additional 13 local authority areas are now receiving services. Counties Manukau and Auckland City have also received expanded service delivery.

At the end of June 2008, 19,652 youth had engaged with the Youth Transition Services.

Tertiary sector collaboration work

We are in partnership with prospective and current students, parents, teachers and influencers. We want to help current and potential students make informed decisions about:

- their study options
- the financial support options available to them
- how to minimise their borrowing.

During the year we launched My StudyLink – an online tool that allows students to manage their personal information. Students can check and update personal information such as their address, phone number and bank account, as well as request forms, view when their next loan payment is due and request a loan statement. In its first year 50,000 students have used My StudyLink.

Seeking solutions for at-risk youth

Access to education and employment opportunities is an important factor in connecting young people to their communities and reducing youth offending. We are committed to continually providing services to help reduce youth offending and youth gangs.

Youth gangs work

2006 saw the creation of a 26 point action plan for Improving Outcomes for Young People in Counties Manakau and Otahuhu. In 2007/2008 we developed a toolkit to be rolled out nationally. Since implementation, Police have reported less criminal activity and fewer serious offences being committed by those with youth gang affiliations. In 2008/2009 the Action on Youth Gangs programme toolkit will be extended to other regions/areas as the need is identified.

Multi Agency Support Services in Secondary Schools (MASSiSS)

MASSiSS' goal is to put more qualified social workers into decile one and two secondary schools in South Auckland and Porirua. Their presence will assist young people to connect with their communities by providing integrated employment, education and training services that will lead to lower truancy rates and fewer reported youth gang activities. Achievements in the 2007/2008 year include the:

- placement of 19 social workers into 16 schools (13 in South Auckland and three in Porirua) to provide accessible, timely and integrated services
- development of interface protocols for MASSiSS social workers.

Addressing youth offending

Through a collaborative effort between young people involved in youth justice processes, the New Zealand Police and the relevant non-government organisations, we are helping young people who offend to access appropriate community and family-based resources. Our key priority is to reduce the severity, frequency and rates of reoffending. Twenty-five community-based youth justice teams have been established. Some of the achievements from the 2007/2008 year include:

- teaming up with Work and Income to support young people who are transitioning from care in the youth justice system to lead independent lives through training and or employment opportunities

- a new youth justice residence in Rotorua which is being developed
- establishing Youth Justice Central and Lower North Residential Upgrade project teams for future planned upgrades.

In addition, the Reducing Youth Offending programme works with youth who are at a high risk of becoming persistent life offenders by addressing their offending, education, health and welfare issues.

We won two awards in the 2007/2008 year for our work in Counties Manakau and Otahuhu to improve outcomes for young people and address issues of youth gang crime. The two awards were the Excellence in Working Together and the Prime Minister's Award for Public Sector Excellence. These awards recognise the high levels of commitment from and collaboration between government agencies, local government and community organisations in South Auckland. Winning these awards was a whole-of-government effort. Achievements include:

- the establishment of three reception centres, where to date 589 young people have stayed (301 placements for boys and 169 for girls)
- job-seeker and financial assistance provided to more than 60 young people who had previously been involved in gangs
- 23 youth workers working with youth gang members and at-risk young people in South Auckland.

Giving young people a voice

Young people need to feel valued and connected with others; they also need to be included in the decision-making processes for issues that affect them. The Ministry has developed and implemented initiatives that give young people throughout the country a chance to connect and communicate with decision makers.

Youth Week 2008

We funded the co-ordination of Youth Week 2008, which was held in the week 26 May to 1 June. The theme was creating a society that values young people and affirms their diversity, with a key focus on supportive relationships with young people. Events were organised by young people and communities around New Zealand. The opening event was attended by more than 300 people including Ministers, Mayors, church and community leaders, principals and teachers, representatives of youth work and service organisations, representatives of many government agencies, and young people.

This year more than 200 events took place across the country, nearly double the number of the previous year.

Youth Parliament

This event aims to help young people understand the Parliamentary decision-making process, as well as to give them the opportunity to express their views and opinions to politicians, officials and the public. Youth Parliament 2007 (8-11 July), was a high-profile event involving 121 youth MPs and 10 youth press gallery members.

Working to help people live successful lives

Working to meet the needs of our clients > When working with clients we know that most people want to work, and can, with the right support. Through Working New Zealand: Work-Focused Support we have developed services that focus on the individual. We build those services around their goals and the outcomes they can achieve, independent of the type of benefit they receive.

Working New Zealand: Work-Focused Support – Services for clients with Health and Disability Needs

We work closely with key stakeholders in the health and disability sectors – including the Ministry of Health, Accident Compensation Corporation, district health boards, primary health organisations and a significant number of key non-government organisations – to design, develop and implement Working New Zealand: Work-Focused Support. The work to establish this collaboration has created a strong foundation for the future, at both a national and regional level.

During the year we worked closely with disability, health and social support service providers to develop and provide additional health and disability services to meet the needs of our clients. The new services – Mild to Moderate Mental Health, Lifeskills for Work and Pain Management – provide health and disability services that aim to reduce or remove the effects of a health condition or a disability so clients can find meaningful and sustainable jobs.

We also developed a General Practitioner Handbook – a practical resource that provides an overview of the range of services and assistance we offer to people with ill health or a disability. Our health and disability co-ordinators are currently meeting with general practitioners to provide them with a copy of the handbook and to answer any queries they may have.

Meeting the needs of employers and industry

A key factor in achieving sustainable employment opportunities for our clients is ensuring they have easy access to the advice and support they need to find the right job. We also work with employers and industry so they have access to a wide range of candidates including tailored recruitment processes and training programmes that meet their needs.

In 2007/2008

– Industry Partnerships

- provided over 6,000 job seekers with training and recruitment advice
- helped over 1,000 job seekers into employment.

Industry Partnerships

Industry partnerships provide an opportunity for us to work with employers and industries experiencing skill and labour shortages. In partnership with these employers and industries we develop and implement co-ordinated employment training and recruitment services, such as Straight 2 Work programmes.

In turn, these services open up new career opportunities for job seekers recruited onto training programmes designed around the employer's entry-level requirements. Once in employment, these job seekers are provided with ongoing training and development so they are able to build a career path and become valued employees.

Over the last year we established 17 new national partnerships and 41 new local partnerships programmes. New national partners include Telelink Limited, the Aged Care and Disability Support Sector, the Nursery and Garden Association and Competenz. Local partnership programmes have been established across a range of industries including health, retail, manufacturing, cleaning, transport and horticulture.

We have a total of 63 National Industry Partnerships and 117 Local Industry Partnership programmes.

Our focus for 2008/2009 is to work with employers and industries to enhance the design and delivery of industry partnerships so job seekers have more opportunities to learn new skills and move into higher value jobs.

Redundancy Support Services

Labour markets are always changing; new businesses and industries open or grow, and others downsize, relocate or close. While most affected workers moved quickly into other employment, some need extra help to find a new job.

Redundancy Support aims to increase employees' security in times of change so they can move quickly into alternative employment or re-train to gain new work. Redundancy Support involves unions, employers, agencies and other government departments working in partnership to identify and support employers and workers at risk of redundancy.

During 2007/2008 we introduced processes to ensure employers and workers at risk of redundancy are assisted. Redundancy Support provides them with the services and support they need at the most opportune moment, increasing the likelihood of workers transitioning successfully into further employment or re-training for alternative work.

Through our Redundancy Support service we will continue to work proactively with employers experiencing change to increase the uptake of government and community services. This will help to reduce the impact of change on the employers, affected workers, their families and the local labour market.

Making work pay

In addition to providing our clients with easy access to the advice and support they need to find the right job, we also provide support to the working population who are raising a family.

Working for Families

The Working for Families package provides financial support to make it easier to work and raise a family. Almost all families earning under \$70,000, many families earning up to \$100,000 and some larger families, are eligible for Working for Families.

In 2007/2008 – Working for Families¹

- 359,300 families received tax credits (tax year ending March 2008)
- 245,500 families received the Accommodation Supplement (end of June 2008)
- 35,100 families received Childcare Assistance (end of June 2008).

¹ A number of families choose to receive their Working for Families tax credit entitlements as a single lump sum following the end of the tax year. Final recipient numbers are subject to change up to a year or more after the end of the tax year.

In addition to making work a more feasible option for many families through tax credits, the package also:

- makes housing more affordable for working families and many people without children through the Accommodation Supplement
- helps to pay for pre-school and out-of-school services through the Childcare Subsidy and the OSCAR (Out of School Care and Recreation) Subsidy.

Working for Families is having a real impact on low-income families. It is providing income adequacy and has been a major contributor to lifting 130,000 children out of poverty between 2001 and 2007.

OSCAR Extended Services

OSCAR Extended Services is providing parents and caregivers with wider choices around how to balance their work and family commitments through high quality childcare and activities outside school hours and during school holidays.

The services build on existing out-of-school services by providing a wider range of activities and catering for children and young people aged 5-14 years. The focus is less about care and recreation activities and more about activity-based programmes such as healthy eating activities, homework assistance, arts/craft and adventure activities.

Over the last year, four new OSCAR Extended Services opened in Henderson, Hamilton, Naenae and Christchurch as part of the Out of School Services Action Plan, with a further eight planned over the next three years.

Helping older people to feel safe and secure

New Zealand's population is ageing. Our focus is on supporting older people to live independent lives and be connected to their communities.

SuperGold Card

In August 2007 we launched and distributed the SuperGold Card to over 500,000 New Zealanders aged 65 years and over. The SuperGold Card provides discounts and concessions from more than 850 business partners at over 4,000 outlets around the country. These include cheaper banking, insurance and travel; discounts on clothing, household products and furniture; and savings on phone calls and the internet.

To support the SuperGold Card, we implemented a range of information services such as a dedicated website, freephone numbers, and printed SuperGold directories. We are currently working to increase our capability to measure card usage and to identify cardholder preferences so we can make sure the SuperGold Card continues to offer useful discounts and concessions.

Enduring power of attorney legislation

Ensuring the financial protection of older New Zealanders is the goal of our work on the Protection of Personal and Property Rights Amendment Act 2007. The Act, which comes into force in September 2008, provides greater legal protections for older people – and disabled people – when setting up an enduring power of attorney. Some of these protections include improved opportunities for people to specify how they want their attorney to manage their affairs, strengthened witness requirements, and changes to the process under which an attorney's powers can be activated.

Recognising the contribution of others

It is important we value the contribution of New Zealanders with ill health or disability. It's also important we value those who assist friends and family members who need help with everyday living because of ill health or disability. We need to ensure they have more choices in their lives and stronger voices in the decisions that affect them.

Carer's Strategy

An important step in achieving these goals was the launch of the Carers' Strategy and Five-Year Action Plan in May 2008. The strategy represents a whole-of-government approach in collaboration with carers, to recognise and support informal carers. It was developed through a partnership between the Ministry and the New Zealand Carers Alliance, a network of 45 non-government organisations.

This strategy is an important first step in acknowledging the very real difference carers make in people's lives. Improving support for informal carers is important for developing strong, healthy families and for meeting the future challenges of providing care.

Removing barriers to inclusion

We are also working to ensure disabled people and people with ill health have the same opportunities, choices, responsibilities and rights as other New Zealanders. This goal is supported by the New Zealand Disability Strategy, whose implementation by government agencies is monitored and reported on annually by the Office for Disability Issues.

On the international scene, the Office for Disability Issues worked with non-government organisation representatives to represent New Zealand during the negotiations for the United Nations Convention on the Rights of Persons with Disabilities. New Zealand signed the Convention in March 2007. This hard work greatly contributed to New Zealand being awarded the 2007 Franklin Delano Roosevelt International Disability Award.

Supporting families to support themselves

Supporting families > Strong, resilient families that know how to look after themselves are vital to New Zealand's economic, social and cultural wellbeing. While most Kiwi families cope well with the pressures of today's world, some do not – and they need our support.

Strong and resilient families provide wellbeing for their members. They offer material and emotional support. They nurture and protect children, and care for members who are in need because of disability or age. They also pass on knowledge, cultural values and attitudes from one generation to the next.

To support each other, family members need to be resilient. When there are problems, family members can pull together, be flexible and adaptable and maintain good communications. Strong families build strong communities.

Changing the way New Zealanders view family violence

In April 2008 the Taskforce agreed to include as part of its Ongoing Programme of Action a focus on the prevention of child abuse/maltreatment. The Taskforce agreed on a process and approach for developing the strategy.

In June 2005 the Taskforce for Action on Violence within Families was established to address family violence issues, and to implement a work programme that would start to change the way New Zealanders view family violence.

In 2007/2008 the Taskforce expanded to include a Māori Reference Group and a Pacific Advisory Group – one member of each group also sits on the Taskforce. As well as the establishment of these two new groups, a Māori Programme of Action and a Pacific Programme of Action are being developed to provide leadership and to co-ordinate action in Māori and Pacific communities.

In December 2007, the Taskforce released its Ongoing Programme of Action, which builds on and continues the work started in the Taskforce's First Report.

One of the most significant pieces of work now underway is the Child Maltreatment Prevention Work Programme. The intent of this programme is to provide a plan to prevent the physical, sexual and psychological abuse and neglect of children.

The Child Maltreatment Prevention work recognises the need to address New Zealand's record of child abuse and neglect in ways that will, over time, reduce its seriousness and prevalence. The programme is being developed by officials and experts across the health, education and social service sectors.

Key priorities include establishing another two Family Violence Courts, establishing a national protocol on how the Family Violence Courts are run, and improving the training of prosecutors.

As part of our membership responsibilities within the Taskforce, the Ministry led key pieces of work to address the issues of family violence.

These include:

- the Campaign for Action on Family Violence, including the administration of the Community Action Fund
- the Campaign Response Fund
- delivering the Family Violence Intervention Programme.

For information on the Community Action Fund, go to the Building Partnerships section on pages 20.

Campaign for Action on Family Violence

In partnership with the Families Commission, the Ministry runs a television advertising campaign aimed at addressing attitudes to family violence and intimate partner violence. The focus of the campaign for the 2007/2008 year was to:

- develop a range of resources to support the messages of the television campaign
- support projects delivered at a local level by administering at least one round of the Community Action Fund by 15 June 2008.

Over the year, we delivered two phases of advertisements in the media campaign – phase one ran from September to early February, phase two ran in February and March. Three additional weeks of the second set of advertisements went to air in May and June.

Results from the first reach and retention survey completed in December 2007 showed that:

- Eighty-seven per cent of those interviewed recalled the advertising campaign, and of those who recalled seeing the advertising campaign:
 - Ninety-four per cent agreed with the message
 - Forty-three per cent reported they could relate to the message.
 - Nineteen per cent of those who have seen the advertisements reported taking some action as a result.

The second survey was conducted in April 2008, six months after the launch of the campaign. Recall of the advertisements remained high at 89 per cent; and again, of those who recalled the advertisements, 19 per cent reported taking some form of action as a result. Reported action was significantly higher for Pacific people and, overall, of all the Pacific people surveyed who saw the advertisements 48 per cent reported taking action.

Since the start of the Campaign in September 2007, a total of 86,000 Are You OK? booklets have been distributed. And since February 2008, 43,000 of the children's brochure and 37,000 of the men's brochure have been distributed.

The www.areyouok.org.nz website has had over 57,000 hits recorded since it went live in September 2007.

The Campaign Response Fund

The Campaign Response Fund was established in 2007 to support providers experiencing an increased demand for their services as a result of the Campaign for Action on Family Violence.

The total available funding of \$5m was allocated both nationally and regionally in two funding rounds, with priority given to providers who played a significant role in family violence prevention in their communities.

Round one of the funding was aimed at providing immediate assistance for providers who were struggling to cope with the increased demand for their services as a result of the campaign.

Seventy-seven applications were successful in round one of the Campaign Response Fund, with \$2.9m distributed.

The second round aimed to support providers responding to the second phase of the campaign which deals with intimate partner violence. There were 115 successful applicants, with the remainder of the fund fully committed.

The Family Violence Intervention Programme

We have 26 family violence response co-ordinators who provide support and mentoring to our case managers and liaise with other family violence service providers and support agencies.

The Family Violence Intervention Programme, introduced in 2005, acknowledges that New Zealand has a high rate of family violence, and that many victims are likely to be clients of Work and Income. This makes service centres an excellent point of contact to identify and support them.

Work and Income case managers have been trained to identify and respond appropriately to clients who are living in or leaving violent family situations.

The programme ensures that Work and Income staff:

- have a greater awareness of the effects of family violence, and an awareness of the barriers victims face to participating fully in the community
- provide a safe and sensitive environment for clients experiencing family violence
- develop close links with local family violence service agencies
- are able to help clients to get appropriate support services.

The Family Violence Intervention Programme is available to any Work and Income clients affected by family violence. Case managers can provide clients with information about local family violence support services or stopping violence services so they can get help.

Providing the right support at the right time

It can sometimes be overwhelming for families to work out where they can access the support and help they need. In the last 12 months the Ministry has delivered programmes that aim to help families get the support they need when they need it.

Integrated Service Response

As at 30 June 2008, integrated service co-ordinators were providing family-focused case management to a total of 497 families caring for 1,494 children.

The Integrated Service Response is a family-focused case management approach to working with some of our most 'at-risk' families.

The aim of the approach is to:

- provide intensive support to high-needs and vulnerable families
- expand services to support the integrated case management approach to provide intensive support to high-needs families.

In 2006 the Integrated Service Response was initially implemented in nine communities. In 2007/2008, we further developed and expanded the Integrated Service Response and implemented the approach throughout the Ministry's 11 regions.

The service was expanded to another 44 communities during October and November 2007, so the response now operates in 53 communities across the country. We have developed and implemented a new case management tool for the Integrated Service Response. This tool allows our co-ordinators to measure risk and resiliency factors in the families they work with, and to measure social outcomes over time.

Integrated service co-ordinators work closely with other government agencies, non-government organisations and the local communities to connect families to the right services at the right time.

Strengthening Families – lead agency funding pilots

Strengthening Families provides co-ordinated support for families/whānau with children and young people who are working with two or more government or community agencies. The agencies work together with the family to develop an action plan to help the family achieve its desired outcomes.

By bringing together all the agencies that have a role to play, the family/whānau only has to tell their story once.

Our aim for 2007/2008 was to identify the most effective way to build the capacity of key non-government organisations either already involved with Strengthening Families in their communities or who wished to take a more active role. We trialled three funding models: one in Southern region, another in Northern region and a third in Central North and Central South regions.

The pilot's evaluation found funding helped selected non-government organisations to take a lead agency role in the Strengthening Families process. The evaluation also identified key components of the service the non-government organisations provided and confirmed the benefits of having a consistent funding framework.

Building partnerships

Working with others > All of our work requires close collaboration – within the Ministry and with our partners in the health, education and justice sectors, local government, industry, employers, iwi, community organisations and volunteers throughout the country.

Working with The Salvation Army

At the end of 2007 we signed a memorandum of understanding and integrated contract with The Salvation Army. We contract with The Salvation Army to provide a range of practical community-based programmes. These include family support services, life-skills development programmes and budget advice. The memorandum and integrated contract are aimed at strengthening the working relationship, with a greater sharing of information and expertise and the streamlining of administration processes. Instead of having to worry about administering numerous contracts, The Salvation Army is now able to focus more of their efforts and resources on helping people in need.

Working with the Air Force

“The Air Force personnel are fantastic role models and can give our young people new experiences and support to make positive choices in their lives.”

Ray Smith – DCE Child, Youth and Family

Our partnership with the Air Force recently won the Innovative Solutions section of the Robin Hood Foundation Social Hero Awards. The partnership started with the Air Force treating 50 children in care to a scenic flight across Auckland in a C-130 Hercules, and it was formalised by the signing of a partnership agreement in May 2008.

The partnership is guiding the development of the programmes Air Force volunteers run for children, young people and their caregivers. The programmes will involve activities such as camps, adventure training, mentoring, and work experience.

Supporting community organisations

Community-based organisations are often better able to connect with people in their communities and to respond quickly to what is needed. Delivering services through community providers and networks is essential if the support people need is to be available where and when they need it. To achieve this, we are working to strengthen community-based service providers and to build their capacity.

Pathway to Partnership

Pathway to Partnership is a multi-year strategy aimed at strengthening essential community-based child, young people and family-focused services. In February 2008 the Government announced an increase of its investment in the sector by \$446 million over the next four years. The new funding is being progressively introduced from July this year, with an extra \$52 million available in 2008/2009 increasing to \$192.8 million in 2011/2012.

We established the services that were to be included in the essential services category and those that were to be grant-funded and advised providers of this.

During May and June, Social Service Providers Aotearoa Inc and the New Zealand Council of Social Services organised 24 Pathway to Partnership forums in communities around the country. These forums were jointly run by representatives from the Ministry and non-government organisations.

Providers welcomed the chance to hear more about the programme, in particular those providers not funded by Child, Youth and Family, Family and Community Services or the Ministry of Youth Development.

We worked with the Pathway to Partnership Steering Group on a first year model with the goal of bringing the services we fund up to a minimum of 60 per cent, creating an improved starting point from which we can move forward. The first set of funding increases was planned for the 2008/2009 year, starting with the 3.4 per cent inflation adjustment.

We have started to develop an outcomes framework that will more clearly define the common objectives of working with common clients and how we can measure progress and success with the families, children and young people we work with.

Acknowledging volunteer contributions

Volunteer Awareness Week (15–21 June 2008) acknowledged the vital contribution made by more than a million volunteers toward the well-being of fellow New Zealanders.

In New Zealand, 97,000 non-profit organisations provide services to their communities – from meals on wheels to community patrols, from volunteer fire fighters to helping the aged or disabled. Volunteers make an enormous contribution to our economy. A 2004 survey found that over one million Kiwi volunteers gave 270 million hours of unpaid labour. Pathway to Partnership will make it easier for community organisations and their volunteers to deliver essential services to families and communities.

We tabled a report in Cabinet summarising the progress made in implementing the Government's policy on volunteering.

Achievements in 2007/2008 include:

- publishing statistics on volunteering in New Zealand and research into Māori perceptions of volunteering
- interest-free student loans and superannuation being extended to New Zealanders volunteering overseas for charitable organisations

The new funding will:

- move essential child, young people and family-focused services to full funding
- provide for annual cost adjustment payments
- address increases in demand
- focus more on achieving results and less on inputs/programmes
- enable providers to build their work forces and capability
- support organisations to work more closely together to reduce duplication and to get more resources into services.

- introducing changes that make volunteers' expense reimbursements tax exempt, with no limits
- providing \$6.5 million over four years to help sport and recreational organisations with recruitment, training and volunteers
- providing information and resources to encourage good practice in supporting volunteers.

Study "Defining the Non Profit Sector: New Zealand"

Supporting community organisations requires us to work with the community and voluntary sector as a whole, as well as with individual organisations. During 2007/2008 the Office for the Community and Voluntary Sector worked with the sector and government organisations to build co-operative, positive relationships and ways of working together. An example of this co-operation is the Defining the Non Profit Sector: New Zealand study.

This project provides information and data on the size and scope of non-profit organisations, and on the contribution they make to New Zealand. The Office for the Community and Voluntary Sector is feeding information into international research lead by Johns Hopkins University. The research covers the whole of the non-profit sector – sports, culture, heritage, social services, arts and so on.

For the first time this year, Statistics New Zealand released information on the economic value of non-profit organisations. This Satellite Account is packed full of information we've all needed for a long time. It confirms what we know about one aspect of our national identity – we are a nation of givers. It also confirms that our non-profit organisations are integral to the economic and social fabric of New Zealand.

To access more information on these statistics go to:
www.ocvs.govt.nz/work-programme/non-profit-study.html

Providing easy access to services

In February 2008 we opened our new Linwood Community Link. Community Link offers a co-ordinated delivery of a variety of government and non-government services and programmes on site. The key approach is to put the client at the centre of our focus and to identify solutions with the client to provide wrap-around support. This new way of working will enable us to address the underlying needs of our clients and their families not just the presenting symptoms.

Helping communities to develop their own solutions

We know that people who live and work in their community best understand the challenges and opportunities at the grass-roots level. Sometimes the most appropriate role for government agencies to play is one that supports communities in developing solutions that best fit their specific needs.

One of the most important roles we can play is of facilitator for those service providers and non-government organisations that make a difference in their communities on a daily basis. We do this through various funding programmes.

Community solutions to family violence

The Community Action Fund supports innovative ideas and actions being developed at the community level to stop family violence. The fund works to make sure the 'It's not OK' campaign messages are made relevant and acted on in communities. It works by building community ownership and commitment to prevent family violence, and it encourages community organisations to work collaboratively.

In 2007/2008 through the Community Action Fund we funded 62 projects, with over a third of the projects having a strong focus on Māori and Pacific communities. Each of the projects involves cross-community collaboration and will work to influence change within those communities. We also held hui across the country to give project leaders an opportunity to share ideas and to plan ahead.

Communities helping those disadvantaged in the labour market

Through Enterprising Communities we're supporting non-profit organisations to develop and grow community-owned businesses that generate community assets and employment opportunities for people finding it hard to get work. Projects we're supporting include:

- Te Hauora O Turanganui A Kiwa Ltd Incorporated for the Uawa-Turanga Home Maintenance project. This project aims to provide affordable home maintenance and repairs to low-income families living in the Uawa and Turanganui A Kiwa areas.
- Te Hikoi – Southern Journey Limited to establish and maintain a sustainable community business enterprise that will create employment for people who are disadvantaged in the labour market due to their geographic location.
- The He Puna Marama Trust to deliver the Mokopuna Early Childhood Education Centre project, which aims to establish three early childhood education centres in Moerewa and Whangarei.

During the last year our enterprising communities advisors worked with community organisations to develop 64 projects.

Communities helping those new to New Zealand

We're also working with refugee and migrant communities around New Zealand to help them settle into their new lives as Kiwis – both socially and professionally. We work with these groups in a variety of ways, including through our Settling In and Migrant Employment Assistance programmes.

Our Settling In programme aims to address social issues and to improve the connection between migrant and refugee communities and the wider host communities. Local settling in co-ordinators help migrant and refugee communities come up with their own solutions to meet their needs. Initiatives we've helped to develop over the last year include supporting

Last year we funded 11 organisations to provide services to recent migrants, including job mentoring and business start-up services. This year we will continue to provide funding and we aim to work with more communities around the country.

newcomer networks, youth programmes, parenting in New Zealand programmes, raising awareness of family violence and working with women who feel isolated.

New migrants often find it difficult to access the labour market. This may be because they don't have the necessary English skills, they're unfamiliar with the workings of our labour market or their qualifications are not recognised in New Zealand. Our Migrant Employment Assistance programme provides funding for organisations that work with recognised migrant communities and deliver projects to develop the skills needed to access the labour market.

Organisational health and capability

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

Our people are our most important asset. Because we value our people we:

- monitor and plan for the future capability needs of each Ministry function
- give staff opportunities to build their skills and learning, and reward achievement
- identify future leaders and develop emerging talent
- help managers deliver high performance by providing them with the tools, resources and information they need.

Attracting and retaining competent, talented people

Attracting and retaining competent, talented people is central to our work. Our pay and employment conditions are competitive and increasingly flexible, often tailored to individual needs. We work hard to ensure we provide staff with challenging and meaningful work and with opportunities for their ongoing learning and development.

Our staff turnover rate is around 13.5 per cent. This has remained relatively static for the last few years and is in line with the rest of the public service.

We have dedicated recruitment staff in-house, offering end-to-end services for National Office. While this saves us from having to outsource recruitment services, it also means people who really know our business are involved in recruiting the right people right from the start.

We are industrially stable. In 2007/2008 we successfully completed the bargaining of three Ministry collective agreements (two with the New Zealand Public Service Association and one with the National Union of Public Employees) and the outcomes have been ratified by staff:

- Our Work and Income and Students, Seniors and Integrity Services Collective Agreement was ratified with 87 per cent of members voting in favour of the recommendations.
- Our National Office and Ministry of Youth Development Collective Agreement was ratified with 92 per cent of members voting in favour of the recommendations.
- Our Child, Youth and Family service line Collective Agreement was ratified with 90 per cent of members voting in favour of the recommendations.

In June 2008 we ran the Gallup Employee Engagement Survey. Over 6,000 staff (excluding Child, Youth and Family) were invited to participate in the survey and the response rate was 92 per cent. We will use the results of the survey to conduct team feedback and action planning processes.

Investing in and developing our people

Our business needs are constantly changing. We're building a strong learning culture where our people develop through 'on the job' experience and get to 'learn by doing'.

We actively support and promote secondments to build the leadership and management capability of staff, fill skill gaps, and enhance relationships. Around nine per cent of staff are currently on secondments across the Ministry.

We help our people access the opportunities available to achieve a range of service and leadership qualifications. The qualifications programme provides a broad base of public service knowledge, understanding and skill. Developing our workforce via our qualifications programme is increasingly important as we work through more complex situations with clients and their families.

Work and Income: We're continuing to build our capability so we can work effectively with clients and families. We have added new roles in our regions to build our expertise in the health, disability and employment support areas. These areas are an increasingly important focus for our working age clients.

We now have two NZQA-based qualifications programmes – the National Certificate in Public Sector Services and the National Certificate in Employment Support. These qualifications complement our training curriculum, which provides a programme of learning covering the knowledge, procedures and skills we need to deliver services effectively to clients.

Child, Youth and Family: Seventy-three per cent of our social work staff employed in field social work hold a level six or greater social work qualification, which is up from 62 per cent the previous year.

We also have over 800 staff who are registered social workers (up from 620 at the same time last year), with a further 250 staff who are currently working towards social worker registration.

Developing and supporting our leaders

Strong leadership, and depth in our leadership reserves, is vital for a strong Ministry performance.

In 2007/2008 we ran three Emerging Leaders programmes. The aim of this programme is to take individuals with high potential and prepare them to be managers. Although a Work and Income initiative, this programme will be extended across the whole Ministry.

Last year 36 people completed the programme and we expect 48 people will complete the programme next year.

The National Leaders Summit is held each calendar year to develop our leaders. Each summit focuses on an area of leadership. A mix of external and internal speakers were a feature of the summits and participants work shopped key leadership aspects arising from the presentations. In August

2007, the Ministry's principles were launched to our senior leaders. In March 2008 the summit focused on leadership challenges going forward.

This year the Ministry was successful in securing a Leading Australia's Future in the Asia-Pacific (LAFIA) fellowship, which is offered by the Australian Public Service Commission to two New Zealand public servants to expand their international perspective and develop closer links with the Asia-Pacific region.

We also ran principle-centered leadership workshops for 140 senior managers. These were designed to strengthen the leadership capability of our senior managers.

Equal Employment Opportunities

We're committed to having a diverse workforce and we have specific programmes to ensure we can offer equal employment opportunities. This reflects our commitment to the Equality and Diversity: New Zealand Public Service Equal Employment Opportunities Policy.

Our capability is a product of our diversity – 24 per cent of our staff identify as Māori, 12 per cent as Pacific peoples and seven per cent as Asian. This diversity also flows into our management group, with 20 per cent of our managers identifying as Māori and eight per cent as Pacific peoples. Women make up 73 per cent of our staff staff, 62 per cent of managers, and almost half (49 per cent) of our senior managers. Diversity of staff who work in the Ministry means we are better able to understand, access and help our diverse communities.

We offer two accelerated development programmes that provide opportunities to actively find pathways into management and more senior roles – Te Aratiatia and Te Aka Matua. In 2007/2008 another 14 staff, began our latest programme.

Every second year we hold national Pacific staff fono. A wide range of activities are scheduled for these events, including capability development.

Pay and Employment Equity

In 2007, the Ministry commenced an internal Pay and Employment Equity Review in conjunction with Public Service Association representatives and supported by the Pay and Employment Equity Unit of the Department of Labour.

The review is being conducted by a Review Committee whose members act as advocates to ensure Ministry-wide participation. The Review Committee will guide the Ministry in determining if and why any gender equity gaps exist and will agree on potential responses that might ensure equitable outcomes for our present and future employees.

The review report will be completed in late 2008 and will provide the basis for the development of a formal response plan. This plan will propose strategies and initiatives to address any pay and employment equity issues and to deliver sustainable change across the Ministry.

Partnership for Quality

In late 2007 the Ministry and the Public Service Association (PSA) renewed its Partnership for Quality agreement (PfQ3). This agreement provides a solid framework for positive engagement across the Ministry, and includes the Child, Youth and Family service line for the first time.

The agreement identifies a programme of work including Ministry-wide working parties and collective bargaining activity. The agreement is supported by processes and forums in which management and the PSA can constructively engage and work together. This includes the Strategic Partnership Forum – a meeting of senior PSA and Ministry leaders to discuss strategic objectives. The PfQ3 is also supported by the engagement with PSA delegates at a service line, business unit, regional and local level.

Our technology

Information technology (IT) is integral to our work. From call centre technology to payments to PCs and office equipment, IT is part of our day-to-day activities. We're always looking at how we can do things better and how technology can support that change.

In 2007 we implemented our Client Management System (CMS) project. One of the largest ICT projects we have ever undertaken, it was implemented on time and within budget.

The system was deployed to 3,500 staff nationwide and was rolled out through August to November 2007. CMS will draw information about clients' overall situations, needs and skills, enhancing our abilities to provide the necessary assistance.

We implemented Child Youth and Family's Management Information System project, Te Pākoro, using our IAP data warehouse. We see this system as a key transformation project for care and protection services. It provides complete, consistent and easy-to-understand information to enable staff and management to make decisions about providing support. Information is presented through user-friendly web-based interfaces and was deployed to around 3,000 staff.

In July 2008 the Ministry won the 'Excellence in the Use of ICT in Government' award for Te Pākoro at the Computerworld Excellence Awards were held in Auckland. These awards recognise achievement in Information and Communication Technology across the public and private sector. They are the premier awards of their type in New Zealand.

Te Pākoro was a huge project, the biggest of its kind ever undertaken in our country. It's a world first too, using new and innovative technology. Te Pākoro is already making a real difference to the work we do and to have it recognised with this award is a fantastic result.

Service channels

We've continued to extend our service channels so clients have better access to our services – longer hours and greater flexibility. In 2007 we introduced MyStudyLink, an online tool that allows students to view and update their details online. In 2008/2009 we aim to encourage more users to sign up to MyStudyLink and to set up e-accounts and use the service.

Managing technology – All of Government

We have signed up to use the Government Shared Network for information exchanges with other government agencies. This will be our preferred method of information exchange with all other agencies.

We are establishing a Proof of Concept of the Government Logon Service (GLS), including planning how we could move our current and future online services to GLS. The GLS provides people with the ability to create a single convenient logon (typically username/password) that can be used to access multiple-agency services online.

The Identity Verification Service proposes to provide government agencies with a high level of confidence regarding the identity of the online user, while placing people in control of the transaction and protecting their privacy. We are providing active representation on Steering and Working Groups for this project.

We comply with the State Services Commission's eGIF framework for e-Government interoperability, and meet regularly with fellow eGIF participants.

Strong financial management

Like everyone else, we have to live within a budget and we have a variety of demands on how we prioritise our spending. We're committed to delivering value for money; and to ensure we have strong financial management we regularly review our expenditure and our programmes with the help of a dedicated financing committee.

We're conducting an ongoing Value for Money review to meet identified cost pressures (primarily wage and rental costs) over the four-year period to June 2012. We have identified a range of productivity and efficiency enhancements to ensure we are financially sustainable, including:

- better use of information technology
- increased use of enabled self-service options
- business process re-engineering
- delivery strategies to get the appropriate mix of insourcing and outsourcing, supported by enhanced property strategies.

We have enhanced our policies, processes and systems to support and comply with the new New Zealand International Financial Reporting Standards.

We will in future report separately on recoverable assistance and substantiated overpayments. In the past recoveries have been reported at gross rates. In future we will report recoveries and repayments on a net basis because this reflects payments from clients.

We aim to become carbon neutral by implementing sustainable business practices across the Ministry.

Our property

As the Ministry has expanded its services, so has our regional presence. We manage our property portfolio so the service delivery arms of the organisation can provide the best service to clients.

Building on the successful establishment of the Auckland and Canterbury regional offices for social development, we have completed offices in Wellington and the Bay of Plenty.

We also developed the Community Link site in Linwood (refer to page 22).

Sustainability

In line with the Carbon Neutral Public Service initiative, we've assessed our carbon footprint and developed an emissions reduction plan.

The Ministry is a large and diverse agency and our emissions reflect this. Our emissions are over 20,000tCO₂e per year:

- Fifty-nine per cent of our greenhouse gas emissions comes from energy use. This is because we have around 10,000 staff and operate out of almost 300 sites, some with very high energy use requirements (i.e eight secure youth facilities). We are also reliant on sophisticated computer technology and a large network infrastructure to deliver services to clients.
- Thirty-nine per cent of our greenhouse gas emissions comes from travel. Much of our work requires an increasingly mobile workforce. Our travel also includes travel for Child, Youth and Family 'kids in care' (we have a number of statutory requirements in terms of transporting these children).
- Two per cent of our greenhouse gas emissions comes from waste to landfill.

Since the Ministry was established we've been committed to improving the sustainability of our activities. We have made some notable progress and are targeting a range of emissions reduction activities in the areas of energy, transport and waste:

- We've implemented energy efficient measures with cost savings of more than \$600,000 a year. We are continuing to enhance our standard building and fit-out specifications to ensure our buildings are as sustainable as possible.
- We're conducting waste audits covering representative Ministry sites and around 2,700 Ministry staff. We have established a robust profile of Ministry waste to landfill.
- We've implemented full recycling across our five National Office campus buildings and nine Northland region sites. We are using this information to develop fuller recycling across all Ministry sites.
- We've a highly efficient fleet and have continued to enhance its sustainability. We introduced 'smart diesels' cars which are up to 30 per cent more efficient than the equivalent petrol cars. Now 27 per cent of our fleet have a CC rating of 1.5L or less.

Managing performance and integrity

Our governance role > Our Leadership Team manages performance and risk through monthly Board governance meetings, chaired by the Chief Executive. In addition, the Audit Committee meets quarterly to independently review all aspects of our operations.

Audit Committee

Our Audit Committee operates independently of the Chief Executive and has the mandate to look across all our activities.

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

Being risk smart

We manage performance and risk through our total assurance programme, risk management approach, and internal controls that operate in each business unit. We've put in place a risk management approach that gives senior managers a clear view of their risks so they can manage them consistently and actively. Our risk-smart culture is embedded by working with each part of our organisation and with staff from all levels, to ensure everyone is aware of their individual responsibility for risk management and of the mechanisms in place to help them act on any risk identified.

Complying with our legal obligations

Complying with legal obligations is the responsibility of every member of the Ministry. Our internal policies translate the law into practical guidelines for staff, tailored to the Ministry's business. 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, and an audit programme to check compliance with those policies.

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

Each month the Leadership Team considers a detailed report on legislative compliance, which includes performance indicators across the whole of the Ministry's business.

Each year, we handle around 98,000 client interactions relating to error, abuse and fraud, and the collection of non-current debt.

Maintaining the integrity of our benefit system

It is important New Zealanders have trust and confidence in how we deliver income support to our clients. We have a dedicated Integrity Services team, made up of five units with 470 staff in 15 locations nationwide. Over the past year, we have:

- investigated more than 15,000 cases of potential benefit fraud
- reviewed the benefit entitlement of more than 10,000 clients through our Early Intervention programmes
- compared more than 12 million records through data matching with other agencies to detect incorrect benefit payments
- been successful with 94 per cent of the benefit fraud cases we've prosecuted
- delivered ethics and integrity presentations to staff to increase their awareness about maintaining the standards set out in the Public Service's and Ministry's codes of conduct
- concentrated on identifying fraud risk and driving field activities as part of the intelligence-led approach.

We know that debt from benefit overpayments has a negative impact on our clients, families, whānau and communities. Our work over the next year will assure the integrity of the Ministry's systems and processes, and minimise debt for clients by activities that include:

- preventing and reducing fraud
- preventing, reducing and collecting overpayments
- supporting full and correct entitlement.

We will achieve this by:

- Continuing to build on existing ways that have proven to produce effective responses, including:
 - talking to as many of our clients as we can, through our Early Intervention programmes, about their full and correct entitlement, making it easier for them to tell us when their circumstances change
 - continuing to review and improve our data-matching programmes with other agencies
 - continuing to develop a set of integrity standards so that, wherever you work in the Ministry, you can help support the integrity of the benefit system
 - using our Intelligence Unit to undertake formal strategic risk assessments.
- Developing risk-profiling tools to identify clients who are more likely to commit fraud and abuse. This will enable us to work with these clients to ensure they are receiving their correct entitlements.
- Implementing desk-based compliance activities to ensure the integrity of the system.

- Developing a business case for the major redevelopment of the data match with Inland Revenue.
- Implementing systems and processes changes to minimise the opportunity for internal fraud to occur.
- Implementing overpayment prevention initiatives.
- Implementing changes arising from the Debt Minimisation Bill.

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.

Monitoring Crown Entities

Part of our role is to provide advice and support to the Minister of Social Development and Employment, the responsible Minister, for the following Crown Entities:

- the Children's Commissioner
- the Families Commission
- the New Zealand Artificial Limb Board
- the Retirement Commissioner
- the Social Workers Registration Board.²

Throughout the year the Ministry provides advice, support and performance monitoring for each of the five entities.

Who we monitor	Key legislation	Main areas of advice	How we do it
Children's Commissioner	Children's Commissioner Act 2003 Children, Young Persons, and Their Families Act 1989	Board appointments Budget Legislative compliance Ownership Purchasing Performance monitoring Strategic direction Output Plan	Review of quarterly performance reports
Families Commission	Families Commission Act 2003		Quarterly meetings with entities (at a minimum)
New Zealand Artificial Limb Board	Social Welfare (Transitional Provisions) Act 1990		Letters of Expectation
Retirement Commissioner	New Zealand Superannuation and Retirement Income Act 2001		Advice on Statement of Intent
Social Workers Registration Board	Social Workers Registration Act 2003		Advice on Annual Report
			Work with other parts of the Ministry – like Older People's Policy or Child, Youth and Family
			Support appointment process from candidate identification to appointment to induction

² Through the Office for the Community and Voluntary Sector, the Ministry also provided advice to the Minister for the Community and Voluntary Sector on the Charities Commission's strategic direction.

In 2008/2009 we also provided advice and support to each entity in a number of ways including the facilitation of workshops through the year. These workshops provided an opportunity for entities to share ideas and to learn about topical issues.

During the year, the Ministry also provided advice to Ministers on four appointments to the New Zealand Artificial Limb Board and four appointments to the Social Workers Registration Board.

Statutory Appointments

We also support appointments to the following statutory tribunals:

- The Social Security Appeal Authority
- The Student Allowance Appeal Authority
- The Social Workers Complaints and Disciplinary Tribunal.

Statement of Responsibility

In terms of the Public Finance Act 1989, I am responsible, as Chief Executive of the Ministry of Social Development, for the preparation of the Ministry's financial statements and 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 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 2008.

Peter Hughes

Chief Executive

30 September 2008

Countersigned by:

Nick Gale

Chief Financial Officer

30 September 2008

Report of the Auditor-General

To the readers of the Ministry of Social Development's Financial Statements and Statement of Service Performance for the year ended 30 June 2008.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

The Auditor-General is the auditor of 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 his behalf. The audit covers the financial statements and Statement of Service Performance and schedules of non-departmental activities included in the annual report of the Ministry for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

The financial statements of the Ministry on pages 73 to 107:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Ministry's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.

The Statement of Service Performance of the Ministry on pages 38 to 71:

- 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 outlined 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 outlined in the Statement of Forecast Service Performance adopted at the start of the financial year.

The schedules of non-departmental activities on pages 108 to 129 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 2008.

The audit was completed on 30 September 2008, 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 statement 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 2008 and the results of its operations and cash flows for the year ended on that date. 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. In addition, the schedules of non-departmental activities 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 2008. The Chief Executive's responsibilities arise from sections 45A, 45B and 45(1)(f) 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 Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out an assignment in the area of a tender quality assurance review. This assignment is compatible with those independence requirements. Other than the audit and this assignment, 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 for the year ended 30 June 2008 included on the Ministry of Social Development's web site. The Ministry of Social Development's Chief Executive is responsible for the maintenance and integrity of the Ministry of Social Development's web site. We have not been engaged to report on the integrity of the Ministry of Social Development's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

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/from these 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 2008 to confirm the information included in the audited financial statements presented on this web site.

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

Statement of Objectives and Service Performance

For the year ended 30 June 2008

Output Expense	Community Services Card
Output Expense	Debt Management – Former Beneficiaries
Output Expense	Family and Community Services
Output Expense	Policy and Purchase Advice
Output Expense	Services to Minimise the Duration of Unemployment and Move People into Work
Output Expense	Services to Protect the Integrity of the Benefit System
Output Expense	Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency
Output Expense	Services to Seniors
Output Expense	Services to Students
Output Expense	Social Development Leadership

Vote Social Development

For the year ended 30 June 2008

Output Expense: Community Services Card

Description

Through this output expense the Ministry administers the distribution of the Community Services Card and provides information to the public about the card. This output expense contributes to the Ministry's high-level outcomes for Children and Young People, Working Age People, Older People, and Families and Whānau. It contributes to these outcomes by reducing the effects of hardship, and by giving low to middle income people access to affordable primary health services.

Scope

The scope of this output expense involves administering the Community Services Card. This service is managed by the Card Centre, which is a centralised processing unit with a call centre and is responsible for:

- processing applications and reapplications
- ensuring people who are entitled to receive a Community Services Card know how to apply
- producing and distributing the Community Services Cards.

The future of the Community Services Card remains under review and is dependent on health sector developments regarding Primary Health Organisations and related services.

The volume of applications and renewals of Community Services Cards to be processed in 2007/2008 was expected to be 174,200 and the actual number processed for the 2007/2008 year was 139,639.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
5,728	Revenue	5,728	5,728	5,728
36	Crown	44	36	36
–	Department	–	–	–
–	Other	–	–	–
5,764	Total Revenue	5,772	5,764	5,764
5,636	Total Expense	5,427	5,764	5,764
128	Net Surplus/(Deficit)	345	–	–

Service Performance (Community Services Card)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
87.6%	Quality The percentage of all calls to the Card Centre answered within 20 seconds will be no less than:	87.1%	85%
95.8%	Accuracy The percentage of Community Services Card entitlement assessments accurately completed as determined by regulation will be no less than:	96.0% ³	90%
93.3%	Timeliness The percentage of initial applications and those requiring validation processed within two working days of receipt will be no less than:	91.2%	90%

3 Since implementing changes to our client identification procedures in July 2007 there has been a significant improvement in our accuracy rating.

Output Expense: Debt Management – Former Beneficiaries

Description

Through this output expense the Ministry provides services to manage debt owed by former beneficiaries. Debt is identified as either recoverable assistance provided to beneficiaries in times of specific hardship; or as a result of overpayments through Ministry or client error, abuse or fraud. This output expense supports the achievement of the Ministry's outcomes by ensuring agreed repayments are promptly negotiated and collected in a way that maximises the return to the Crown and reflects the former beneficiaries' current circumstances.

Scope

This output expense includes managing the collection of non-current debts caused through:

- Recoverable assistance
 - Special Needs Grants (recoverable)
 - Advances.
- System integrity related debt
 - overpayments generated by the Ministry or client oversight or error
 - Liable Parent Contribution and Maintenance
 - debt arising from fraud and abuse of the benefit system
 - debt arising from Student Allowances and fraudulently received Student Loans
 - debt arising from employment-related grants and allowances.

The collection of current benefit debt is managed in two output expenses:

- Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency
- Services to Seniors.

The Ministry is developing a Ministry-wide debt strategy to reduce the negative impact of debt on people's ability to participate in the social and economic life of their communities.

The strategy will identify clear outcomes and activities that are intended to prevent, minimise and mitigate the negative impacts of:

- debt related to the integrity of the benefit system (errors, abuse and fraud)
- debt related to recoverable assistance (where people owe money relating to recoverable assistance paid to them)
- multiple state agency debt (where people owe money to more than one state agency)
- private sector debt (where people have problems managing their debts with private sector organisations).

The Ministry will continue monitoring and measuring progress towards the achievement of the debt strategy outcomes that was initiated in 2006/2007.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
19,442	Revenue	16,596	19,272	16,596
152	Crown	144	180	180
–	Department	–	–	–
–	Other	–	–	–
19,594	Total Revenue	16,740	19,452	16,776
16,578	Total Expense	15,378	19,452	16,776
3,016	Net Surplus/(Deficit)	1,362	–	–

Service Performance (Debt Management – Former Beneficiaries)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
\$79.498m	Quantity The actual amount of money collected by the Integrity Services Debt Collection Units is expected to be:	\$83.147m	\$77-82m
82.3%	Quality The proportion of former beneficiaries on arrangement to pay, or paid in full within four months of debt establishment will be no less than:	84.3%	82%

Output Expense: Family and Community Services

Description

Through this output expense the Ministry provides services to strengthen families and communities with an emphasis on prevention and early intervention. This output expense contributes primarily to the Ministry's high-level outcomes for Families and Whānau, and for Communities, Hapū and Iwi. Our services under this output expense contribute to these outcomes by building the knowledge and capability of families and communities, by supporting programmes that build resilience and safety, and by promoting social cohesion, service co-ordination and participation in communities.

Our Family and Community Services service line leads and co-ordinates prevention and early intervention services to families and communities across New Zealand.

Scope

The scope of this output expense includes:

- *The leadership, facilitation and planning processes that contribute to enhanced social outcomes for families, young people and communities.* This output contains generic planning and co-ordination of social services for families, young people and communities at a local, regional and national level. It also includes developmental work on specific services led out of National Office prior to implementation.
- *The provision of information and advice that assists families, young people and communities to access services and develop knowledge.* This output contains the delivery of information and advice to families, young people and communities through websites, directories and helplines.
- *The management of preventative social services programmes.* This output contains the administration and funding of the delivery of social services related programmes to families, young people and communities through third parties, usually community and voluntary based provider groups. It includes Departmental and Non-Departmental funded services.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
25,811	Revenue Crown	29,811	28,509	29,811
90	Department	224	129	129
–	Other	–	–	–
25,901	Total Revenue	30,035	28,638	29,940
25,043	Total Expense	28,960	28,638	29,940
858	Net Surplus/(Deficit)	1,075	–	–

Service Performance (Leadership, Facilitation and Planning Processes)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
21	Quantity/Quality The Ministry of Social Development provides facilities and co-ordination services to Heartland Service Centres to the satisfaction of agencies and clients: ⁴	21.1	21
7,412	<ul style="list-style-type: none"> the average number of government agencies operating out of Heartland Service Centres on a monthly basis will be no less than: 	9,116 ⁵	7,000
New measure in 2007/2008	<ul style="list-style-type: none"> the average number of clients using Heartlands Service Centres on a monthly basis will be no less than: the number of Heartland Service Centres will be maintained at no less than: 	35	34
100%	Timeliness <i>Local Services Mapping</i> The percentage of community profiles developed through Local Services Mapping that result in an action plan within 12 months of publication will be no less than:	100% ⁶	90%

Service Performance (Provision of Information and Advice)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
2 working days	Timeliness The time taken to action requests received from providers to update their details on the National Directory will be no more than:	3 working days	5 working days

4 These Heartland Service Centres measures were developed as quantity measures but also as a proxy for quality. As attendance is voluntary, the assumption is that if the services are not useful neither the agencies nor the clients would visit the centres.

5 Consistently higher figures due to the June 2007 advertising campaign and the opening of three additional centres.

6 Five action plans were due this year and all five were achieved, leading to the result of 100 per cent.

Service Performance (Management of Social Services Programmes)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
100%	Quality The proportion of contracts meeting standards outlined in the Treasury Guidelines for Contracting with Non-Government Organisations for services sought by the Crown will be no less than:	100%	100%
New measure in 2007/2008	All funding agreements will have their provider monitoring reports reviewed and assessed at least once per year for contract compliance:	Standard met	Standard met
95.5%	Timeliness The percentage of payments to providers that are made in accordance with their contracts will be no less than:	99.0%	97%

Output Expense: Policy and Purchase Advice

Description

Through this output expense the Ministry provides social sector policy advice, research and evaluation, purchase and monitoring advice and Ministerial services. This output expense contributes to the Ministry's high-level outcomes for Children and Young People; Working Age People; Older People; Families and Whānau; and Communities, Hapū and Iwi.

Social Services Policy Advice

This output provides high-quality policy advice that supports and strengthens strong families and communities and improves outcomes for children and young people, working age people, older people, and families and communities. This advice informs decisions on:

- the care and protection of children and the successful transition of young people to adulthood
- social and employment assistance and incentives to encourage participation in sustainable employment and in society
- positive ageing and retirement income issues
- better social outcomes for people with disabilities
- programmes that encourage the development of well-functioning and supportive families
- strengthening community infrastructure and investing in the community and voluntary sector.

Office for the Community and Voluntary Sector

The Office for the Community and Voluntary Sector supports government agencies to develop effective relationships with the community and voluntary sector so that policy advice and service delivery is effectively delivered. The key functions of the Office include:

- facilitating strong collaboration between government and the community and voluntary sector
- promoting the sharing of information and good practice between government agencies to strengthen government's relationships with the community and voluntary sector
- providing advice and support to the Minister for the Community and Voluntary Sector.

Office for Disability Issues

The Office for Disability Issues leads work to enhance the participation of people with disabilities in society.

The key functions of the Office include:

- supporting the Minister for Disability Issues
- providing policy advice on disability issues, including:
 - leading strategic policy development across Government
 - maintaining an overview of, and contributing to a disability perspective in, policy development by other agencies
 - meeting formal international obligations, for example as a member country of the United Nations
 - promoting, monitoring and reporting on progress of the New Zealand Disability Strategy within Government and the wider community
 - building strong relationships with the disability sector.

Social Research and Evaluation

Through this output the Ministry provides an ongoing programme of evaluation, social research, monitoring, forecasting, and data analysis. The Ministry actively promotes research and evaluation findings, and also promotes social sector research and evaluation capability and capacity-building projects. This helps to ensure that:

- the Government's social investment strategies are based on sound evidence
- the New Zealand public and key stakeholders understand key social issues and trends, their causes and consequences
- the wider social research and evaluation community develops its capability and capacity.

The scope of the social research and evaluation output includes:

- promoting and expanding the evidential base of information for social policy decision-making
- identifying and assessing the implications of enduring and emerging social issues for policy advice
- assessing the effectiveness, impact and delivery of particular government policies and programmes, and assisting in their development
- building an understanding of the dynamics surrounding the delivery of social assistance and employment assistance
- developing and improving social assistance data/information
- undertaking operational research, performance monitoring and analysis of the Ministry's service delivery relationships, including with clients, employers, students and contact centre users
- preparing fiscal forecasts for Government expenditure on social assistance benefits, and New Zealand Superannuation.

Purchase and Monitoring

Through this output the Ministry provides purchase advice and monitoring services to the Minister for Social Development and Employment, to improve the effectiveness, efficiency and value for money in social service Crown entities, and to monitor the delivery of services against requirements set by Government.

The Ministry is responsible for providing purchase advice and monitoring services relating to the:

- Children's Commissioner
- Families Commission
- New Zealand Artificial Limb Board
- Retirement Commissioner
- Social Worker Registration Board.

The scope of the purchase advice and monitoring services includes:

- strategic purchase advice on the extent to which services contribute to government outcomes and results
- advice on the efficiency and cost effectiveness of services
- advice on new programmes and spending, particularly Budget proposals
- advice about the development of the statements of intent and output agreements
- quarterly reporting to the Minister on the performance of Crown entities against their output agreements, and the assessment of any delivery risks
- special projects related to service delivery performance
- service reviews at Ministers' request
- facilitating effective working relationships with relevant entities.

Ministerial Servicing

Through this output the Ministry provides Ministerial, advisory, support and administrative services to or on behalf of the Minister for Social Development and Employment and Ministerial advisory committees and groups.

The scope of the Ministerial servicing output includes:

- replies to Ministerial correspondence
- speeches, briefing notes, reports and other information as required
- replies to parliamentary questions
- replies required by legislation (includes Ombudsman, Official Information Act, and Privacy Commissioner)
- advisory support and information for Ministers as required in Cabinet committees, select committees and Parliament.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
37,530	Revenue Crown	41,288	38,311	41,288
1,337	Department	953	1,434	1,434
–	Other	–	–	–
38,867	Total Revenue	42,241	39,745	42,722
38,221	Total Expense	42,289	39,745	42,722
646	Net Surplus/(Deficit)	(48)	–	–

Service Performance (Policy, Research and Evaluation)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
Standard met	Quantity and Timeliness Policy advice will be delivered in accordance with a work programme that is agreed with their respective Ministers:	Standard met	Standard met ⁷
Standard met	Research and Evaluation advice will be delivered in accordance with a work programme that is agreed with their respective Ministers:	Standard met	Standard met
Standard met	Policy advice from the Office for Disability Issues and the Office for the Community and Voluntary Sector will be delivered in accordance with a work programme that is agreed with their respective Ministers:	Standard met	Standard met
94.0% of cases	Quality⁸ <i>Process</i> An audit shows that the Ministry of Social Development's policy and research processes as outlined in the Quality Management System have been followed in at least: ⁹	95.7% of cases ¹⁰	90% of cases
Standard met	<i>Technical robustness</i> 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 ¹¹
Quality reviewed	<i>Social research and evaluation reports</i> Internal and/or external reviewers critically appraise the quality and content of social research and evaluation reports that are intended for publication:	Quality reviewed	Quality reviewed

7 Standard met means we received confirmation from the respective Ministers via their offices that advice has been delivered in accordance with a work programme.

8 The work in relation to the internal audit, review or survey for these measures has been conducted during the year and reported on an annual basis.

9 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).

10 Combined results from audits carried out in December 2007 and June 2008. Result is broadly in line with previous audit samples.

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

Service Performance (Purchase and Monitoring)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
5	Quantity Provide advice on agency statements of intent and output agreements:	5	5
20	Provide monitoring reports on each agency's quarterly performance report against their statements of intent and output agreements:	20	20
Quality characteristics met	Quality Advice and reports will meet the quality characteristics described in the Ministry of Social Development's Quality Management System: ¹²	Quality characteristics met	Quality characteristics met
100%	Timeliness Purchase advice will be delivered to Ministers within negotiated deadlines:	100%	100%
100%	Draft statements of intent and output agreements for the following year are reviewed and commented on no later than 31 May 2008:	100%	100%
100%	Quarterly Reports are reviewed no later than 20 working days from receipt of the final agency reports:	100%	100%

Service Performance (Ministerial Servicing)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
97.0%	Quality¹³ The percentage of ministerial drafts provided for the Minister's signature, containing no avoidable errors will be no less than:	98.2%	95%
100%	The percentage of parliamentary question drafts provided for the Minister's signature where error could have been avoided will be no less than:	99.9%	100%
96.5%	Timeliness The percentage of draft Ministerial replies to be completed within 20 working days of receipt by the Ministry, unless otherwise agreed:	96.0%	95%
100%	Information for oral parliamentary questions will be provided to the Minister's office within the timeframe they specify:	100%	100%
100%	The percentage of written parliamentary questions will be answered within the time specified by the Minister's office:	100%	100%

Output Expense: Services to Minimise the Duration of Unemployment and Move People into Work

Description

Through this output expense the Ministry provides services aimed at assisting job seekers into sustainable employment. This output expense contributes to the Ministry's high-level outcome for working age people by preparing clients for work, placing clients into employment, and supporting clients while in employment.

To assist clients into sustainable employment we will:

- work in partnership with industry to identify skill and labour shortages
- develop labour market opportunities for job seekers
- work with communities to enhance labour market development.

¹² 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).

¹³ The quality characteristics are based on spelling, grammar and other errors identified by the Minister's office and the accuracy and consideration of relevant context.

Scope

The scope of this output expense includes developing regional employment initiatives and providing tailored case management and contracted employment training to:

- help people who are receiving a benefit and are able to work, to enter the workforce and achieve a sustainable employment outcome
- help people who are receiving a benefit and are not able to work immediately, or at all, to become work ready or to participate in their communities.

Assisting people into sustainable employment includes:

- assessing clients' capability to work
- supporting job-seekers to develop skills and knowledge relevant to labour market opportunities
- actively working with industry to identify employment opportunities for job-seeking clients
- matching job-seekers to appropriate employment opportunities
- providing clients with support once they are placed into employment.

The scope of this output expense also includes assisting disadvantaged communities and groups to recognise and develop their own labour market initiatives, and to use their assets to create employment opportunities that lead to self-sufficiency and contribute to the local economy.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES ¹⁴ 30 JUNE 08 \$000
219,016	Revenue	233,725	228,676	232,625
1,481	Crown	1,777	1,621	1,621
–	Department	–	–	–
–	Other	–	–	–
220,497	Total Revenue	235,502	230,297	234,246
218,275	Total Expense	232,437	230,297	234,246
2,222	Net Surplus/(Deficit)	3,065	–	–

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

Service Performance (Services to Minimise the Duration of Unemployment and More People into Work)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE ¹⁵	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
39.2%	Getting clients into work The proportion of job-seeking clients in receipt of a core benefit who exit into employment will be:	37.5%	35%
36.5%	The proportion of job-seeking clients in receipt of a core benefit with a duration of six months or more, who exit into employment will be:	32.5% ¹⁶	36%
40.3 weeks	Clients remaining in work longer The average cumulative time that job-seeking clients, who exit to work, spend in employment over the course of a year will be:	41.1 weeks ¹⁷	36.5 weeks
68.7%	The proportion of job-seeking clients who exited into employment and achieved six months continuous employment will be: ¹⁸	67.3% ¹⁹	58%

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

Description

Through this output expense the Ministry provides services to minimise errors, fraud and abuse of the benefit system by:

- identifying problems that may undermine the integrity of the benefit system
- raising awareness of the consequences of non-compliance
- preventing, detecting, and investigating benefit fraud
- sanctioning those who commit benefit fraud.

Scope

The scope of this output expense includes:

- undertaking programmes aimed at preventing benefit errors, fraud and abuse
- helping clients to be aware of their entitlements and obligations, and comply with those obligations
- early detection of fraud to mitigate client debt escalation and consequential barriers to their social and economic independence
- investigating irregularities and sanctioning deliberate fraud to deter reoccurrence by the offender, and to signal to others the seriousness and consequences of benefit abuse.

Specific activities include:

- Supporting system and policy design:
 - using experience from operational activities to support policy design and service delivery.

15 For the purposes of these measures, a job seeker is defined as a client who is actively seeking full-time employment, ie 30 hours or more per week.

16 This measure is calculated on the exits in the previous 12 months. As the Unemployment Benefit-related register proportion of the sustainable employment population reduces, the composition of long-term clients remaining in the sustainable employment population is increasing for clients who are very disadvantaged. This is having a direct impact on results.

17 This is a retrospective measure that is reflective of labour-market conditions 12 to 24 months prior. Although this means that this measure cannot be influenced by current exits into work, it will affect performance in 12 to 24 months from now. People are remaining in employment for longer periods as a direct result of our focus on placing job seekers into the right job from the start, coupled with our focus on ensuring we provide people with the right In-Work Support.

18 This measure is acknowledged as a proxy measure by the Ministry as the reference 'into employment', and the associated extended period of monitoring for the measure, means these results could capture instances where the actual 'employment' outcome is contributed to by other circumstances outside of the Ministry's control.

19 This is a retrospective measure. The result for this measure is comfortably ahead of target and reflects the strength in the wider economy. The result achieved is testament to the sustainable placements made by frontline staff in the past 18 months.

- Early Intervention Strategy and prevention:
 - using early intervention interviews and brokerage to ensure clients are receiving their full and correct entitlement, to remind them of their obligations, and to assist them to access additional services where required
 - undertaking data matching to detect clients who are receiving or have been receiving entitlements to which they are not eligible
 - encouraging the timely notification of changes in clients' circumstances during the client review process by issuing entitlement review forms to selected clients
 - carrying out lower level investigations on selected client situations that appear to differ from the information held by the Ministry.
- Investigations and prosecutions:
 - the investigation of irregularities in client information and of allegations received from external sources, to detect and assess the overpayment of entitlements and to take follow-up action to deter clients from re-offending
 - prosecution action against clients who deliberately commit benefit fraud.

The Ministry is implementing a new outcomes framework to support the integrity of the benefit system and ensure that people receive their correct entitlement to social security assistance.

The outcomes framework supports the Ministry-wide debt strategy (refer to Output Expense: Debt Management – Former Beneficiaries) and underpins a strong response to any integrity problems.

It identifies clear outcomes that will drive the Ministry's approach to:

- minimising the opportunity for benefit error, abuse and fraud
- reducing clients' propensity or ability to commit abuse and fraud
- minimising debt related to benefit error, abuse and fraud
- maximising the recovery of debt in a way that reflects clients' circumstances.

The Ministry will continue monitoring and measuring progress towards the achievement of the Integrity Services outcomes that was initiated in 2006/2007.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
37,057	Revenue	38,442	36,118	38,442
283	Crown	284	346	346
–	Department	–	–	–
	Other			
37,340	Total Revenue	38,726	36,464	38,788
35,319	Total Expense	38,606	36,464	38,788
2,021	Net Surplus/(Deficit)	120	–	–

Service Performance (Services to Protect the Integrity of the Benefit System)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
84.0%	The percentage of clients aware of the consequences of committing benefit fraud will exceed:	81.0% ²⁰	75%
24.0%	The change of circumstances notification for clients contacted through the Early Intervention Strategy will exceed:	23.5%	20%
2 working days	All change of circumstances notifications arising out of early interventions will be notified to the appropriate case manager to ensure clients receive correct entitlement within:	2 working days	3 working days
95.5%	Of the cases that we prosecute, the proportion of successful prosecutions concluded will exceed:	94.5% ²¹	85%

Output Expense: Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency

Description

Through this output expense the Ministry provides income support and services to encourage economic and social inclusion. This output expense contributes primarily to the Ministry's high-level outcomes for Working Age People and Families and Whānau, by enabling working age people to participate in, and contribute to, society.

To achieve this, we will:

- ensure all clients receive their full and correct entitlements
- help people not in employment to receive the benefits to which they are entitled
- help people in employment know about and access the assistance to which they are entitled
- make work pay through the *Working for Families* package.

Scope

The scope of this output expense includes:

- providing information on the full range of assistance available so people can apply for assistance for which they might be eligible
- informing people of their rights and obligations when they receive income support
- assessing, verifying and paying income support
- managing people's needs for income support and other assistance, including responding to changes in people's circumstances in a timely and appropriate manner
- managing client debt repayments in a way that balances the client's ability to repay with the need to ensure integrity of the benefit system
- providing individual assistance to those for whom an employment outcome is not an immediate option, for example single parents caring for their children, people who have ill health or people with a disability
- providing information on social, community, and employment services, and referring people to the agencies that best meet their needs.

20 A significant factor in the overall result is the increased emphasis the Ministry has put on ensuring clients are aware of the consequences of not telling the Ministry about any changes to their personal circumstances.

21 The high quality of referrals from Benefit Control has contributed to the positive prosecution outcomes the Ministry's Legal team has been able to achieve.

The average number of working age beneficiaries²² in 2007/2008 was expected to remain under 270,000. The actual average number of working age beneficiaries for 2007/2008 was 256,015.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES ²³ 30 JUNE 08 \$000
	Revenue			
260,484	Crown	245,743	268,436	245,743
3,952	Department	2,059	8,479	8,479
673	Other	1,655	4,349	4,349
265,109	Total Revenue	249,457	281,264	258,571
263,837	Total Expense	254,435	281,264	258,571
1,272	Net Surplus/(Deficit)	(4,978)	-	-

Service Performance (Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
92.0%	Quality The percentage of clients satisfied with the level of service provided by contact centres will be no less than:	92.0%	85-90%
82.6%	The percentage of clients satisfied with the level of service provided by case managers will be no less than:	82.5%	80-85%
85.7%	Timeliness The percentage of entitlement assessments completed within five working days will be no less than:	85.1%	85%
91.4%	Accuracy The percentage of entitlement assessments completed accurately will be no less than:	89.0% ²⁴	90%
97.0%	Debt Management²⁵ The percentage of current debtors ²⁶ repaying debt will be no less than:	96.0% ²⁷	90%

22 Working age means aged 18-64 years. This reflects the entitlement age range for most income tested benefits. It includes Unemployment Benefit, Unemployment Benefit – Hardship, Unemployment Benefit – Training, Unemployment Benefit – Hardship Training, Independent Youth Benefit, Domestic Purposes Benefit – Sole Parents, Domestic Purposes Benefit – Caring for the Sick and Infirm, Domestic Purposes Benefit – Women Alone, Sickness Benefit, Sickness Benefit – Hardship, Emergency Maintenance Allowance, Invalid's Benefit, Widow's Benefit and Emergency Benefit.

23 This includes transfers made under Section 26A of the Public Finance Act 1989.

24 A contributing factor to this performance measure not meeting target is the large amount of change that has occurred over the past 12 months, the most notable being the Working New Zealand changes. The next 12 months should see improvements in service excellence as staff familiarise themselves with the recent changes.

25 Refer to the Debt Management – Former Beneficiaries output expense for information on the work the Ministry has undertaken during the year in relation to measuring and reporting performance in this area.

26 Current debtors are those clients who are currently in receipt of a benefit and have a debt with the Ministry.

27 Performance against this measure has been steady for over a year. This measure is unlikely to reduce from these levels due in part to the proactive approach of the debt centres.

Output Expense: Services to Seniors

Description

Through this output expense the Ministry provides services to seniors living in New Zealand and overseas. These services aim to promote self-reliance, positive ageing, and independence for older people. This output expense contributes primarily to the Ministry's high-level outcome for Older People, by providing New Zealand Superannuation and other entitlements, and by providing portability arrangements so New Zealand superannuitants have entitlement regardless of where they choose to live. It also contributes by increasing the network of international social security agreements.

Scope

The scope of this output expense includes:

- assessing, paying and reviewing entitlements for New Zealand Superannuation (NZ Super) and supplementary benefits, grants, allowances and subsidies paid to NZ Super clients or pensioners
- administering and implementing New Zealand's international social security agreements and general portability and special portability arrangements
- administering the SuperGold Card.

The average number of superannuitants in 2007/2008 was expected to be 506,000. The actual average number of superannuitants for 2007/2008 was 513,233.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
36,783	Revenue	40,403	41,107	40,403
301	Crown	318	412	412
–	Department	–	–	–
–	Other	–	–	–
37,084	Total Revenue	40,721	41,519	40,815
34,320	Total Expense	40,146	41,519	40,815
2,764	Net Surplus/(Deficit)	575	–	–

Service Performance (Services to Seniors)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
94.6%	Quality The percentage of clients satisfied with the level of service provided will be no less than:	94.3%	90-95%
93.0%	Accuracy²⁸ The percentage of entitlement assessments completed accurately will be no less than:	87.9%	92%
85.4%	Timeliness²⁹ The percentage of entitlement assessments completed within five working days shall be no less than:	82.7%	85%

28 This result reflects the urgency with which these applications are treated as this is the primary source of income for these clients.

29 This result reflects the urgency with which these applications are treated as this is the primary source of income for these clients.

Service Performance (International Services)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
95.8%	Accuracy The percentage of entitlement assessments completed accurately will be no less than:	94.9%	92%
97.3%	Timeliness The percentage of applications for payment overseas finalised within 20 working days will be no less than:	95.2% ³⁰	90%
91.8%	The percentage of review actions, including correspondence, that are completed within five working days will be no less than:	93.4%	93%
96.0%	The percentage of all incoming calls that are answered within 20 seconds will be no less than:	96.0% ³¹	90%
83.1%	Satisfaction The percentage of independently surveyed clients who report that they are satisfied with the level of service and information provided will be no less than:	80.0%	80-85%

Output Expense: Services to Students

Description

Through this output expense the Ministry provides financial support to New Zealand students who might otherwise be unable to access tertiary education. This output expense contributes to the Ministry's high-level outcomes for Children and Young People, Working Age People, and Families and Whānau. It contributes to these outcomes by helping people gain qualifications which will improve their employment prospects and by providing support to families who have one or more members studying.

The StudyLink service line manages the delivery of Student Allowance, Student Loan and Scholarship services. Student Allowance, Student Loan and Scholarship policy is primarily the responsibility of the Ministry of Education (MOE). StudyLink works closely with MOE, the Inland Revenue, New Zealand Qualifications Authority and the Tertiary Education Commission to ensure the delivery of services, communications and advice to Government are effectively co-ordinated.

Scope

The scope of this output expense includes:

- providing information to help students understand all Student Allowance and Student Loan obligations and entitlements
- assessing, verifying and paying Student Allowances and Student Loans to students
- assisting students to consider all options for funding their study
- providing comprehensive information to students who are considering entering tertiary study
- administering grants and scholarships for students participating in tertiary education.

Student Allowances

- The volume of Student Allowance applications approved in 2007/2008 was 62,961 and was expected to be in the range of 57,100 to 62,100 (from a total of between 85,500 to 91,500 applications received).

Student Loans

- The volume of Student Loan accounts established in 2007/2008 was 174,354 and was expected to be in the range of 179,000 to 184,750 (from a total of between 230,500 to 235,500 applications received).

³⁰ This result reflects the urgency with which these applications are treated as this is the primary source of income for these clients.

³¹ This area will be reviewed as part of the Services for Seniors Transformation Project.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
34,942	Revenue	36,163	32,355	36,163
125	Crown	259	164	164
–	Department	–	–	–
–	Other	–	–	–
35,067	Total Revenue	36,422	32,519	36,327
34,551	Total Expense	34,397	32,519	36,327
516	Net Surplus/(Deficit)	2,025	–	–

Service Performance (Client Satisfaction)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
80.3%	The percentage of independently surveyed students satisfied with the level of service provided by the StudyLink contact centre will be no less than:	85.6%	80-85%
84.3%	The percentage of independently surveyed students satisfied with the level of service from StudyLink staff will be no less than:	80.0%	80-85%
78.0%	The percentage of independently surveyed institutions that are satisfied with the level of service from StudyLink staff will be no less than:	80.0%	80-85%
91.0%	The percentage of independently surveyed users of the On Course programme who found the programme information valuable will be no less than:	93.1%	90-95%
96.5%	The percentage of New Zealand secondary schools contacted that will participate in one or more components of the On Course programme will be no less than:	96.0%	93%

Service Performance (Timeliness)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
98.9%	Student Allowances The initial entitlement assessment for a Student Allowance will be completed within five working days of application receipt:	99.2%	95%
99.4%	Student Loans The initial entitlement assessment for a Student Loan will be completed within three working days of application receipt:	99.7%	95%

Service Performance (Accuracy)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
97.9%	Student Allowances The percentage of students who receive their correct Student Allowance entitlement on their first payment will be no less than:	97.8%	95%
99.8%	Student Loans The percentage of students who receive their correct entitlement (living cost component) on their first payment will be no less than:	99.8%	96%

Output Expense: Social Development Leadership

Description

Through this output expense the Ministry provides social development leadership that contributes to the Ministry's strategic aim of Leading Social Development. This is achieved through the provision of strategic social policy advice, the development and provision of a strong evidence base for this advice and through regional social development leadership.

Scope

The scope of this output expense includes:

- monitoring and reporting on the social wellbeing of New Zealanders
- using a social development approach to support policy decision-making from an all-of-government perspective
- providing government with evidence-based advice on current strategies and initiatives
- ensuring that well-founded research, evaluation and analysis of administrative data and social statistics continues to strengthen this evidence base
- developing medium and long-term policy proposals relating to significant and cross-sectoral social policy issues
- providing government with accurate forecasts of the costs of current programmes and modeling potential cost impacts of new proposals
- bringing together research and evaluation evidence from elsewhere on key social policy issues for Government
- providing the Ministry's service lines with the means to analyse and report on their interactions with clients
- jointly co-ordinating social research through the Social Policy Evaluation and Research (SPEaR) committee
- leading, facilitating and contributing to all-of-government regional and local social development initiatives
- identifying social, economic and infrastructural issues of high priority to the regions; communicating these priorities to National Office and facilitating their progress through government agencies' work programmes
- communicating the Government's big picture priorities to the regions.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
2,879	Revenue Crown	2,879	2,879	2,879
22	Department	44	52	52
–	Other	–	–	–
2,901	Total Revenue	2,923	2,931	2,931
2,047	Total Expense	2,209	2,931	2,931
854	Net Surplus/(Deficit)	714	–	–

Service Performance (Strategic Social Policy Advice)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
Standard met	Quantity/Timeliness Policy advice will be delivered in accordance with a work programme that is agreed with the Minister for Social Development and Employment:	Standard met	Standard met ³²
100% of cases	Quality³³ <i>Process</i> An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System have been followed in at least: ³⁴	92.3% of cases	90% of cases
Standard met	<i>Technical robustness</i> 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 ³⁵

Service Performance (Regional Social Development)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
Standard met	Timeliness Regional Commissioners for Social Development will complete consultation with their communities and staff by 30 April 2008 to provide the Minister for Social Development and Employment with annual regional plans that state the strategic aims for each region for the following year:	Standard met	Standard met
New measure in 2007/2008	Regional Social Policy will produce quarterly reports on priorities identified through EPI-net and the Emerging Policy Issues Senior Official Group (EPISOG) and stakeholder feedback on progress achieved no later than six weeks from quarter end:	Standard met	Standard met

32 Standard met means we received confirmation from the Minister via her office that advice has been delivered in accordance with a work programme.

33 The work in relation to the internal audit, review or survey for these measures is conducted during the year and reported on an annual basis.

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

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

Vote Child, Youth and Family Services

For the year ended 30 June 2008

Output Expense: Adoption Services

Description

This output expense includes the provision of services, incorporating education, assessment, reporting, counselling, and mediation, to all people who are party to adoption-related matters, past or present.

It includes services to:

- manage the adoption process for the placement of New Zealand children in New Zealand
- manage the adoption process where international parties are involved, and exercise the Chief Executive's responsibilities as central authority under the Adoption (Inter-country) Act 1997
- respond to requests for information to the parties of previous adoptions.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
7,502	Revenue	8,138	8,380	8,138
32	Crown	64	46	46
–	Department	–	–	–
–	Other	–	–	–
7,534	Total Revenue	8,202	8,426	8,184
7,328	Total Expense	7,343	8,426	8,184
206	Net Surplus/(Deficit)	859	–	–

Service Performance (Adoption Services)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
97.7%	Quality	98.6%	95%
	Percentage of prospective adoptive parents evaluating the education programme as achieving its objectives:		

Output Expense: Care and Protection Services

Description

This output expense includes the provision of services that protect and assist children and young people who are in need of care and protection.

It includes:

- the notification, investigation, and assessment of reports about children and young people at risk of physical, sexual, or emotional abuse, neglect, self-harm, or behavioural difficulties
- the management of casework where Child, Youth and Family intervenes to achieve care and protection outcomes
- the co-ordination of Care and Protection Family Group Conferences
- support for families to improve their capacity to meet their care, control, and support responsibilities
- the provision of care in the nature of foster care and residential services
- the provision of resolution services to assist achieving care and protection needs
- the improvement of life outcomes of the children, young people and families involved.

This output expense also includes the provision of services to support other statutory responsibilities of the Chief Executive such as reports provided to the Family Court under the Care of Children Act 2004.

Key Milestone – Differential Response Model (DRM) Testing

Child, Youth and Family is continuing with the testing of the Differential Response Model (DRM) during 2007/2008 in the Taranaki and Royal Oak sites. The DRM represents multiple changes to current social work practice, supported by fundamental changes to underlying business processes, including information capture and storage, and national reporting systems.

Monitoring the impact of DRM on the test sites through specific activity, for example the rate of investigations following preliminary assessments, rate of child and family assessments, rate of cases referred for provision of services and timeliness of preliminary assessments. This information will be reported in the quarterly performance reports.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES ³⁶ 30 JUNE 08 \$000
291,470	Revenue	312,953	282,165	312,953
705	Crown	2,283	797	797
1,342	Department	1,524	1,799	1,799
293,517	Other			
	Total Revenue	316,760	284,761	315,549
294,640	Total Expense	310,461	284,761	315,549
(1,123)	Net Surplus/(Deficit)	6,299	-	-

Service Performance (Intake, Investigation and Assessment)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
	Timeliness		
	<i>Response to notifications</i>		
	Notifications allocated to a social worker for investigation within timeframes:		
97.7%	Critical – within 24 hours	97.0%	95-100% ³⁷
95.7%	Very urgent – within 48 hours	96.4%	90-95%
	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:		
79.0%	Urgent – within 7 days	85.2%	50-85% ³⁸
91.3%	Low urgent – within 28 days	94.9% ³⁹	50-85%
77.2%	Percentage of investigations that will be completed in 90 days is no less than: ⁴⁰	83.2%	70%

36 This includes transfers made under Section 26A of the Public Finance Act 1989.

37 Giving a range for expected performance recognises practice reality associated with responding to Critical and Very Urgent notifications. While the intent is to respond to every notification within the timeframes, this may not always be achievable for reasons outside the Ministry's control. For example, the practice reality is that case participants may prevent or frustrate, either intentionally or not, contact by the social workers.

38 The Ministry has a goal of responding to 85 per cent of Urgent and Low Urgent notifications within the timeframes specified. Using a range recognises uncertainty in the volume of demand, and an emphasis on ensuring that resources are allocated along the service continuum, and not solely focused on intake processes. In addition, spikes in demand (either national or in response to local conditions) combined with the difficulties in increasing capacity over a short period of time can impact on the timeliness of response.

39 Implementation of the Intake and Assessment systems across all sites has led to greater efficiencies in work processes and in providing services to children and their families.

40 This performance measure focuses social work activity on the achievement of an outcome to a notification. Reporting captures the length of time to complete an investigation from allocation to assessment decision.

Service Performance (Case Management)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
New measure in 2007/2008	Quality Percentage of children and young people whose care and protection Family Group Conference plans were completed and the objectives were assessed as being met:	77.4% ⁴¹	80%
New measure in 2007/2008	Timeliness Percentage of care and protection Family Group Conference plans reviewed on time:	96.0%	90%

Output Expense: Development and Funding of Community Services

Description

This output expense includes services for the management of government funding of community-based social and welfare services. It includes: community services planning; working with the community sector and other government agencies to develop service frameworks for community-based social services; provider development; quality assurance processes to ensure service providers meet quality standards; and the management of service provider funding agreements.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
6,611	Revenue	8,170	8,286	8,020
49	Crown	65	59	59
-	Department	-	-	-
-	Other	-	-	-
6,660	Total Revenue	8,235	8,345	8,079
6,417	Total Expense	7,614	8,345	8,079
243	Net Surplus/(Deficit)	621	-	-

Service Performance (Development and Funding of Community Services)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
89.0%	Quality All funding agreements will have their provider monitoring reports reviewed and assessed at least once per year for contract compliance:	79.9% ⁴²	100%
97.0%	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: ⁴³	100%	100%

⁴¹ Factors contributing to the underperformance of this measure includes incorrect recording and a lack of knowledge of recording requirements. Upon identification of these factors, regions have implemented more robust systems of monitoring to achieve performance targets going forward.

⁴² This measure was below target due to additional contracts created in 2007/2008 to enable a 2.5% Consumer Price Index payment, and these contracts were not required to provide a return.

⁴³ This covers all providers contracted under section 396 and section 403 of the Children, Young Persons, and Their Families Act 1989 who are classified as high or medium risk providers.

Output Expense: Policy Advice and Ministerial Servicing

Description

This output expense includes the provision of advice, research, evaluation, and development of policies relating to the provision, or contracting, of social and welfare services for children, young people and their families.

In particular, advice will be provided on:

- adoption services
- care and protection services
- development and funding of community services
- prevention services
- youth justice services.

This output expense also includes the provision of Ministerial servicing and support to assist the Associate Minister for Social Development and Employment (Child, Youth and Family) and other Ministers to discharge their obligations to Parliament.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
4,266	Revenue	1,764	2,864	1,514
48	Crown	20	59	59
–	Department	–	–	–
–	Other	–	–	–
4,314	Total Revenue	1,784	2,923	1,573
4,049	Total Expense	1,442	2,923	1,573
265	Net Surplus/(Deficit)	342	–	–

Service Performance (Policy Advice)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
New measure in 2007/2008	Quantity and Timeliness Policy advice will be delivered in accordance with a work programme that is agreed with their respective Ministers:	Standard met	Standard met
New measure in 2007/2008	Research and Evaluation advice will be delivered in accordance with a work programme that is agreed with their respective Ministers:	Standard met	Standard met
New measure in 2007/2008	Quality⁴⁴ <i>Process</i> An audit shows that the Ministry of Social Development's policy and research processes as outlined in the Quality Management System have been followed in at least:	100% of cases	90% of cases
New measure in 2007/2008	<i>Technical robustness</i> 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
New measure in 2007/2008	<i>Social research and evaluation reports</i> Internal and/or external reviewers critically appraise the quality and content of social research and evaluation reports that are intended for publication:	Quality reviewed	Quality reviewed

44 The work in relation to the internal audit, review or survey for these measures is conducted during the year and reported on an annual basis.

Service Performance (Ministerial Servicing)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
100%	Quality Percentage of Ministerial drafts provided for the Minister's signature, containing no avoidable errors will be no less than:	100%	95%
New measure in 2007/2008	Percentage of parliamentary question drafts provided for the Minister's signature where error could have been avoided will be no less than:	100%	100%
84.0%	Timeliness Percentage of draft Ministerial replies to be completed within 20 working days of receipt by the Ministry, unless otherwise agreed:	100% ⁴⁵	95%
Revised measure in 2007/2008	Percentage of written parliamentary questions will be answered within the time specified by the Minister's Office:	100%	100%
New measure in 2007/2008	Information for oral parliamentary questions will be provided to the Minister's Office within the timeframe they specify:	100%	100%

Output Expense: Prevention Services

Description

This output expense covers the provision of 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. It includes activities to promote and support stronger communities, including public education programmes that aim to promote the importance of child and family wellbeing.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
4,469	Revenue Crown	3,187	4,360	3,187
373	Department	32	601	601
–	Other	13	13	13
4,842	Total Revenue	3,232	4,974	3,801
5,021	Total Expense	3,013	4,974	3,801
(179)	Net Surplus/(Deficit)	219	–	–

⁴⁵ In November 2006, new systems and processes were put in place which resulted in 100% of Ministerials meeting the deadline.

Service Performance (Prevention Services)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
Standard met	Quality In those communities in which the Everyday Communities Programme is run, there is increased awareness of child abuse and neglect:	Standard met	Increases in awareness as measured by monitoring at the end of each phase of the programme. ⁴⁶

Output Expense: Youth Justice Services

Description

This output expense provides services to those children and young people who come under Part IV of the Children, Young Persons, and Their Families Act 1989. It includes 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.

The output expense also includes community rehabilitation programmes, the provision of youth justice residential facilities and the provision of services to assist families to exercise their care and control responsibilities.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES ⁴⁷ 30 JUNE 08 \$000
98,398	Revenue	101,984	96,241	101,984
332	Crown	759	397	397
195	Department	–	–	–
	Other			
98,925	Total Revenue	102,743	96,638	102,381
97,892	Total Expense	100,724	96,638	102,381
1,033	Net Surplus/(Deficit)	2,019	–	–

Service Performance (Case Management)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
88.9%	Timeliness Youth justice Family Group Conferences are held within statutory timeframes unless there are special reasons for delay: ⁴⁹	87.8% ⁴⁸	100%

46 Each programme goes through four phases. A benchmark is established at the beginning of the programme and at the end of each phase.

47 This includes transfers made under Section 26A of the Public Finance Act 1989.

48 The underperformance of this measure can be attributed to the quality and timeliness of the data being entered into the system. Upon identification of this, a focus has been placed on ensuring the data is captured correctly and within the required timeframe. Improvements have been noted over the year and monitoring at site level has been introduced to ensure performance continues to improve.

49 Section 249 of the Children, Young Persons and Their Families Act 1989 requires Family Group Conferences to be completed within seven days or one month after being convened, unless there are special reasons why a longer period is required.

Service Performance (Restorative Services)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
New measure in 2007/2008	Quality Percentage of children and young people whose youth justice Family Group Conference plans were completed and the objectives were assessed as being met:	82.8%	80.0%

Vote Senior Citizens

For the year ended 30 June 2008

Output Expense: Senior Citizens Services

Description

Through this output expense the Ministry's Office for Senior Citizens provides policy advice and Ministerial services. This output expense contributes to the Ministry's high-level outcomes for Older People, Families and Whānau, and Communities, Hapū and Iwi. It contributes to these outcomes by ensuring that older people can live independently and contribute to and participate in their families and communities as long as possible. This is achieved by providing advice on legislative, policy and operational issues that affect senior citizens, and by providing advice on related issues from an older people's rights and interests' perspective.

Scope

The scope of this output expense includes:

- supporting the Minister for Senior Citizens in representing the rights and interests of older people in the Government's policy making process
- monitoring the *New Zealand Positive Ageing Strategy*
- promoting positive ageing to government departments and local communities
- developing legislative proposals to protect the rights and interests of older people
- maintaining a broad involvement across the wide range of programmes, policies and services that impact on the lives and wellbeing of older people
- keeping a watching brief on other changes that affect older people and acting in an advisory capacity to other departments on older people's issues.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
1,124	Revenue	1,017	1,017	1,017
9	Crown	8	18	18
–	Department	–	–	–
–	Other	–	–	–
1,133	Total Revenue	1,025	1,035	1,035
988	Total Expense	911	1,035	1,035
145	Net Surplus/(Deficit)	114	–	–

Service Performance (Senior Citizens Services)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
Standard met	Work Programme and Timeliness Policy advice will be delivered in accordance with a work programme agreed at the commencement of each six month period with the Minister for Senior Citizens:	Standard met	Standard met ⁵⁰
100% of cases	Quality⁵¹ <i>Process</i> An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System have been followed in at least: ⁵²	100% of cases	90% of cases
Standard met	<i>Technical robustness</i> 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 ⁵³
Standard met	Timeliness Two six-monthly reports on the Work Programme will be provided within 20 days from the period end:	Standard met	Standard met
100%	The percentage of draft Ministerial replies to be completed within 20 working days of receipt, unless otherwise agreed:	100%	95%

50 Standard met means we received confirmation from the Minister via her office that advice has been delivered in accordance with a key priorities annual plan.

51 The work in relation to the internal audit, review or survey for these measures will be conducted during the year and reported on an annual basis.

52 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).

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

Vote Veterans' Affairs – Social Development

For the year ended 30 June 2008

Output Expense: Processing and Payment of Pensions

Description

Through this output expense the Ministry provides the processing and payment of War Disablement Pensions and related allowances, Veteran's Pensions and related concessions and rehabilitation loan scheme payments, and for the collection, monitoring, evaluating and reporting of related data. This output expense contributes to the Ministry's high-level outcomes for Working Age People and Older People, by providing veterans with information about and access to entitlements. More than 12 per cent of veterans receiving or entitled to assistance are under the age of 65.

Scope

The scope of this output expense includes:

- processing and paying War Disablement Pensions and related allowances
- processing and paying Veteran's Pension and concessions
- making payments under rehabilitation loan provisions
- collecting, monitoring and evaluating War Disablement and Veteran's Pensions data
- ensuring veterans receive their full and correct entitlements
- providing accurate and timely reporting of expenditure, and the forecasting of such expenditure, and the reporting of trends and risks to Crown expenditure.

Output: Processing and Payment of Pensions

The number of new Veteran's Pension applications in 2007/2008 was expected to be 2,025 and the actual number of applications processed in 2007/2008 was 1,617.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
4,132	Revenue	4,132	4,132	4,132
23	Crown	32	23	23
–	Department	–	–	–
	Other			
4,155	Total Revenue	4,164	4,155	4,155
3,683	Total Expense	4,123	4,155	4,155
472	Net Surplus/(Deficit)	41	–	–

Service Performance (Processing and Payments of Pensions)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
97.7%	Quality The percentage of all actions processed by War Pension Services is no less than:	97.4%	95%
93.6%	Timeliness The percentage of new disability applications and reassessments of accepted disability that are administered and processed by the Ministry of Social Development (applications are acknowledged and the decisions of the claims panels relayed to veterans) will be completed within 14 working days will be no less than: ⁵⁴	91.9%	85%
95.8%	The percentage of National Review Officer decisions that are administered and processed by the Ministry will be completed within nine working days will be no less than:	91.4%	90%
97.3%	The percentage of ad hoc payments, overseas treatment schedules, rehabilitation schedules and reimbursements that will be made within 21 working days of receipt will be no less than:	97.8%	97%
92.0%	Response to incoming calls – the percentage of all calls answered within 20 seconds will be no less than:	91.3%	90%
99.9%	The percentage of new Veteran's Pension applications that are administered and processed by the Ministry will be completed within seven days will be no less than:	96.8% ⁵⁵	90%
89.0%	Veterans' satisfaction The results of the veterans' satisfaction survey will be reported biennially to the Minister, where veterans' satisfaction with the level of service and information provided will be no less than:	82.2% ⁵⁶	85%

54 This performance measure relates to the processing of the application to the stage of referral to the War Pensions Claims Panel and then the processing of the panel's decision. It does not include the time taken for medical assessment and decision-making by the panel.

55 As Veteran's Pensions are a main source of income, applications are treated with urgency.

56 A significant factor in the overall satisfaction result may have been the timing of the survey: this was completed prior to the Government's formal apology to Vietnam veterans on 27 May 2008.

Vote Youth Development

For the year ended 30 June 2008

Output Expense: Youth Development

Description

This output expense comprises the following three outputs:

Youth Development Policy Advice

This output provides advice on youth related policies, services and good practice that promotes the *Youth Development Strategy Aotearoa*. It includes research and analysis of factors that influence young people's access to opportunities for economic and social wellbeing.

Facilitating Young People's Voices

This output incorporates the work of the Ministry to ensure that young people are able to have input into policy, programme and service development across government.

Enabling Youth Development

The aim of this output is to ensure high quality comprehensive and joined up services for young people in their local communities. This output also includes contracting for youth development services, which are funded through Non-Departmental Output Expenses and purchased from third parties.

These outputs contribute to the Ministry of Social Development's outcomes for Children and Young People by improving outcomes for young people at local, regional, and national levels.

Scope

The scope of this output expense includes:

Youth Development Policy Advice

- Providing advice to the Minister, Cabinet and Cabinet Committees, Select Committees, interdepartmental committees, and other government agencies.
- Building a knowledge base through enhancing collaboration across the research sector, as well as researching and analysing the factors that influence young people's access to opportunities for economic and social wellbeing.

Facilitating Young People's Voices

- Increasing young people's opportunities for, and participation in the central and local government decision making so as to ensure that government is aware of the intentions and aspirations of young people.
- Promoting and facilitating youth development and youth participation at a regional and local level, including delivering events and workshops that assist local government, youth, and social development providers to implement the *Youth Development Strategy Aotearoa*.

Enabling Youth Development

- Working to ensure all young people can develop life skills that help them build resilience and prepare for life as independent adults through targeting support, particularly for at-risk young people, to key transition points.
- Ensuring that at the national and local level there is a strong and effective youth development sector, which is able to provide opportunities to improve youth development outcomes for young people, and contributing to local services mapping.
- Assessing, negotiating, monitoring, paying, and reviewing services that help young people achieve sustainable education, training and employment, and where appropriate, taking corrective action consistent with the *Services for Young People* policy and criteria.
- Purchasing services for young people and administering the *Youth Development Partnership Fund*, consistent with policy and criteria.

Financial Performance

ACTUAL 30 JUNE 07 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 30 JUNE 08 \$000	MAIN ESTIMATES 30 JUNE 08 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 08 \$000
2,213	Revenue	5,614	5,614	5,614
165	Crown	157	157	157
170	Department	120	120	120
	Other			
2,548	Total Revenue	5,891	5,891	5,891
2,601	Total Expense	5,834	5,891	5,891
(53)	Net Surplus/(Deficit)	57	-	-

Service Performance (Youth Development Policy Advice)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
100% of cases	<i>Process</i> ⁵⁷ An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System have been followed in at least: ⁵⁸	100% of cases	90% of cases
Standard met	<i>Technical robustness</i> 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 ⁵⁹
100%	<i>Accuracy</i> The percentage of Ministerial drafts provided for the Minister's signature where error could have been avoided will be no less than:	100%	95%
100%	The percentage of parliamentary question drafts provided for the Minister's signature where error could have been avoided will be no less than:	100%	100%
Standard met	<i>Timeliness</i> Advice will be delivered in accordance with the work programme agreed with the Minister of Youth Affairs:	Standard met	Standard met ⁶⁰
100%	The percentage of draft Ministerial replies to be completed within 20 working days of receipt by the Ministry, unless otherwise agreed:	100%	95%
100%	Information for oral parliamentary questions will be provided to the Minister's office within the timeframe they specify:	100%	100%
100%	The percentage of written parliamentary questions will be answered within the time as specified by the Minister's office:	100%	100%

57 The work in relation to the internal audit, review or survey for these measures, is conducted during the year and reported on an annual basis.

58 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).

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

60 Standard met indicates we received confirmation from the Minister via the Minister's office that advice has been delivered in accordance with a work programme.

Service Performance (Facilitating Young People's Voices)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
100%	Quality Effective processes are applied to ensuring stakeholder participation in youth development activities:	100%	100%
100%	Timeliness Services will be delivered to the Minister of Youth Affairs within negotiated deadlines:	100%	100%

Service Performance (Enabling Youth Development)

ACTUAL 30 JUNE 07	PERFORMANCE MEASURE	ACTUAL 30 JUNE 08	STANDARD 30 JUNE 08
3	Quantity External audits of consistency with policy guidelines and criteria undertaken of service providers:	3	3
100%	Quality Purchase services for young people and administer the Youth Development Partnership Fund in accordance with agreed policy guidelines and criteria:	100%	100%
95.0%	Timeliness The percentage of cases for which payments to providers are made on time (according to contract arrangements) will be no less than:	100%	95%

Financial Statements

Statement of Accounting Policies: Departmental

For the year ended 30 June 2008

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 which it administers.

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

The financial statements of the Ministry are for the year ended 30 June 2008. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2008.

Basis of Preparation

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).

These financial statements have been prepared in accordance with, and comply with, NZ IFRS as appropriate for public benefit entities.

This is the first set of financial statements prepared using NZ IFRS. The comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and net surplus/(deficit) for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 22.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

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).

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.

The Ministry has no early adopted NZ IAS 1 *Presentation of Financial Statements (revised 2007)*. The standard is expected to be applied by the Ministry for the first time for the year ended 30 June 2010. The Ministry is yet to decide on whether to prepare a single statement of comprehensive income or in two statements (NZ IAS 1.81).

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 Ministry's Statement of Intent for the year ended 30 June 2008, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates.

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 Department 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 staff (FTE) 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 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 2008, direct costs accounted for 82.2 per cent of the Ministry's costs (2007: 82.0 per cent).

Debtors and Other Receivables

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

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, probability that the debtor will enter into bankruptcy, and default 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 Financial Performance. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to 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, whereas with an operating lease no such asset is recognised.

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

Property, Plant and Equipment

Property, plant and equipment consist of land, buildings, leasehold improvements, 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 as 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 financial performance. 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 to 50 years	2% to 10%
Leasehold Improvements	3 to 10 years	10% to 33%
Computer Equipment	3 to 5 years	20% to 33%
Furniture, Fittings and Office Equipment	3 to 5 years	20% to 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 with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every three years. 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 that 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 Financial Performance. Any subsequent increase after revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance, will be recognised first in the Statement of Financial Performance 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 that are directly associated with the development of software for internal use by the Ministry, are recognised as an intangible asset. Direct costs include the 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 that the asset is no longer recognised. The amortisation charge for each period is recognised in the Statement of Financial Performance.

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 to 8 years	12.5% to 33%
Developed Computer Software	3 to 8 years	12.5% to 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 that 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 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 Financial Performance.

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

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

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Statement of Financial Performance.

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 Financial Performance.

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 input tax, then 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 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.

Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that 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.

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 Financial Performance.

Financial Instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the Statement of Financial Performance.

Employee Entitlements

Short-term Employee Entitlements

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

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

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; 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 by, or repayment of capital to, the Crown.

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 expenditures 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.

Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

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.

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

Note 13 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

Critical Judgements in Applying the Ministry's Accounting Policies

There were no significant items whereby management had to exercise critical judgement in applying the Ministry's Accounting Policies for the period ended 30 June 2008.

Statement of Financial Performance

For the year ended 30 June 2008

ACTUAL 2007 \$000		NOTE	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
	INCOME				
1,103,143	Revenue Crown		1,137,737	1,114,450	1,136,237
11,911	Other Revenue	1	12,838	21,291	21,291
208	Gains	2	24	–	–
1,115,262	Total Income		1,150,599	1,135,741	1,157,528
	EXPENDITURE				
556,846	Personnel Costs	3	591,492	585,974	602,324
50,730	Depreciation and Amortisation Expenses		42,899	60,102	51,218
17,722	Capital Charge	4	16,966	16,625	16,625
43	Finance Costs	5	–	–	–
476,979	Other Expenses	6	483,797	473,040	487,361
–	Loss on Disposal of Fixed Assets		595	–	–
1,102,320	Total Expenditure		1,135,749	1,135,741	1,157,528
12,942	Net Surplus/(Deficit)		14,850	–	–

Explanations of significant variances against budget are detailed in Note 21.

The Statement of Accounting Policies: Departmental on pages 73 to 79 and Notes 1 to 22 on pages 90 to 107 form part of these financial statements.

Statement of Financial Position

As at 30 June 2008

ACTUAL 2007 \$000		NOTE	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
	TAXPAYERS' FUNDS				
303,172	General Funds		303,172	307,158	303,172
26,123	Revaluation Reserve		26,123	7,689	26,123
329,295	Total Taxpayers' Funds	14	329,295	314,847	329,295
	ASSETS				
	Current Assets				
163,751	Cash and Cash Equivalents		173,230	165,219	140,121
8,161	Accounts Receivable	7	3,600	3,154	8,161
7,169	Prepayments		3,753	4,210	7,169
179,081	Total Current Assets		180,583	172,583	155,451
	Non-current Assets				
296,962	Property, Plant and Equipment	8	286,031	287,021	278,141
22,103	Intangible Assets	9	45,155	16,521	64,556
319,065	Total Non-Current Assets		331,186	303,542	342,697
498,146	Total Assets		511,769	476,125	498,148
	LIABILITIES				
	Current Liabilities				
77,713	Accounts Payable and Accruals	10	82,492	90,178	77,936
1,272	Capital Charge Payable	4	1,350	–	1,272
13,508	Provision for Repayment of Surplus to the Crown	11	14,850	–	13,510
50,820	Provision for Employee Entitlements	13	56,012	44,986	51,756
6,005	Other Provisions	12	6,758	5,360	4,846
149,318	Total Current Liabilities		161,462	140,524	149,320
	Non-current Liabilities				
19,533	Provision for Employee Entitlements	13	21,012	20,754	19,533
19,533	Total Non-Current Liabilities		21,012	20,754	19,533
168,851	Total Liabilities		182,474	161,278	168,853
329,295	Net Assets		329,295	314,847	329,295

Explanations of significant variances against budget are detailed in Note 21.

Peter Hughes
Chief Executive
30 September 2008

Nick Gale
Chief Financial Officer
30 September 2008

The Statement of Accounting Policies: Departmental on pages 73 to 79 and Notes 1 to 22 on pages 90 to 107 form part of these financial statements.

Statement of Movements in Taxpayers' Funds

For the year ended 30 June 2008

ACTUAL 2007 \$000		ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
313,347	Balance at 1 July	329,295	313,347	329,295
18,434	Property, Plant and Equipment Revaluation Gains/(Losses) taken to Equity	–	–	–
12,942	Surplus/(Deficit) for the Year	14,850	–	–
31,376	Total Recognised Income and Expenses	14,850	–	–
(13,508)	Repayment of Surplus to the Crown	(14,850)	–	–
–	Capital Contribution	–	1,500	–
(1,920)	Capital Contribution – Non Cash	–	–	–
329,295	Balance at 30 June	329,295	314,847	329,295

The Statement of Accounting Policies: Departmental on pages 73 to 79 and Notes 1 to 22 on pages 90 to 107 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2008

ACTUAL 2007 \$000		NOTE	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
	CASH FLOWS FROM OPERATING ACTIVITIES				
1,103,143	Receipts from Crown Revenue		1,137,737	1,114,450	1,136,237
7,077	Receipts from Other Revenue		17,206	21,291	21,291
(483,619)	Payments to Suppliers		(478,315)	(458,850)	(484,922)
(548,228)	Payments to Employees		(581,722)	(585,974)	(604,763)
(16,024)	Payments for Capital Charge		(16,888)	(16,625)	(16,625)
1,406	Goods and Services Tax (net)		581	3,914	–
63,755	Net Cash Inflow from Operating Activities	15	78,599	78,206	51,218
	CASH FLOWS FROM INVESTING ACTIVITIES				
2,029	Receipts from Sale of Property, Plant and Equipment		7,688	4,101	3,800
(20,154)	Purchase of Property, Plant and Equipment		(19,901)	(78,406)	(50,094)
(34,944)	Purchase of Intangible Assets		(43,397)	–	(28,554)
(53,069)	Net Cash Outflow from Investing Activities		(55,610)	(74,305)	(74,848)
	CASH FLOWS FROM FINANCING ACTIVITIES				
–	Capital Contribution from the Crown		–	1,500	–
(14,192)	Repayment of Surplus to Crown		(13,510)	–	–
(14,192)	Net Cash Inflow/(Outflow) from Financing Activities		(13,510)	1,500	–
(3,506)	Net Increase/(Decrease) in Cash Held		9,479	5,401	(23,630)
167,257	Cash and Cash Equivalents at the Beginning of the Year		163,751	159,818	163,751
163,751	Cash and Cash Equivalents at the End of the Year		173,230	165,219	140,121

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.

Explanations of significant variances against budget are detailed in Note 21.

Statement of Trust Monies

For the year ended 30 June 2008

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	WILLIAM WALLACE TRUST	
368	Balance at 1 July	381
–	Contributions	–
(10)	Distributions	(18)
23	Revenue	30
–	Expenditure	–
381	Balance at 30 June	393

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 above purpose.

The Statement of Accounting Policies: Departmental on pages 73 to 79 and Notes 1 to 22 on pages 90 to 107 form part of these financial statements.

Statement of Commitments

As at 30 June 2008

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	CAPITAL COMMITMENTS	
–	Land & Building	803
–	Intangibles	161
–	Total Capital Commitments	964
	OPERATING COMMITMENTS	
	Non-Cancellable Accommodation Leases	
40,618	Less than One Year	37,673
33,149	One to Two Years	28,482
44,142	Two to Five Years	28,629
3,239	More than Five Years	3,206
121,148	Total Non-Cancellable Accommodation Leases	97,990
	Other Non-Cancellable Contracts	
133,753	Less than One Year	143,397
10,098	One to Two Years	20,439
10,786	Two to Five Years	12,370
891	More than Five Years	1,816
155,528	Total Other Non-Cancellable Contracts	178,022
276,676	Total Operating Commitments	276,012
276,676	Total Commitments	276,976

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

In addition to the above costs the Ministry has sub-lease rental recoveries of \$0.426 million expected to be received in 2008/2009. See also Note 1 Revenue Other.

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 Services and other non-government organisation contracts for services.

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2008

Unquantifiable Contingent Liabilities

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

Quantifiable Contingent Liabilities

ACTUAL 2007 \$000		ACTUAL 2008 \$000
454	Personal Grievances Claims	185
454	Total Contingent Liabilities	185

Personal Grievances

Personal grievances represent amounts claimed by employees for personal grievances cases.

Contingent Assets

The Ministry has no contingent assets (2007: nil).

The Statement of Accounting Policies: Departmental on pages 73 to 79 and Notes 1 to 22 on pages 90 to 107 form part of these financial statements.

Statement of Departmental Expenditure and Capital Expenditure Appropriations

For the year ended 30 June 2008

ACTUAL 2007 \$000	SUMMARY BY OUTPUT EXPENSES	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES ⁶¹ 2008 \$000	UNAPPROPRIATED EXPENDITURE 2008 \$000
	Appropriations for Classes of Outputs:				
	VOTE SOCIAL DEVELOPMENT				
5,636	Community Services Card	5,427	5,764	5,764	–
16,578	Debt Management – Former Beneficiaries	15,378	19,452	16,776	–
25,043	Family and Community Services	28,960	28,638	29,940	–
38,221	Policy and Purchase Advice	42,289	39,745	42,722	–
218,275	Services to Minimise the Duration of Unemployment and Move People into Work	232,437	230,297	234,246	–
35,319	Services to Protect the Integrity of the Benefit System	38,606	36,464	38,788	–
263,836	Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	254,435	281,264	258,571	–
34,320	Services to Seniors	40,146	41,519	40,815	–
34,551	Services to Students	34,397	32,519	36,327	–
2,047	Social Development Leadership	2,209	2,931	2,931	–
673,826	Total Vote Social Development	694,284	718,593	706,880	–
	VOTE CHILD, YOUTH AND FAMILY SERVICES				
7,328	Adoption Services	7,343	8,426	8,184	–
294,640	Care and Protection Services	310,461	284,761	315,549	–
6,417	Development and Funding of Community Services	7,614	8,345	8,079	–
4,049	Policy Advice and Ministerial Servicing	1,442	2,923	1,573	–
5,021	Prevention Services	3,013	4,974	3,801	–
97,892	Youth Justice Services	100,724	96,638	102,381	–
415,347	Total Vote Child, Youth and Family Services	430,597	406,067	439,567	–
	VOTE SENIOR CITIZENS				
988	Senior Citizens Services	911	1,035	1,035	–
988	Total Vote Senior Citizens	911	1,035	1,035	–
	VOTE VETERANS' AFFAIRS – SOCIAL DEVELOPMENT				
3,683	Processing and Payment of Pensions	4,123	4,155	4,155	–
3,683	Total Vote Veterans' Affairs – Social Development	4,123	4,155	4,155	–
	VOTE YOUTH DEVELOPMENT				
2,242	Enabling Youth Development	–	–	–	–
942	Facilitating Young People's Voices	–	–	–	–
2,601	Youth Development Policy Advice	–	–	–	–
–	Youth Development	5,834	5,891	5,891	–
5,785	Total Vote Youth Development	5,834	5,891	5,891	–
1,099,629	Total Departmental Output Expenses	1,135,749	1,135,741	1,157,528	–

61 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 73 to 79 and Notes 1 to 22 on pages 90 to 107 form part of these financial statements.

Statement of Unappropriated Departmental Expenditure and Capital Expenditure Appropriations

For the year ended 30 June 2008

UNAPPROPRIATED EXPENDITURE 2007 \$000		ACTUAL 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000	UNAPPROPRIATED EXPENDITURE 2008 \$000
	VOTE CHILD, YOUTH AND FAMILY SERVICES			
666	Care and Protection Services	–	–	–
	VOTE YOUTH DEVELOPMENT			
53	Youth Development Policy Advice	–	–	–

The Ministry has no unappropriated capital expenditure or remeasurements in 2007/2008.

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

	SUPPLEMENTARY ESTIMATES 2008 \$000	SECTION 26A TRANSFERS 2008 \$000	FINAL VOTED ⁶² 2008 \$000
VOTE SOCIAL DEVELOPMENT			
Services to Minimise the Duration of Unemployment and Move People into Work	232,046	2,200	234,246
Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	260,771	(2,200)	258,571
VOTE CHILD, YOUTH AND FAMILY SERVICES			
Care and Protection Services	316,449	(900)	315,549
Youth Justice Services	101,481	900	102,381
Total Appropriations for Output Expenses	910,747	–	910,747
Net Adjustment	–	–	–

⁶² 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 73 to 79 and Notes 1 to 22 on pages 90 to 107 form part of these financial statements.

Statement of Reconciliation of Expenses and Appropriations

For the year ended 30 June 2008

ACTUAL 2007 \$000		NOTE	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES ⁶³ 2008 \$000
1,099,629	Total Expenses Appropriated		1,135,749	1,135,741	1,157,528
	RECONCILING ITEMS:				
-	Remeasurements		-	-	-
-	Total Remeasurements		-	-	-
	OTHER ADJUSTMENTS NOT APPROPRIATED				
1,918	Foreign Currency Loss	a	-	-	-
773	NZ IFRS Adjustment	b	-	-	-
2,691	Total Other Adjustments not Appropriated		-	-	-
2,691	Total Reconciling Items		-	-	-
1,102,320	Total Expenses per Operating Statement		1,135,749	1,135,741	1,157,528

Explanatory notes

There were no adjustments in 2007/2008.

The Ministry recorded a foreign currency loss of \$1.918 million relating to the purchase of software last financial year (Note a). In addition the Ministry made an adjustment to the accounts in adopting NZ IFRS accounting standards for the year ended June 2007 (Note b). See also Note 22 in the Notes to the financial statements.

63 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 73 to 79 and Notes 1 to 22 on pages 90 to 107 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2008

Note 1: Revenue Other

ACTUAL 2007 \$000		ACTUAL 2008 \$000
368	Sub-Lease Rental Recoveries	319
11,543	Other Recoveries	12,519
11,911	Total Revenue Other	12,838

The Ministry received revenue of \$8.725 million from the State Services Commission (SSC) for the State Sector Retirement Savings Scheme (SSRSS), child support receipts on behalf of children in foster care \$1.483 million, sale of land \$0.984 million and Strengthening Families inter-agency support \$0.650 million.

Note 2: Gains

ACTUAL 2007 \$000		ACTUAL 2008 \$000
208	Net Gain on Sale of Fixed Assets	–
–	Net Foreign Exchange Gains	24
208	Total Gains	24

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 2007 \$000		ACTUAL 2008 \$000
528,338	Salaries and Wages	556,625
6,846	Retirement and Long Service Leave	8,365
320	Restructuring Costs	329
10,582	Contribution to Defined Contribution Superannuation	11,186
10,760	Other Personnel Expenses	14,987
556,846	Total Personnel Costs	591,492

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 expense in the Statement of Financial Performance as incurred.

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 in arrears. The capital charge rate for the year ended 30 June 2008 was 7.5 per cent (2007: 7.5 per cent). The Ministry also earns notional interest based on the daily cash balances held, and this is offset against the capital charge. The notional interest rate is 4.5 per cent per annum (2007: 4.5 per cent).

Note 5: Finance Costs

ACTUAL 2007 \$000		ACTUAL 2008 \$000
43	Discount Unwind on Provision	–
43	Total Finance Costs	–

Note 6: Other Operating Expenses

ACTUAL 2007 \$000		ACTUAL 2008 \$000
1,027	Audit Fees	1,078
60	Audit of Transition to IFRS	60
7	Other Services Provided by our Auditors	16
58,293	Rental, Leasing and Occupancy Costs	64,585
119	Bad Debts Written-Off	196
335	Impairment of Receivables	(117)
105,628	Financial Plan Costs ⁶⁴	104,244
22,571	Non-Specific Client Costs ⁶⁵	24,377
87,484	Training Opportunity Programmes (TOPs)	90,762
38,422	Office Operating Expenses	38,242
75,331	IT Related Operating Expenses	72,038
11,135	Staff Travel	9,132
22,991	Consultancy and Contractors' Fees	21,100
9,199	Professional Fees	12,249
44,377	Other Operating Expenses	45,835
476,979	Total Operating Costs	483,797

64 Financial plan costs are monies paid in relation to 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 contribute to a decision-making process that often precludes the necessity of court involvement.

65 Non-specific client costs include maintaining an infrastructure that supports the Ministry to meet its legal and support obligations related to the care and protection of children and young persons. It also supports the casework resolution process.

Note 7: Debtors and Other Receivables

ACTUAL 2007 \$000		ACTUAL 2008 \$000
10,647	Debtors and Other Receivables	5,969
(2,486)	Less: Provision for Impairment	(2,369)
8,161	Total Accounts Receivable	3,600

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

Debtors Impairment

As at 30 June 2008 and 2007, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2007 GROSS	2007 IMPAIRMENT	2007 NET	2008 GROSS	2008 IMPAIRMENT	2008 NET
Not Past Due	5,640	–	5,640	3,361	–	3,361
Past Due 1-30 Days	57	–	57	135	–	135
Past Due 31-60 Days	286	–	286	6	–	6
Past Due 61-90 Days	2,094	(47)	2,047	39	(20)	19
Past Due > 90 Days	2,570	(2,439)	131	2,428	(2,349)	79
Total	10,647	(2,486)	8,161	5,969	(2,369)	3,600

As at 30 June 2008 the Ministry had no debtors that were deemed insolvent (2007: nil).

Provision for Doubtful Debts

The provision for doubtful debts has been calculated based on expected losses for the Ministry's pool of debtors. Expected losses have been determined based on an analysis of the Ministry's losses in previous periods, and a review of specific debtors.

Movements in the provision for doubtful debts are as follows:

ACTUAL 2007 \$000		ACTUAL 2008 \$000
2,151	Balance at 1 July	2,486
335	Additional Provisions Made During the Year	838
–	Receivables Written-Off During the Period	(955)
2,486	Balance at 30 June	2,369

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 2006	53,765	120,939	66,566	84,667	23,670	26,099	375,706
Additions by Purchase	866	2,353	3,568	9,105	2,989	951	19,832
Additions Internally Developed	–	–	–	–	–	–	–
Revaluation Increase	2,694	15,739	–	–	–	–	18,433
Other Asset Movement	7,735	(3,254)	1,188	5,822	–	(18,161)	(6,670)
Disposals	–	–	–	(1,124)	(3,574)	(276)	(4,974)
Balance as at 30 June 2007	65,060	135,777	71,322	98,470	23,085	8,613	402,327
Balance as at 1 July 2007	65,060	135,777	71,322	98,470	23,085	8,613	402,327
Additions by Purchase	–	2,466	8,180	4,449	10,052	838	25,985
Additions Internally Developed	–	–	–	–	–	–	–
Revaluation Increase	–	–	–	–	–	–	–
Other Asset Movement	–	(3,610)	–	(1,113)	–	284	(4,439)
Disposals	(1,454)	(130)	–	(1,489)	(7,238)	(78)	(10,389)
Balance as at 30 June 2008	63,606	134,503	79,502	100,317	25,899	9,657	413,484
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:							
Balance as at 1 July 2006	–	1,733	40,729	31,063	5,305	4,097	82,927
Depreciation Expense	–	3,663	11,920	8,993	4,826	1,782	31,184
Eliminate on Disposal	–	–	–	(1,115)	(2,048)	(199)	(3,362)
Eliminate on Revaluation	–	(5,396)	–	–	–	–	(5,396)
Other Asset Movement	–	–	2	–	–	10	12
Impairment Losses	–	–	–	–	–	–	–
Balance as at 30 June 2007	–	–	52,651	38,941	8,083	5,690	105,365
Balance as at 1 July 2007	–	–	52,651	38,941	8,083	5,690	105,365
Depreciation Expense	–	3,936	8,887	8,338	3,727	1,446	26,334
Eliminate on Disposal	–	–	–	(170)	(4,006)	(70)	(4,246)
Eliminate on Revaluation	–	–	–	–	–	–	–
Other Asset Movement	–	(67)	67	–	–	–	–
Impairment Losses	–	–	–	–	–	–	–
Balance as at 30 June 2008	–	3,869	61,605	47,109	7,804	7,066	127,453
CARRYING AMOUNTS:							
At 1 July 2006	53,765	119,206	25,837	53,604	18,365	22,002	292,779
At 30 June and 1 July 2007	65,060	135,777	18,671	59,529	15,002	2,923	296,962
At 30 June 2008	63,606	130,634	17,897	53,208	18,095	2,591	286,031

Commercial land and buildings were last valued as at 30 June 2007 by Paul Butchers BBS, FPINZ, a registered valuer with CB Richard Ellis Ltd.

Residential land and buildings were last valued as at 30 June 2007 by Kerry Stewart PG Dip Env Audit, Val Prof Urb, MBA, ANZIV, SNZPI from Quotable Value Limited. Family homes were valued at fair value using market-based evidence.

The property located at 830 Te Waerenga Road, Kaharoa, Rotorua was valued as at 30 June 2007 by KE Parker, FNZIV, FNZPI, a registered valuer with Jenks Valuations Limited.

All land and buildings valuations have been reviewed by valuers as at 30 June 2008 and it has been determined that there is no significant movement in carrying value of the properties. Therefore there has been no asset revaluation as at 30 June 2008.

The total amount of property, plant and equipment in the course of construction is \$39.882 million (2007 \$44.328 million).

Note 9: Intangible Assets

	INTERNALLY GENERATED SOFTWARE \$000	TOTAL \$000
COST OR REVALUATION:		
Balance as at 1 July 2006	83,209	83,209
Additions by Purchase and Internally Developed	40,220	40,220
Other Asset Movement	(4,201)	(4,201)
Disposals	-	-
Balance as at 30 June 2007	119,228	119,228
Balance as at 1 July 2007	119,228	119,228
Additions by Purchase and Internally Developed	41,367	41,367
Other Asset Movement	-	-
Disposals	(23,152)	(23,152)
Balance as at 30 June 2008	137,443	137,443
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:		
Balance as at 1 July 2006	77,579	77,579
Amortisation Expense	19,546	19,546
Disposals	-	-
Impairment Losses	-	-
Balance as at 30 June 2007	97,125	97,125
Balance as at 1 July 2007	97,125	97,125
Amortisation Expense	16,565	16,565
Disposals	(21,402)	(21,402)
Impairment Losses	-	-
Balance as at 30 June 2008	92,288	92,288
CARRYING AMOUNTS:		
At 1 July 2006	5,630	5,630
At 30 June and 1 July 2007	22,103	22,103
At 30 June 2008	45,155	45,155

Note 10: Creditors and Other Payables

ACTUAL 2007 \$000		ACTUAL 2008 \$000
9,143	Trade Creditors	11,321
5,320	GST Payable	5,901
63,250	Accrued Expenses	65,270
77,713	Total Accounts Payable and Accruals	82,492

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: Repayment of Surplus

ACTUAL 2007 \$000		ACTUAL 2008 \$000
12,942	Net Surplus/(Deficit)	14,850
	Add:	
566	Effect on Transition to NZ IFRS	-
13,508	Total Repayment of Surplus	14,850

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

Note 12: Provisions

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	CURRENT PROVISIONS ARE REPRESENTED BY:	
4,360	ACC Partnership Programme	5,469
258	Other Provisions	-
4,618	Total Current Provision	5,469
	NON-CURRENT PROVISIONS ARE REPRESENTED BY:	
1,202	Lease Make-Good	1,289
185	Onerous Contracts	-
1,387	Total Non-Current Provision	1,289
6,005	Total Provisions	6,758

Provisions by Category

	ACC PARTNERSHIP PROGRAMME \$000	LEASE MAKE-GOOD \$000	ONEROUS CONTRACT \$000	OTHERS \$000	TOTAL \$000
2007					
Balance as at 1 July 2006	3,661	1,159	434	822	6,076
Additional Provisions Made	699	–	–	–	699
Unused Amounts Reversed	–	–	(249)	(564)	(813)
Discount Unwind	–	43	–	–	43
Balance as at 30 June 2007	4,360	1,202	185	258	6,005
2008					
Balance as at 1 July 2007	4,360	1,202	185	258	6,005
Additional Provisions Made	1,109	124	–	–	1,233
Unused Amounts Reversed	–	–	(185)	(258)	(443)
Discount Unwind	–	(37)	–	–	(37)
Balance as at 30 June 2008	5,469	1,289	–	–	6,758

ACC Partnership Programme

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

The liability for the ACC Partnership Programme is measured at the present value of expected future payments to be made in respect of the employee injuries and claims up to the reporting date using actuarial techniques. Consideration is given to expected future wage and salary levels and experience of employee 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 to 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 practical
- recording and monitoring work place injuries and near misses to identify risk areas and implementing mitigating actions
- identification of work place hazards and implementation of 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 of up to \$665,600.

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 30 June 2008. 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, the Ministry is required at the expiry of the lease term 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 19 sites where a make-good provision had been established with a value of \$1.289 million. The timing of any future make-good work varies from between six months to six years in the future.

In many cases the Ministry has the option to renew these leases, which impacts 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 in account cost and past history of make-good work.

An asset to the value of \$1.456 million was established for the lease reinstatement costs. This is being depreciated over a straight line basis per lease term.

Onerous Contracts

The provision for onerous contracts arises from a non-cancellable lease where the unavoidable costs of meeting the lease contract exceed the economic benefits to be received from it. The Ministry currently has no onerous contracts.

Other

In 2006/2007 there was other provisions balance of \$0.258 million. This was for legal settlement on a number of legal disputes against the Ministry. These cases have since been resolved, hence a nil balance in 2007/2008 financial year.

Note 13: Employee Entitlements

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	CURRENT LIABILITIES	
16,726	Retirement and Long Service Leave	19,111
33,194	Provision for Annual Leave	35,661
900	Provision for Sickness Leave	1,240
50,820	Total Current Portion	56,012
	NON-CURRENT LIABILITIES	
19,533	Retirement and Long Service Leave	21,012
19,533	Total Non-Current Portion	21,012
70,353	Total Employment Entitlements	77,024

The present value of the retirement and long service leave obligations depend 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 include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate the Ministry considered the interest rates on New Zealand government bonds which have terms to maturity that match, as closely to 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.

A weighted average discount rate of 6.45 per cent and a salary inflation factor of 2.75 per cent have been used. The inflation factor is based on the expected long-term increase in remuneration for employees.

If the discount rate were to increase by 1 per cent from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$1.752 million lower.

If the salary inflation factor were to increase by 1 per cent from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$2.517 million higher.

Note 14: Taxpayers' Funds

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	GENERAL FUNDS	
305,658	Balance at 1 July	303,172
12,942	Surplus /(Deficit)	14,850
(13,508)	Repayment of Surplus	(14,850)
(1,920)	IFRS Transition Adjustment	-
303,172	General Funds at 30 June	303,172
	REVALUATION RESERVES	
7,689	Balance at 1 July	26,123
18,434	Revaluations	-
26,123	Revaluation Reserves at 30 June	26,123
329,295	Total Taxpayers' Funds	329,295

Note 15: Reconciliation of Net Surplus/(Deficit) to Net Cash from Operating Activities

ACTUAL 2007 \$000		ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
12,942	Net Surplus/(Deficit) After Tax	14,850	–	–
	<i>Add/(Less) Non-Cash Items:</i>			
31,184	Depreciation	26,334	33,302	27,531
19,546	Amortisation	16,565	26,800	23,687
50,730	Total Non-Cash Items	42,899	60,102	51,218
	<i>Add/(Less) Items Classified as Investing or Financing Activities:</i>			
(208)	(Gains)/Losses on Disposal Property, Plant and Equipment	595	–	–
(208)	Total Items Classified as Investing or Financing Activities	595	–	–
	<i>Add/(Less) Working Capital Movements:</i>			
(5,223)	(Increase)/Decrease in Accounts Receivable	4,561	–	–
(944)	(Increase)/Decrease in Prepayments	3,416	–	–
(1,053)	Increase/(Decrease) in Accounts Payables	4,776	18,104	–
1,698	Increase/(Decrease) in Capital Charge	78	–	–
6,770	Increase/(Decrease) in Provision for Employee Entitlements	5,192	–	–
264	Increase/(Decrease) Other Provisions	753	–	–
1,512	Net Movements in Working Capital Items	18,776	18,104	–
	<i>Add/(Less) Movements in Non-Current Liabilities:</i>			
(1,221)	Increase/(Decrease) in Provision for Employee Entitlements	1,479	–	–
(1,221)	Net Movements in Non-Current Liabilities	1,479	–	–
63,755	Net Cash Inflow From Operating Activities	78,599	78,206	51,218

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 favourable 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, pension or Student Loans are receiving it 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 impairment of receivables from related parties.

Key Management Personnel Compensation

ACTUAL 2007 \$000		ACTUAL 2008 \$000
3,567	Salaries and Other Short-Term Employee Benefits	3,747
–	Post-Employment Benefits	–
105	Other Long-Term Benefits	139
–	Termination Benefits	–
3,672	Total Key Management Personnel Compensation	3,886

Key management personnel include the Chief Executive and the 10 members of the Senior Management Team.

Note 17: Events After the Balance Sheet Date

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

Cabinet noted on 30 June 2008 that at its meeting of 9 April 2008, the Cabinet Policy Committee agreed that Veterans' Affairs New Zealand (VANZ) have full responsibility for War Disablement Pensions, and VANZ case managers be responsible for facilitating access to services for veterans who are in receipt of War Disablement Pensions, including superannuation and other social assistance.

It was agreed that the semi-autonomous body status of VANZ be revoked and to become an operational unit of the New Zealand Defence Force (NZDF), with the Chief of Defence Force having full accountability and responsibility. All the above changes to take effect from 20 August 2008.

The Ministry of Social Development will continue to have full responsibility for the assessment and payment of Veterans' Pensions.

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 2008 there are no significant foreign exchange exposures.

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate or, 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 its 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 enter into foreign exchange forward contracts with the New Zealand Debt Management Office. These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, net debtors (Note 8), and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

The table below analyses the Ministry's financial liabilities at year-end that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Financial Instrument Risks

	LESS THAN 6 MONTHS \$000	BETWEEN 6 MONTHS AND 1 YEAR \$000	BETWEEN 1 AND 5 YEARS \$000	OVER 5 YEARS \$000
2007				
Creditors and Other Payables	77,713	–	–	–
Commitments	–	174,371	98,175	4,130
2008				
Creditors and Other Payables	82,492	–	–	–
Commitments	–	182,034	89,920	5,022

Note 19: Categories of Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	LOANS AND RECEIVABLES	
163,751	Cash and Cash Equivalents	173,230
8,161	Debtors and Other Receivables	3,600
171,912	Total Loans and Receivables	176,830
	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	
77,713	Creditors and Other Payables	82,492

Note 20: 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 compliance with the Government Budget processes and with Treasury Instructions.

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, whilst remaining a going concern.

Note 21: Major Budget Variations

Explanations for major variances from the Ministry's estimated figures in the Statement of Intent are as follows:

	NOTE	ACTUAL 2008 \$000	MAIN 2008 \$000	SUPPLEMENTARY 2008 \$000	ACTUAL VS MAINS VARIANCE 2008 \$000
Revenue	(a)	1,150,599	1,135,741	1,157,528	14,858
Depreciation and Amortisation Expenses	(b)	42,899	60,102	51,218	(17,203)
Other Expenses	(c)	483,797	473,040	487,361	10,757
Cash and Cash Equivalents	(d)	173,230	165,219	140,121	8,011
Intangible Assets	(e)	45,155	16,521	64,556	28,634
Provision for Employee Entitlements	(f)	56,012	44,986	51,756	11,026
Revaluation Reserve	(g)	26,123	7,689	26,123	18,434
Receipts from Crown Revenue	(h)	1,137,737	1,114,450	1,136,237	23,287
Payments to Suppliers	(i)	(478,315)	(458,850)	(484,922)	(19,465)
Purchase of Property, Plant and Equipment	(j)	(19,901)	(78,406)	(50,094)	58,505

Statement of Financial Performance

- (a) The Ministry's baseline increased by \$23.287 million in the 2007/2008 year. This was partly offset by a reduction in revenue received from other sources of \$8.392 million.
- (b) Depreciation and amortisation costs have been lower than expected due to less capital expenditure than forecast. This can be attributed to two main projects Youth Justice facility development and the replatforming of the SWIFTT system. Both projects are active and expenditure is expected to increase as both projects move into new phases of development in 2008/2009. In addition, the actual costs were managed at a lower level to accommodate the shifting forward of \$8.000 million budget into future years to self-fund the SWIFTT replacement system CURAM.
- (c) The increase in other expenses is due to higher property rental costs than initially forecast. The Ministry has been impacted by the growth in prices of the commercial property market in recent years and the subsequent flow-on-effects on accommodation costs.

Statement of Financial Position

- (d) Lower than planned capital expenditure has contributed to the higher cash position than initially forecast in the Main estimates.
- (e) Intangible assets are higher than the Mains estimate due to higher than expected reclassification of assets to intangibles category as part of IFRS accounting standards.
- (f) The increase in employee entitlements relates to the change in the number of days of annual leave entitlement for employees and an increase in salary levels.
- (g) The increase in revaluation reserves follows the revaluation of the land and buildings owned by the former Department of Child, Youth and Family Services, now merged with the Ministry, as at 1 July 2006.

Statement of Cash Flows

- (h) The Ministry's baseline increased by \$23.287 million in the 2007/2008 year.
- (i) The increase in payments to suppliers is consistent with the increase in baseline funding received between Main and Supplementary estimates.
- (j) Reduction in actual expenditure on property, plant and equipment was due to delays in the construction of a Youth Justice residential facility in the central North Island. The reason for the delay included finding an appropriate location for the new facility and obtaining necessary resource consents.

Changes in Appropriations

The table below summarises the material changes in appropriation between the Main Estimates and the final Supplementary Estimates for the 2007/2008 financial year.

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000	VARIANCE 2008 \$000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	281,264	258,571	(22,693)	The decrease is due to: <ul style="list-style-type: none"> – a reduction in overheads to reflect staff numbers (\$12.200 million) – a transfer to fund operational pressures in the Family and Community Services and the Services to Students outputs (\$4.700 million) – an expense transfer to fund the replacement of the Ministry's key business system CURAM (\$4.391 million).
VOTE CHILD, YOUTH AND FAMILY SERVICES				
Care and Protection Services	284,761	315,549	30,788	The increase is due to: <ul style="list-style-type: none"> – a reallocation of overheads to reflect the merger of the Ministry of Social Development and Child, Youth and Family Services on 1 July 2006 (\$13.100 million) – continuation of Care and Protection funding to meet demand driven pressures (\$6.800 million) – funds for settlement of the Child, Youth and Family collective agreement (\$5.245 million) – a transfer of resources from 2006/2007 to 2007/2008 for merger completion costs \$3.192 million – a transfer of resources from 2006/2007 to 2007/2008 for managing Historical Abuse claims (\$3.000 million) – Section 26A transfer to Youth Justice Services (\$0.900 million).

Note 22: Explanation of Transition to NZ IFRS

Transition to NZ IFRS

The Ministry's financial statements for the year ended 30 June 2008 are the first financial statements that comply with NZ IFRS. The Ministry has applied NZ IFRS 1 *First-time Adoption of NZ IFRS* (NZ IFRS 1) in preparing these financial statements. The Ministry's transition date was 1 July 2006. The Ministry prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2008. The Ministry NZ IFRS adoption date was 1 July 2007.

Exemptions from full retrospective application elected by the Ministry

The only mandatory exception from retrospective application that applies to the Ministry is the requirement for estimates under NZ IFRS at 1 July 2006 and 30 June 2007 to be consistent with estimates made for the same date under previous NZ GAAP.

Reconciliation of Equity

The following table shows the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

	NOTE	PREVIOUS NZ GAAP 1 JULY 2006 \$000	EFFECT ON TRANSITION TO NZ IFRS 1 JULY 2006 \$000	NZ IFRS 1 JULY 2006 \$000	PREVIOUS NZ GAAP 30 JUNE 2007 \$000	EFFECT ON TRANSITION TO NZ IFRS 30 JUNE 2007 \$000	NZ IFRS 30 JUNE 2007 \$000
TAXPAYERS' FUNDS							
General Funds	a,b,c,d,e	304,101	1,557	305,658	304,102	(930)	303,172
Revaluation Reserve		7,689	–	7,689	26,123	–	26,123
Total Taxpayers' Funds		311,790	1,557	313,347	330,225	(930)	329,295
ASSETS							
Current Assets							
Cash and Cash Equivalents		167,257	–	167,257	163,751	–	163,751
Accounts Receivable	a	3,614	(460)	3,154	8,531	(370)	8,161
Prepayments		4,210	–	4,210	7,169	–	7,169
Property Intended for Sale	b	2,899	(1,304)	1,595	–	–	–
Total current assets		177,980	(1,764)	176,216	179,451	(370)	179,081
Non-Current Assets							
Property, Plant and Equipment	c,b,d	294,026	(38,828)	255,198	318,569	(21,607)	296,962
Intangible Assets	c	–	43,211	43,211	–	22,103	22,103
Total Non-Current Assets		294,026	4,383	298,409	318,569	496	319,065
Total Assets		472,006	2,619	474,625	498,020	126	498,146
LIABILITIES							
Current Liabilities							
Accounts Payable and Accruals		75,988	–	75,988	77,713	–	77,713
Capital Charge Payable		–	–	–	1,272	–	1,272
Provision for Repayment of Surplus to the Crown		14,190	–	14,190	13,508	–	13,508
Provision for Employee Entitlements	e	44,036	950	44,986	49,919	901	50,820
Other Provisions	d	5,248	112	5,360	5,850	155	6,005
Total Current Liabilities		139,462	1,062	140,524	148,262	1,056	149,318
Non-Current Liabilities							
Provision for Employee Entitlements		20,754	–	20,754	19,533	–	19,533
Total Non-Current Liabilities		20,754	–	20,754	19,533	–	19,533
Total Liabilities		160,216	1,062	161,278	167,795	1,056	168,851
Net Assets		311,790	1,557	313,347	330,225	(930)	329,295

Explanatory Notes – Reconciliation of Equity

a. Accounts Receivable

Under NZ GAAP the provision for doubtful debts on receivables is calculated on the basis of historical information and expected future credit events. Under NZ IFRS impairment losses are recognised where there is objective evidence of impairment as a result of a past event that occurred subsequently to the initial recognition. The impact for the Ministry is an increase of \$0.460 million to the provision for doubtful debts on transition date 1 July 2006. The overall impact is \$0.370 million at year-end 30 June 2007.

b. Non-Current Assets Held For Sale

Non-current assets held for sale under NZ GAAP did not all meet the “held for sale” definition under NZ IFRS. NZ IFRS requires that properties must be available for immediate sale in their present condition, and the sale must be highly probable. Management must be committed to a plan to sell the asset and there must be an active programme to locate a buyer and the plan must have been initiated. The sale must be expected to be completed within one year. The impact for the Ministry is a reclassification from assets held for resale to property, plant and equipment of \$1.304 million and recognition of approximately \$1.920 million of revaluation reserves.

c. Reclassification of Software

Intangible assets are identifiable non-monetary assets without physical substance that are held for their own use or for rental to others. Examples of intangible assets include computer software, licenses, patents and copyrights. On adopting NZ IFRS, \$43.211 million of software currently classified as property, plant and equipment was reclassified as intangible assets. The impact is \$22.103 million at year-end 30 June 2007.

d. Reinstatement of Leased Assets on Termination of Lease

Leased assets that are required to be restored to their original condition, on expiry of the lease term require estimated reinstatement costs to be recognised as leasehold assets and a provision for future payments established. When the time value of money is material the expected cost is calculated by reference to the present value. On adoption of NZ IFRS the present value of reinstatement costs are estimated to be an additional provision of \$0.112 million with assets valued at \$1.159 million. The impact at the year ended 30 June 2007 was a net movement of \$0.496 million to property, plant and equipment and \$0.155 million to other provisions.

e. Employee Entitlements

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires the Ministry to recognise employees’ unused sick leave entitlement that can be carried forward at balance date, to the extent that the Ministry anticipates it will be used by staff to cover future absences. This requires recognition of sick leave taken in 2005/2006 in excess of entitlements of \$0.950 million. In 2006/2007 the impact was \$0.901 million.

Reconciliation of Surplus

The following table shows the changes in the Ministry's surplus, resulting from the transition from previous NZ GAAP to NZ IFRS for the year ended 30 June 2007.

	NOTE	PREVIOUS NZ GAAP 30 JUNE 2007 \$000	EFFECT ON TRANSITION TO NZ IFRS 30 JUNE 2007 \$000	NZ IFRS 30 JUNE 2007 \$000
INCOME				
Revenue Crown		1,103,143	–	1,103,143
Other Revenue		11,911	–	11,911
Gains	a	–	208	208
Total Income		1,115,054	208	1,115,262
EXPENDITURE				
Personnel Costs	b	556,895	(49)	556,846
Depreciation and Amortisation Expense	c	50,067	663	50,730
Capital Charge		17,722	–	17,722
Finance Costs	d	–	43	43
Other Expenses	a,e	476,863	116	476,979
Total Expenditure		1,101,547	773	1,102,320
Net Surplus/(Deficit)		13,507	(565)	12,942

Explanatory Notes – Reconciliation of Surplus

a. Gain on Sale of Property, Plant and Equipment

This represents the reclassification of gains on sale of property, plant and equipment that was previously recognised under NZ GAAP as an offset to expenditure.

b. Personnel Costs – Sick Leave

This represents a decrease in personnel costs due to an adjustment for sick leave by \$0.049 million. Providing for sick leave is a new NZ IFRS requirement. There is a decrease because the closing provision is lower than the opening provision.

c. Depreciation and Amortisation Expense – Leasehold Reinstatement

The reinstatement costs of leased assets under NZ IFRS resulted in the establishment of leasehold assets to the value of \$1.159 million and the subsequent depreciation costs of \$0.663 million on a straight line basis.

d. Finance Cost

Finance Cost represents the discount unwind on the leasehold reinstatement provision. This is the adjustment to the provision for leasehold reinstatement taking into account the present value of the expenditure expected to be required to restore a leased asset to its original condition at the end of the lease term. Under NZ GAAP the time value of the fund was not calculated on the provision and hence there was no finance cost.

e. Other Operating Expenses – Provision for Doubtful Debts

This represents the change in measurement basis of the provision for doubtful debts on transition to NZ IFRS, which has impacted on the movement in the provision for doubtful debts recognised in the statement of financial performance by a reduction of (\$0.091 million).

Statement of Cash Flows

There were no material adjustments to the statement of cash flows on transition to NZ IFRS.

Non-Departmental Financial Statements and Schedules

For the year ended 30 June 2008

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	SUMMARY:	
15,320,325	Expenditure and Appropriations	15,827,692
52,872	Revenue	71,208
501,704	Capital Receipts	499,615
1,072,487	Assets	1,231,616
316,857	Liabilities	381,937
243	Trust Monies	386

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that the Ministry manages on behalf of the Crown. The Ministry administered \$15.828 billion of non-departmental payments, \$570.8 million of non-departmental revenues and receipts, \$1.232 billion of assets and \$381.9 million of liabilities on behalf of the Crown for the year ended 30 June 2008. 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 2007/2008.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 110 and Notes 1 to 4 on pages 124 to 129 form an integral part of these financial statements and schedules.

Statement of Accounting Policies: Non-Departmental

For the year ended 30 June 2008

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 also be made to the Financial Statements of the Government.

Accounting Policies

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as 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 practices as appropriate for public benefit entities.

This is the first set of financial statements prepared using NZ IFRS. The comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of income and expenses and assets and liabilities for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in Note 2.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

The following particular accounting policies have been applied:

Budget Figures

The budget figures are those included in the Ministry's Statement of Intent for the year-ended 30 June 2008, which 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.

Expenses

Expenses are recognised in the period to which they relate.

Welfare benefits

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

Grants and subsidies

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.

Revenues and Receipts

The Ministry administers revenue on behalf of the Crown. This revenue includes programme recoveries, administration fees and interest charges on Student Loans advanced. Revenue is recognised when it is earned, except for programme recoveries (relating to ceased welfare benefits) which are recognised when the periodic application review date occurs and the original eligibility criteria are no longer met.

The Ministry also collects monies on behalf of the Crown relating to the benefit recoveries and repayments of Student Loans. These receipts are recognised when received.

Debtors and Other Receivables

Debtors and other receivables are initially measured at fair value and 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 4).

Social benefit debt receivables are initially assessed at nominal amount or face value. These receivables are subsequently tested for impairment.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, probability that the debtor will enter into bankruptcy, and default 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 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 (i.e. not past due).

Student Loans are stated at the values as determined under NZ IFRS IAS 39 and were measured at amortised cost as at 30 June 2008.

Goods and Services Tax

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. 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 on consolidation of the Government financial statements.

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that 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.

Foreign Currency

Foreign currency transactions are converted into New Zealand dollars at the exchange rate at the date of the transaction. Where a forward exchange contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot exchange rate on date of settlement is recognised.

Monetary assets and liabilities are translated to New Zealand dollars at the closing mid-point exchange rate. The resulting unrealised exchange gain or loss is recognised in the Schedule of Non-Departmental Expenses. Other exchange gains or losses, whether realised or unrealised, are recognised in the Schedule of Non-Departmental Expenses in the period to which they relate.

At balance date, the Ministry had NZ\$136.770 million worth of forward exchange contracts (2007: NZ\$154.871 million).

Schedule of Non-Departmental Expenses

For the year ended 30 June 2008

ACTUAL 2007 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
VOTE SOCIAL DEVELOPMENT				
153,275	Classes of Outputs to be Supplied by Other Parties	175,591	181,465	179,050
634,943	Other Expenses to be Incurred by the Crown	529,588	705,923	741,185
1,287,978	Capital Contributions to Other Persons or Organisations	1,319,975	1,383,634	1,334,629
12,835,508	Benefits and Other Unrequited Expenses	13,375,080	13,364,943	13,403,595
17,803	Loss on Foreign Exchange	–	–	–
39,162	Other Operating Expenses	41,273	46,900	47,035
14,968,669	Total Vote Social Development	15,441,507	15,682,865	15,705,494
VOTE CHILD, YOUTH AND FAMILY SERVICES				
60,050	Classes of Outputs to be Supplied by Other Parties	62,647	62,317	65,263
365	Other Expenses to be Incurred by the Crown	365	365	365
60,415	Total Vote Child, Youth and Family Services	63,012	62,682	65,628
VOTE VETERANS' AFFAIRS – SOCIAL DEVELOPMENT				
282,882	Benefits and Other Unrequited Expenses	314,896	301,926	313,629
282,882	Total Vote Veterans' Affairs – Social Development	314,896	301,926	313,629
VOTE YOUTH DEVELOPMENT				
8,359	Classes of Outputs to be Supplied by Other Parties	8,277	8,097	8,277
–	Other Expenses to be Incurred by the Crown	–	–	–
8,359	Total Vote Youth Development	8,277	8,097	8,277
15,320,325	Total Non-Departmental Expenses	15,827,692	16,055,570	16,093,028

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 2007/2008.

Statement of Non-Departmental Expenditure and Appropriations

For the year ended 30 June 2008

ACTUAL 2007 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000	UNAPPROPRIATED EXPENDITURE 2008 \$000
	VOTE SOCIAL DEVELOPMENT				
	<i>Classes of Outputs to be Supplied by Other Parties:</i>				
1,383	Capacity Building Initiatives	943	1,190	1,450	–
1,757	Children's Commissioner	2,257	1,757	2,257	–
3,196	Connected Communities	2,572	12,325	2,606	–
8,170	Families Commission	7,670	8,170	7,670	–
6,432	Retirement Commissioner	5,747	5,747	5,747	–
–	Services for At-Risk Youth	71	543	543	–
45,774	Strong Families	68,032	62,310	69,354	–
3,511	Student Placement Services	3,511	3,512	3,512	–
83,052	Vocational Services for People with Disabilities	84,788	85,911	85,911	–
153,275	Total Non-Departmental Output Expenses	175,591	181,465	179,050	–
	<i>Other Expenses to be Incurred by the Crown:</i>				
4,526	Community Labour Market Development Assistance	5,931	9,333	9,333	–
532,331	Debt Write-downs	441,494	596,115	631,372	–
87,888	Employment Assistance	67,322	85,468	85,468	–
10,195	Out of School Care Programmes	14,832	15,002	15,002	–
3	Suspensory Loan Abatement	9	5	10	–
634,943	Total Other Expenses to be Incurred by the Crown	529,588	705,923	741,185	–
	<i>Capital Contributions to Other Persons or Organisations:</i>				
164	Community Services Card Reimbursements	93	170	104	–
111,886	Recoverable Assistance	119,163	115,058	118,287	876
1,175,928	Student Loans	1,200,719	1,268,406	1,216,238	–
1,287,978	Total Capital Contributions to Others	1,319,975	1,383,634	1,334,629	876

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 2007/2008.

Statement of Non-Departmental Expenditure and Appropriations continued

ACTUAL 2007 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000	UNAPPROPRIATED EXPENDITURE 2008 \$000
	Benefits and Other Unrequited Expenses:				
876,995	Accommodation Supplement	891,054	908,605	892,094	–
6,494	Assistance for People Requiring Care	–	–	–	–
71,472	Benefits Paid in Australia	57,903	58,130	57,903	–
77,763	Child Disability Allowance	88,207	87,085	88,340	–
139,246	Childcare Assistance	150,336	130,240	154,932	–
10,283	Defence Force Allowance	–	–	–	–
269,999	Disability Allowance	278,396	279,035	278,936	–
5,894	Disability Allowance Telephone Support	–	–	–	–
1,467,726	Domestic Purposes Benefit	1,478,192	1,456,234	1,479,573	–
345	Family Start/NGO Awards	441	604	539	–
16,026	Independent Youth Benefit	13,307	13,043	13,325	–
1,132,012	Invalid's Benefit	1,215,895	1,201,420	1,216,701	–
4,323	Merit Scholarships	6,575	7,500	7,500	–
–	Ministerial Welfare Programmes Providing Specialist Types of Assistance	14,107	13,801	14,306	–
6,809,938	New Zealand Superannuation	7,348,172	7,291,622	7,360,454	–
70,371	Orphan's/Unsupported Child's Benefit	80,622	80,902	80,616	6
111	Relocation Assistance	–	–	–	–
1,593	Residential Social Rehabilitation Assistance	–	–	–	–
2,922	Scholarship and NQF/NCEA Awards	2,836	4,639	4,639	–
572,691	Sickness Benefit	581,868	607,636	581,357	511
39	Special Annuities	41	40	51	–
105,811	Special Benefit	71,184	66,773	71,055	129
49,587	Special Needs Grant	59,073	58,285	59,568	–
159	Special Transfer Allowance	126	125	136	–
4,912	Step Up Scholarships	7,016	8,064	8,064	–
382,324	Student Allowances	385,724	401,794	387,153	–
7,283	TeachNZ Scholarships	13,783	13,607	17,616	–
26,589	Temporary Additional Support	53,938	48,190	53,246	692
28,675	Training Incentive Allowance	27,231	43,761	29,698	–
5,516	Transition to Work	15,953	11,434	16,287	–
1	Transitional Working for Families Supplement	2	7	12	–
612,525	Unemployment Benefit	457,680	497,339	456,694	986
77,660	Widows' Benefit	72,686	75,028	72,800	–
12,837,285	Total Benefit and Other Unrequited Expenses	13,372,348	13,364,943	13,403,595	2,324
1,777	Realised exchange (gain)/loss on benefit paid in Australia	(2,732)	–	–	–
12,835,508	Total BOUES excluding realised exchange gain or loss	13,375,080	13,364,943	13,403,595	2,324
14,911,704	Total Vote Social Development	15,400,234	15,635,965	15,658,459	3,200

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 2007/2008.

Statement of Non-Departmental Expenditure and Appropriations *continued*

ACTUAL 2007 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000	UNAPPROPRIATED EXPENDITURE 2008 \$000
	VOTE CHILD, YOUTH AND FAMILY SERVICES				
	<i>Classes of Outputs to be Supplied by Other Parties:</i>				
10,959	Counselling and Rehabilitation Services	11,219	10,963	11,254	–
5,746	Education and Prevention Services	5,897	5,771	5,952	–
38,376	Family Wellbeing Services	40,815	40,697	43,142	–
4,969	Strengthening Providers and Communities	4,716	4,886	4,915	–
60,050	Total Non-Departmental Output Expenses	62,647	62,317	65,263	–
	<i>Other Expenses to be Incurred by the Crown:</i>				
365	Contingency and Innovations Fund	365	365	365	–
365	Total Other Expenses to be Incurred by the Crown	365	365	365	–
60,415	Total Vote Child, Youth and Family Services	63,012	62,682	65,628	–
	VOTE VETERANS' AFFAIRS – SOCIAL DEVELOPMENT				
	<i>Benefits and Other Unrequited Expenses:</i>				
79	Interest Concessions Land and Buildings	67	60	77	–
17,288	Medical Treatment	19,224	17,290	18,884	340
143,079	Veterans' Pension	161,294	156,631	161,433	–
122,436	War Disablement Pensions	134,311	127,945	133,235	1,076
282,882	Total Vote Veterans' Affairs – Social Development	314,896	301,926	313,629	1,416
	VOTE YOUTH DEVELOPMENT				
	<i>Classes of Outputs to be Supplied by Other Parties:</i>				
7,263	Services for Young People	7,388	7,208	7,388	–
1,096	Youth Development Partnership Fund	889	889	889	–
8,359	Total Vote Youth Development	8,277	8,097	8,277	–
15,263,360	Total Non-Departmental Expenses	15,786,419	16,008,670	16,045,993	4,616

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 2007/2008.

Statement of Unappropriated Non-Departmental Expenditure and Appropriations

For the year ended 30 June 2008

UNAPPROPRIATED EXPENDITURE 2007 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	UNAPPROPRIATED EXPENDITURE 2008 \$000	APPROVAL UNDER SECTION 26B PUBLIC FINANCE ACT 2008 \$000	UNAPPROPRIATED EXPENDITURE 2008 \$000
	VOTE SOCIAL DEVELOPMENT			
	Benefits and Other Unrequited Expenses:			
–	Orphan's/Unsupported Child's Benefit	6	150	–
–	Sickness Benefit	511	1,000	–
–	Special Benefit	129	500	–
–	Temporary Additional Support	692	750	–
–	Unemployment Benefit	986	3,000	–
655	Transition to Work	–	–	–
655	Sub-total	2,324	5,400	–
	Capital Contribution to Other Persons or Organisations:			
–	Recoverable Assistance	876	1,500	–
–	Sub-total	876	1,500	–
	VOTE VETERANS' AFFAIRS – SOCIAL DEVELOPMENT			
	Benefits and Other Unrequited Expenses:			
–	Medical Treatment	340	345	–
249	War Disability Pensions	1,076	1,450	–
249	Sub-total	1,416	1,795	–
904	TOTAL	4,616	8,695	–

The demand driven nature of the BOUE and Capital Contribution to Other Persons appropriations means it is forecast on a mid-point average basis during the year. Under this method of forecasting, it is expected that actual expenditure on some of the forecast items will 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 that there will be unappropriated expenditure for some forecast items, requiring separate ministerial approval.

To reduce the likelihood of unappropriated expenditure on forecast items, the cumulative appropriation for each forecast item in the 2007/2008 Supplementary Estimates included for the last three months of 2007/2008, a reasonable upper bound of the forecast range. In addition to this, the Ministry identified and sought approval under section 26B of the Public Finance Act for demand driven expenditure which were likely to exceed, but were within scope of the appropriations, the forecasts prepared for the 2007/2008 Supplementary Estimates.

Approval was received before 30 June 2008 from the Minister of Finance for the above relating to the demand driven BOUE and Capital Contribution to Other Persons or Organisations under section 26B of the Public Finance Act.

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 2007/2008.

Schedule of Non-Departmental Revenue

For the year ended 30 June 2008

ACTUAL 2007 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
17	Interest Revenue	32	33,012	33,000
(1,074)	Maintenance Capitalisation	175	(493)	(265)
–	Gain on Foreign Exchange	16,358	–	–
8,656	Student Loan – Administration Fee	8,567	9,360	8,636
45,273	Student Loan – Interest Unwind	46,076	47,228	50,219
52,872	Total Non-Departmental Revenue	71,208	89,107	91,590

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 2007/2008.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 110 and Notes 1 to 4 on pages 124 to 129 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2008

ACTUAL 2007 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
190,144	Benefit Recoveries – Current Debt	190,446	197,285	190,354
2,430	Benefit Recoveries – Liable Parent Contributions	2,414	2,050	2,380
75,853	Benefit Recoveries – Non-Current Debt	80,002	78,632	78,839
164	Community Services Card Recoveries	93	170	104
164,184	Overseas Pension Recoveries	147,843	175,294	151,630
68,929	Student Loans – Repayment of Principal	78,817	73,777	74,863
501,704	Total Non-Departmental Capital Receipts	499,615	527,208	498,170

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 2007/2008.

Schedule of Non-Departmental Assets

As at 30 June 2008

ACTUAL 2007 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
	CURRENT ASSETS:			
130,876	Cash and Cash Equivalents	143,805	118,615	130,876
1,012,709	Student Loans Advanced ⁶⁶	1,025,232	1,083,965	974,893
(430,956)	Provision for Doubtful Debts – Student Loans	(324,224)	(443,658)	(443,658)
145,079	Accounts Receivable – Benefits and Allowances	149,739	98,625	167,850
4,606	Prepayments – Benefits and Allowances	981	6,807	4,606
	NON-CURRENT ASSETS:			
659,346	Accounts Receivable – Benefits and Allowances	686,581	630,411	666,860
(449,413)	Provision for Doubtful Debts – Benefits and Allowances	(462,763)	(443,873)	(511,173)
240	Advances – Benefits and Allowances	203	–	204
–	Foreign Currency Forward Contract	12,062	–	–
1,072,487	Total Non-Departmental Assets	1,231,616	1,050,892	990,458

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 2007/2008.

⁶⁶ The Student Loan scheme is administered by the Ministry of Social Development in conjunction with the Ministry of Education and Inland Revenue Department. Our 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 Inland Revenue Department in March and April each year for collection.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 110 and Notes 1 to 4 on pages 124 to 129 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Liabilities

As at 30 June 2008

ACTUAL 2007 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000
	CURRENT LIABILITIES:			
226,950	Accruals – other than Government Departments	279,848	140,810	267,306
87,898	Tax Payable	101,431	78,240	87,898
709	Other Current Liabilities	658	709	709
1,300	Foreign Currency Forward Contract	–	–	1,300
316,857	Total Non-Departmental Liabilities	381,937	219,759	357,213

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 2007/2008.

Schedule of Non-Departmental Commitments

As at 30 June 2008

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	OPERATING COMMITMENTS	
98,086	Less than One Year	172,997
3,900	One to Two Years	60,871
–	Two to Five Years	4,777
–	More than Five Years	–
101,986	Total Operating Commitments	238,645

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 2007/2008.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 110 and Notes 1 to 4 on pages 124 to 129 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2008

Unquantifiable Contingent Liabilities

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

Quantifiable Contingent Liabilities

ACTUAL 2007 \$000		ACTUAL 2008 \$000
79,097	Quantifiable Contingent Liabilities	–
79,097	Total Contingent Liabilities	–

There are no quantifiable cases (2007: three cases) lodged against the Ministry that remain unresolved as at 30 June 2008.

Social Development – Claim for Judicial Review

Claim for Judicial Review of the Ministry's interpretation and application of Special Benefit Direction. A proceeding was to be brought representatively – on behalf of all applicants for Special Benefit from 12 December 2000 to date, who have been declined Special Benefit for reasons of 'no special or unusual circumstances'. This claim has now been resolved as at 30 June 2008 (\$79 million at 30 June 2007).

Contingent Assets

The Ministry on behalf of the Crown has no contingent assets (2007: 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 2007/2008.

Statement of Trust Monies

For the year ended 30 June 2008

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 2008 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2008 were as follows:

ACTUAL 2007 \$000		ACTUAL 2008 \$000
	AUSTRALIAN DEBT RECOVERIES:	
4	Balance at 1 July	4
49	Contributions	42
(49)	Distributions	(42)
–	– Revenue	–
–	– Expenditure	–
4	Balance at 30 June	4
	AUSTRALIAN EMBARGOED ARREARS:	
183	Balance at 1 July	191
1,931	Contributions	3,053
(1,923)	Distributions	(2,922)
–	– Revenue	–
–	– Expenditure	–
191	Balance at 30 June	322
	MAINTENANCE:	
123	Balance at 1 July	47
1,134	Contributions	999
(1,210)	Distributions	(997)
–	– Revenue	–
–	– Expenditure	–
47	Balance at 30 June	49
	NETHERLANDS DEBT:	
–	Balance at 1 July	1
55	Contributions	43
(54)	Distributions	(33)
–	– Revenue	–
–	– Expenditure	–
1	Balance at 30 June	11
243	Total Trust Monies	386

The Statement of Accounting Policies: Non-Departmental on pages 109 to 110 and Notes 1 to 4 on pages 124 to 129 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 that is payable.

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 to 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 2007/2008.

Notes to the Non-Departmental Financial Statements

For the year ended 30 June 2008

Note 1: Explanation of major variances against budget

Changes in Appropriations

The table below summarises the material changes in appropriation between the Main Estimates and the final Supplementary Estimates for the 2007/2008 financial year.

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000	VARIANCE 2008 \$000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Other Expenses to be Incurred by the Crown:				
Debt Write-Downs	596,115	631,372	35,257	The increase is due to: – an additional allowance was made for an expected increase in the impairment on Student Loans.
Capital Contributions to Other Persons or Organisations:				
Student Loans	1,268,406	1,216,238	(52,168)	The decrease is due to: – fewer loan borrowers than expected. The number of loan borrowers was anticipated to continue to rise in response to the interest-free policy introduced in 2006. The level of demand did not eventuate as predicted.
Benefits and Other Unrequited Expenses:				
Accommodation Supplement	908,605	892,094	(16,511)	The decrease is due to: – lower than expected number of recipients.
Childcare Assistance	130,240	154,932	24,692	The increase is due to: – a consequence of higher average subsidy per child and a higher number of children than anticipated receiving subsidised childcare following the introduction of 20 hours free Early Childhood Education.
Domestic Purposes Benefit	1,456,234	1,479,573	23,339	The increase is due to: – a slower than expected reduction in the number of recipients combined with an increase in the average payment rate (before indexation) has led to the increase.
Invalid's Benefit	1,201,420	1,216,701	15,281	The increase is due to: – changes in recipient numbers which is influenced by demographic trends in New Zealand.
New Zealand Superannuation	7,291,622	7,360,454	68,832	The increase is due to: – a higher than anticipated number of recipients offset by a lower average payment rate (before indexation). A decrease in the amount of overseas pension recoveries further contributed to the increase in appropriation.

Changes in Appropriations (continued)

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000	VARIANCE 2008 \$000	EXPLANATION
Sickness Benefit	607,636	581,357	(26,279)	The decrease is due to: – lower client numbers where previously an increase in numbers was forecast, partially due to better information supporting a transfer to Invalid's benefit.
Student Allowances	401,794	387,153	(14,641)	The decrease is due to: – lower number of recipients and a decrease in average payment rate (before indexation).
Training Incentive Allowance	43,761	29,698	(14,063)	The decrease is due to: – a transfer of funds to the Pathway to Partnership package.
Unemployment Benefit	497,339	456,694	(40,645)	The decrease is due to: – the number of recipients fell at a faster rate than forecast, more than offsetting higher average payment rates.

Changes in Actual Results and Supplementary Estimates

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

FIGURES ARE GST EXCLUSIVE	ACTUAL 2008 \$000	SUPPLEMENTARY ESTIMATES 2008 \$000	VARIANCE 2008 \$000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
<i>Other Expenses to be Incurred by the Crown:</i>				
Debt Write-Downs	441,494	631,372	189,878	The decrease is due to: – a better Student Loan revaluation result than expected.
Employment Assistance	67,322	85,468	18,146	The decrease is due to: – lower than anticipated participants on programmes.
<i>Capital Contributions to Other Persons or Organisations:</i>				
Student Loans	1,200,719	1,216,238	15,519	The decrease is due to: – a lower than expected number of Loan borrowers – a lower than expected average Loan size at universities.
<i>Benefits and Other Unrequited Expenses:</i>				
New Zealand Superannuation	7,348,172	7,360,454	12,282	The decrease is due to: – lower average payment and number of recipients than forecast \$12.984 million, offset in part by a refund to the United Kingdom of overpayments under the Special Banking Option (\$0.702 million).

Note 2: Explanation of Transition to NZ IFRS

Reconciliation of Assets and Liabilities

	NOTE	PREVIOUS NZ GAAP 1 JULY 2006 \$000	EFFECT ON TRANSITION TO NZ IFRS 1 JULY 2006 \$000	NZ IFRS 1 JULY 2006 \$000	PREVIOUS NZ GAAP 30 JUNE 2007 \$000	EFFECT ON TRANSITION TO NZ IFRS 30 JUNE 2007 \$000	NZ IFRS 30 JUNE 2007 \$000
TAXPAYERS' FUNDS							
General Funds	a, b	862,756	(22,771)	839,985	810,866	(55,236)	755,630
Total Taxpayers' Funds		862,756	(22,771)	839,985	810,866	(55,236)	755,630
ASSETS							
Current Assets							
Cash and Cash Equivalents		118,615	–	118,615	130,876	–	130,876
Accounts Receivable	a	190,985	(37,450)	153,535	172,426	(27,347)	145,079
Prepayments		6,807	–	6,807	4,606	–	4,606
Student Loan Advanced		591,525	–	591,525	581,753	–	581,753
Total Current Assets		907,932	(37,450)	870,482	889,661	(27,347)	862,314
Non-Current Assets							
Account Receivable	a	222,264	–	222,264	236,762	(26,589)	210,173
Student Loans Transferred to IRD		102	–	102	–	–	–
Student Loan Advanced		318	–	318	–	–	–
Derivative in Gain		–	14,679	14,679	–	–	–
Total Non-Current Asset		222,684	14,679	237,363	236,762	(26,589)	210,173
Total Assets		1,130,616	(22,771)	1,107,845	1,126,423	(53,936)	1,072,487
LIABILITIES							
Accounts Payable and Accruals		188,605	–	188,605	226,950	–	226,950
Tax Payable		78,240	–	78,240	87,898	–	87,898
Other		1,015	–	1,015	709	–	709
Derivative in Loss	b	–	–	–	–	1,300	1,300
Total Liabilities		267,860	–	267,860	315,557	1,300	316,857
Net Assets		862,756	(22,771)	839,985	810,866	(55,236)	755,630

a. Current and non-current receivables – provision for doubtful debts

NZ IFRS requires the Ministry to calculate the provision for doubtful debts on a more systematic way than previous NZ GAAP by taking the future credit events into account. The impact of this change has been an increase in the provision for doubtful debts.

b. Derivative financial instruments

Derivatives were not recognised in the statement of financial position under previous NZ GAAP. NZ IFRS requires derivatives to be recognised in the statement of financial position at their fair value.

Reconciliation of Income and Expenses

	NOTE	PREVIOUS NZ GAAP 30 JUNE 2007 \$000	EFFECT ON TRANSITION TO NZ IFRS 30 JUNE 2007 \$000	NZ IFRS 30 JUNE 2007 \$000
INCOME				
Interest Income		45,290	–	45,290
Student Loan Administration Fee		8,656	–	8,656
Other Revenue		(1,074)	–	(1,074)
Total income		52,872	–	52,872
EXPENDITURE				
Social Assistance Benefit		13,120,167	–	13,120,167
Other Operating Expenses		324,661	–	324,661
Change in Debt Provisions	a	515,846	16,485	532,331
GST		39,162	–	39,162
Foreign Exchange Losses		48	–	48
Loss on Derivative	b	–	15,978	15,978
Total Expenditure		13,999,884	32,463	14,032,347
Net Surplus/(Deficit)		(13,947,012)	(32,463)	(13,979,475)

a. Change in Debt Provisions – Social Benefit Receivables

This represents the change in measurement basis of the provision for doubtful debts on transition to NZ IFRS, which has impacted on the movement in the provision for doubtful debts recognised in the statement of financial performance by \$16.485 million.

b. Derivative Financial Instruments

This represents fair value movements associated with forward exchange contracts, which are required to be recognised in the statement of financial performance. Under previous NZ GAAP unrecognised gains and losses on forward foreign exchange contracts were deferred off balance sheet.

Note 3: Student Loan Advances

Student Loans are stated at the carrying value as determined under NZ IFRS IAS 39 under the loans and receivables category. Independent advice was sought to assist with the determination of the carrying value of the Student Loan portfolio under NZ IFRS requirements.

Carrying Value of Student Loans as at 30 June 2008

ACTUAL 2007 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2008 \$000
VOTE SOCIAL DEVELOPMENT		
591,525	Student Loans Opening Balance	581,753
1,175,928	New Borrowing	1,200,719
–	Student Loans Transferred to Benefit Debt	(211)
8,656	Student Loan Administration Fees	8,567
(487,547)	Fair Value Write Down on New Lending	(486,738)
(68,929)	Student Loan Debt Repayments	(78,817)
45,273	Effective Interest Unwind	46,076
–	Impairment	93,660
(683,153)	Student Loans Transferred to IRD for Collection	(664,001)
581,753	Carry Value Student Loans	701,008

The fair value of the Student Loans as at 30 June 2008 was \$574.9 million.

Fair value is the amount for which the loan book could be exchanged between knowledgeable, willing parties in an arms length transaction. 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 2008 has been determined to be approximately \$574.9 million (\$545.4 million at 30 June 2007).

Fair values will differ from carrying values due to changes in market interest rates, as the carrying value is not adjusted for such changes. They will also differ in the treatment of credit losses, as carrying values adjust for credit losses that have been incurred while fair values capture adjustments for expected future credit losses. The difference between fair value and carrying value does not represent an impairment of the asset.

The fair value calculated is sensitive to the underlying assumptions. For example a 1 per cent increase in the discount rate would decrease fair value by approximately \$35.0 million, whereas a 1 per cent decrease in the discount rate would increase fair value by approximately \$39.0 million.

Since Student Loans are transferred to the IRD for collection each year, interest risk and credit risk does not apply for the Ministry. IRD comment on the interest risk and credit risk that applies to the Crown for Student Loans overall and the same comments hold true for the Ministry portion of Student Loans.

Note 4: Accounts Receivables – Benefits and Allowances

The debtor portfolio held by the Ministry primarily relates to benefit overpayments, advances on benefits and recoverable special needs grants. Interest is not charged on benefit debt and recovery is restricted to prevent hardship since it is counter-productive for the Crown to cause a return to benefit from paid employment, or encourage prolonged receipt of benefit, due to the adoption of unduly vigorous debt collection practices.

The carrying value and fair value are the same for Benefit debt. Since there is no market comparison the fair value is determined by discounting the expected future cash flows by an appropriate interest rate at year-end. The average year-end interest rate used was 8.16 per cent (7.96 per cent last year).

The fair value of the portfolio as at 30 June 2008 is \$374 million (\$355 million at 30 June 2007).

Social Benefit Receivable as at 30 June 2008

ACTUAL 2007 \$000		ACTUAL 2008 \$000
804,425	Gross Social Benefit Receivables	836,320
(449,413)	Impairment of Social Benefit Receivables	(462,763)
355,012	Net Social Benefit Receivables	373,557

Impairment is calculated on a collective, not an individual basis. There was a net movement in impairment losses of \$0.013 million during the year.

The fair value is sensitive to the discount rate and the expected future cash flows. A 1 per cent increase in the discount rate would decrease fair value by approximately \$12.2 million, whereas a 1 per cent decrease in the discount rate would increase fair value by approximately \$13.5 million. Since there are no contractual repayment terms, future cash flows assume existing cash flow receipts will continue but are adjusted for likely negative future events such as mortality.

Interest rate risk is the risk that the fair value will fluctuate due to changes in interest rates. The average year-end interest rate discount used to determine the fair value has increased by 0.2 per cent from 30 June 2007 to 30 June 2008.

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 deduction from benefit and superannuation payments, provided hardship is not caused.

Appendix A

Fees and expenses paid to members of statutory and other bodies serviced by the Ministry of Social Development to 30 June 2008

Benefit Review Committees

Number of members:

Each panel 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. There were 79 community representatives spread throughout the 11 Work and Income regions.

(2006/2007: 87 community representatives)

Nature of work:

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 they are correct and fair decisions with regard to procedure and law.

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

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2008: \$146,025.

(2006/2007: \$112,047)

Number of reviews for the period 1 July 2007 to 30 June 2008:

There were 3,856 Review of Decisions lodged for the year ending 30 June 2008. Of these, 1,172 were scheduled to go to a Benefit Review Committee. There were 655 Benefit Review Committee hearings held in this period.

(2006/2007: 4,635 Review of Decisions lodged. Of these 1,536 were scheduled to go to a Benefit Review Committee. A total of 816 Benefit Review Committee hearings were held)

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 the local community 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 panel members varies from location to location, with an average of eight members per panel.

(2006/2007: 65⁶⁷ panels nationally)

Nature of work:

Care and Protection Resource Panels are 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 the Police who are intervening in cases of alleged abuse and neglect of children and young people.

Fees and expenses paid:

The total amount of fees and expenses paid to 30 June 2008: \$389,785.

(2006/2007: \$462,444)

Number of consultations held for the period 1 July 2007 to 30 June 2008:

Each Care and Protection Resource Panel is required to produce an annual report on their activities. These reports are not due until the end of September each year. Accordingly, information about the panels' composition and operation for 1 July 2007 to 30 June 2008 is not yet available.

Panels meet at varying frequencies, largely driven by the number of cases requiring consultation. Most panels meet fortnightly. The number of consultations varies, due to the size of the site for which the panel is consulting and the demographic makeup of the area.

(2006/2007: The average number of consultations per panel was 16 consultations a fortnight)

⁶⁷ The 2006/2007 Annual Report incorrectly reported the number of panels as 56.

Child, Youth and Family Residence Grievance Panels⁶⁸

Number of members:

There are eight Grievance Panels nationally and each panel has three members. Seven of the panels are appointed to residences directly managed by Child, Youth and Family. The eighth panel is appointed to Te Poutama Arahi Rangatahi, the sexual abusers residential programme (Christchurch). This programme is delivered and managed by Barnardos under contract to Child, Youth and Family.

Nature of work:

Grievance Panels are the statutory bodies appointed to independently monitor and investigate grievances lodged by children and young people placed in residences established under section 364 of the Children, Young Persons, and Their Families Act 1989. Their functions and duties are listed under regulation 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 2008: \$24,183.

Number of reviews for the period 1 July 2007 to 30 June 2008:

Fourteen formal reviews/investigations were conducted in relation to complaints lodged by young persons in residence. In addition panel members visit the residences a minimum of once a month to monitor and provide information to staff and young people.

Committee for the Study of the New Zealand Non-Profit Sector

Number of members:

Nine members.

(2006/2007: Nine members)

Nature of work:

The committee oversees the New Zealand input to the Johns Hopkins University international comparative study of the non-profit sector, and provides advice to Statistics New Zealand on the development of the non-profit sector satellite account.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2008: \$16,623.

(2006/2007: \$32,575)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Three meetings were held for the year ended 30 June 2008. **(2006/2007: Four meetings)**

Disability Advisory Council

Number of members:

Thirteen members.

(2006/2007: Thirteen members)

Nature of work:

The Council brings together the different perspectives of disabled people and family carers, and provides advice to the Office for Disability Issues. Council meetings are also opportunities to provide a disability perspective 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 2008: \$48,537.

(2006/2007: \$74,093)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Three meetings were held for the year ending 30 June 2008. **(2006/2007: Four meetings)**

Family Services National Advisory Council⁶⁹

Number of members:

Twenty-seven attendees (16 non-government organisations, 11 government representatives).

(2006/2007: Twenty-seven attendees (16 non-government organisations, 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 2008: \$19,667.

(2006/2007: \$35,835)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Six meetings were held for the year ended 30 June 2008. **(2006/2007: Six meetings)**

68 This is the first time this information has been included in the Annual Report.

69 This was recorded in the 2006/2007 Annual Report as the Family Services National Advisory Committee.

Internal Audit Review Committee

Number of members:

Three external members.

(2006/2007: Three external members)

Nature of work:

The Committee is an advisory body, established by the Chief Executive to be an effective governance mechanism providing independent advice on the Ministry's systems of internal control and risk management framework.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2008: \$48,150.

(2006/2007: \$44,579)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Four meetings were held for the year ended 30 June 2008.

(2006/2007: Four meetings)

Māori Reference Group

Number of members:

Fifteen members.⁷⁰

(2006/2007: Seventeen members)

Nature of work:

The Māori Reference Group was established to provide advice to the Taskforce for Action on Family Violence. The group met for the first time in October 2006.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2008: \$61,693.

(2006/2007: \$73,775)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Eight one-day meetings and one two-day meeting, for the E Tu – Taking Action Whānau Summit 3-4 April 2008, were held for year ended 30 June 2008.

(2006/2007: Three two-day meetings and one full-day meeting)

Medical Appeal Board

Number of members:

Each board is made up of three members appointed by the Chief Executive for the 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. There are 310 designated doctors available to be called up for medical appeal work.

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, 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 2008: \$91,555.

(2006/2007: \$135,597)

Number of reviews/meetings for the period 1 July 2007 to 30 June 2008:

Ninety-one hearings were held to consider 120 medical appeal cases during the year ending 30 June 2008.

(2006/2007: 201 hearings were held)

Ministerial Advisory Council for Senior Citizens

Number of members:

Five members.

(2006/2007: Five members)

Nature of work:

The Advisory Council acts in an advisory capacity to the Minister for Senior Citizens on matters concerning the wellbeing of senior citizens.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2008: \$18,019.

(2006/2007: \$15,794)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Six meetings were held for the year ended 30 June 2008.

(2006/2007: Six meetings)

⁷⁰ Membership was reduced following the resignation of two members.

Pacific Advisory Group to Family and Community Services

Number of members:

Eight members.⁷¹

(2006/2007: Ten members)

Nature of work:

The Pacific Advisory Group provides strategic advice on the implementation of Family and Community Services (FACS) policies, services and initiatives that will have an impact on Pacific peoples in New Zealand.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2008: \$29,701.

(2006/2007: \$34,362)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Six one-day meetings were held for the year ended 30 June 2008.

(2006/2007: Six one-day meetings)

Social Policy Evaluation and Research Committee⁷²

Number of members:

Independent chairperson and representatives from 17⁷³ member agencies.

(2006/2007: Independent chairperson and representatives from 19 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 group is made up of an independent chairperson and representatives from 17 agencies. 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 November 2001.

Fees and expenses paid:

Total amount of fees and expenses (independent chairperson only) paid to 30 June 2008: \$7,100.

(2006/2007: \$16,842)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Three full committee meetings, three major events and seven associated subcommittee meetings were held for the year ended 30 June 2008.

(2006/2007: Six meetings)

Strategic Policy Reference Group

Number of members:

Eight members.

(2006/2007: Nine members)

Nature of work:

The Strategic Policy Reference Group provides advice to the Ministry and the Government on middle- to long-term policy issues.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2008: \$15,099.

(2006/2007: \$23,491)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Seven meetings for the year ended 30 June 2008.

(2006/2007: Five⁷⁴ meetings)

Taskforce for Action on Violence Within Families

Number of members:

Eight government departments, three independent Crown entities, two members of the judiciary, and seven non-government organisations.

(2006/2007: Thirteen government organisations and five non-government organisations)

Nature of work:

The Taskforce for Action on Violence within Families was established in June 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 2008: \$45,120.

(2006/2007: \$51,062)

Number of meetings held for the period 1 July 2007 to 30 June 2008:

Six meetings were held for the year ended 30 June 2008.

(2006/2007: Seven meetings)

71 Membership was reduced following the resignation of two members.

72 The committee's name was incorrectly reported as the Strategic Policy Evaluation and Research Committee in the 2006/2007 Annual Report.

73 The number of member agencies in the 2006/2007 Annual Report counted Child, Youth and Family and the Ministry of Youth Development as separate agencies. For 2007/2008 these have been included as part of the Ministry's membership.

74 This figure was incorrectly recorded as one meeting in the 2006/2007 Annual Report.

Appendix B

Improving outcomes for disadvantaged groups

To achieve the Ministry's outcome of an inclusive New Zealand where all people are able to participate in the social and economic life of their communities, special efforts are required for disadvantaged groups, including Māori, Pacific peoples, refugees and migrants, families with low incomes, youth, and disabled people. Some significant initiatives during 2007/2008 included:

Children and Young People		
Initiative	Purpose	Activity in 2007/2008
Pacific Strategy, the Pacific Responsiveness Plan	Child, Youth and Family's Pacific Strategy, the Pacific Responsiveness Plan, places particular emphasis on improving the capacity and capability of Pacific social service providers. Achieving permanency for Pacific children has been a focus for the work of the Pacific team this current year.	<ul style="list-style-type: none"> Continuation of the Pacific Provider Development Fund, which builds the capacity and capability of the Pacific social services workforce. Pacific Providers completed the first two years of their provider development plans. There have been notable successes for the Pacific Providers including a number of Providers gaining CYF approval status. Interagency collaboration on the work on Early Intervention led by the Ministry of Justice, through the Pacific Programme of Action continues. The Pacific Kids In Care project being implemented across three Auckland sites. A review of the Pacific Responsiveness Plan.
The Māori Action Plan	The Māori Action Plan (MAP) supports the implementation of Child, Youth and Family's Leading for Outcomes strategy (2007-2010). The MAP will make a significant contribution in improving outcomes for Māori clients and improving the quality of Child, Youth and Family services. Figures showed that 44 per cent of all children and young people known to Child, Youth and Family are Māori.	Child, Youth and Family has also continued to strengthen its capability to achieve more successful outcomes for Māori. There are currently 343 Māori social workers, which includes senior practitioners and supervisors. More than 55 per cent have either a relevant undergraduate degree or social work diploma. Nineteen per cent of managers in Child, Youth and Family identify as Māori and their placement in the organisation is in areas where there are high numbers of Māori engaged with Child, Youth and Family.
Growing up in New Zealand (Longitudinal study of children and families)	The 25-year study, Growing up in New Zealand, aims to capture several dimensions of child wellbeing, including the environments in which the selected children are raised and will follow the child and their family over time. Longitudinal studies that track key issues throughout the lifetime of a sample group are a rich source of information on the factors influencing outcomes for children.	A new longitudinal study of children and families, known as Growing Up in New Zealand, was launched by the Hon Ruth Dyson at the University of Auckland on 4 April 2008. Over 2007/2008 the Ministry worked hard to secure funding directly from government, as well as contributions and support from multiple government agencies to fund the proposed study. We secured sufficient funding to reach an agreement with the research consortium led by the University of Auckland that was selected to undertake the study.

Working Age People		
Initiative	Purpose	Activity in 2007/2008
Pacific Wave	<p>A significant proportion of Pacific peoples receiving an unemployment-related benefit live in the Auckland region.</p> <p>The Pacific Wave strategy, implemented in June 2003, is centred around the principle that by increasing employment, job retention, earnings, and occupational skills of Pacific peoples, welfare dependency will reduce and improve the economic wellbeing of Pacific peoples.</p>	<p>As at 30 June 2008, there were 935 Pacific peoples receiving an unemployment-related benefit in Auckland. This is a reduction of 15.9 per cent or 177 clients over the 2007/2008 year.</p> <p>The Pacific Wave Unit was actively involved in supporting the region to reduce the number of Pacific peoples receiving an unemployment-related benefit.</p> <p>Activity included:</p> <ul style="list-style-type: none"> • working with specific service centres and engaging with them at Job Search Seminars with the purpose of transitioning clients into employment • working with training providers to ensure employment outcomes are achieved • working closely with low-decile secondary schools • working with Career Services to facilitate Fono and So'o for Pacific students • providing support at Working for Families promotions and Pacific focused public events • providing advice and support to young parents at the Tangaroa College Teen Pregnancy Unit.
Industry Partnerships/ seasonal labour strategy	<p>Industry Partnerships are an effective way of addressing skill and labour shortages. Industry Partnerships provide a key pathway for clients disadvantaged in the labour market to gain industry-endorsed training, specific industry skills and access to sustainable employment aligned with their career aspirations.</p>	<p>While there is currently no specific ethnicity focus, the uptake of Industry Partnerships programmes by clients identifying as Māori and Pacific peoples is significant.</p> <p>In 2007/2008, 40.1 per cent of clients assisted through national Industry Partnerships were Māori. Māori also made up the highest proportion of assisted clients by ethnicity. Pacific peoples made up 14.1 per cent of all clients assisted. Youth clients (aged 16-24 years) made up 42.5 per cent of total clients assisted, significantly more than any other age group.</p> <p>National Industry Partnerships assisted more clients from non-unemployment-related benefits than expected. In 2007/2008, 28.9 per cent of clients assisted were receiving a Domestic Purposes Benefit, Sickness Benefit or Invalid's Benefit.</p>
Evaluating the Working for Families package	<p>In 2004, the Government introduced the Working for Families (WFF) package, to make it financially easier to work and raise a family.</p> <p>The purpose of the evaluation is to measure the impact of WFF, to support service development and help us monitor and understand its implementation and the outcomes achieved.</p>	<p>The Working for Families (WFF) 2007 synthesis report was completed, containing findings from the evaluation based on data for the tax year ending 31 March 2007. Some highlights of the report included:</p> <ul style="list-style-type: none"> • More than 370,000 families received a tax credit for the March 2007 tax year, in line with the estimate of 360,000 families receiving WFF Tax Credits by the end of the March 2008 tax year. Numbers are expected to grow by up to another 10,000, as end of year WFF Tax Credit assessments are processed and paid. • The proportion of eligible families receiving their WFF Tax Credits has been estimated at 95-97 per cent for the tax year ending March 2006. <p>A similar level is expected for the tax year ending March 2007.</p> <p>The report also covered:</p> <ul style="list-style-type: none"> • the income distribution of those families • how families spend WFF money • the impact of WFF on housing affordability. <p>Analysis of the impact of WFF on income and employment has begun, in association with the Policy Studies Institute, United Kingdom. This work assesses the degree to which the package improves employment-related outcomes for adults from low- to middle-income families with dependent children.</p>

Working Age People

Initiative	Purpose	Activity in 2007/2008
Evaluation of Working New Zealand	Announced in October 2006, Working New Zealand is about providing intensive employment support to every New Zealander who is receiving a benefit and is able to work, through ongoing reform of the benefit system. The first phase of the programme focuses on improving support and services to help people participate or prepare for a return to work. A comprehensive evaluation of the reforms was planned, to ensure that they are implemented successfully, and to attempt to measure, to the extent possible, the effect of the changes.	We completed the first Working New Zealand: Work Focused Support evaluation briefing to joint Ministers in the first quarter of the year. The briefing summarised the operation and achievements of the Working New Zealand suite of changes, to date. The evaluation of Working New Zealand Phase One has shown it has delivered a range of policy, legislation and service delivery changes to significantly move the focus of working age support and services from main benefit types to individual circumstances. The second Working New Zealand: Work-Focused Support evaluation briefing was sent to Ministers in June 2008, highlighting the estimates of the impacts of the Job Search Service (JSS). From September 2006 to December 2007, the introduction of the JSS has resulted in around 1,100 (+/- 300) fewer clients coming onto an unemployment-related benefit per month, and clients spending fewer days receiving a benefit (two to four on average over the first 13 weeks).

Older People

Initiative	Purpose	Activity in 2007/2008
Elder abuse, neglect and prevention services	Family and Community Services funds providers to operate elder abuse and neglect prevention services throughout the country.	Provided funding to 24 social services providers that give advice and education on elder abuse and neglect prevention. Allocated \$89,000 to 19 of these providers from a funding pool developed to help these NGOs when they are facing additional costs.

Families, Whānau, Communities, Hapū and Iwi

Initiative	Purpose	Activity in 2007/2008
Settling In: Refugee and Migrant Social Services	This initiative provides community-based assistance that will enable refugee and migrant groups to access and develop their own social services needs to meet their community's needs. It operates in Auckland, Hamilton, Wellington, Napier, Nelson, Marlborough and Christchurch.	During 2007/2008 inter-sectoral work was undertaken with central and local government, NGOs, refugee and migrant communities and host communities to address the needs in these regions. Some examples include: <ul style="list-style-type: none"> • A Muslim Women's Network was formed in Auckland. Members include women from Fiji, Egypt, Afghanistan, Somalia, Iraq, India, Eritria, Ethiopia and South Africa. • Settling In and the Waikato Migrant Resource Settlement Support are working toward the establishment of a new settler network in Hamilton. • In Hawkes Bay, community networks have been established with the formation of a Diversity Council for the purpose of enabling participating groups to provide more cohesive voices for migrants and refugees. • The Nelson Health Sector Group is developing a health DVD for the Chin community with Settling In providing funding and networking support. The Myanmar refugee community has grown to approximately 250 individuals, and having resources available is essential. • Volunteer Wellington has been funded by Settling In to promote and inform new migrants and refugees about the benefits of volunteering with community agencies. • In Christchurch, a Newcomers Network has been established in Rolleston with the support of the Selwyn District Council and Settling In.

Families, Whānau, Communities, Hapū and Iwi		
Initiative	Purpose	Activity in 2007/2008
Family Start Study Awards NGO Study Awards	<p>These two sets of study awards offer financial assistance to:</p> <ul style="list-style-type: none"> employees of non-government organisations to study towards a degree-level qualification (or equivalent) in social work Family Start employees to study towards a tertiary qualification in social work, health or early childhood education. 	<p>2008 NGO award recipients identified with the following ethnic groups:</p> <ul style="list-style-type: none"> 49 per cent Māori 13 per cent Pacific 5 per cent 'other' or 'unspecified' – ethnicities in the "other" category include Asian, Afghani, African, Swiss, Australian and British the remaining 32 per cent comprised New Zealand European/Pakeha.
Whānau Violence Prevention Best Practice project	<p>This initiative involves the facilitation and training of up to 60 Māori practitioners in the Mauri Ora model, which is a unique whānau-orientated family violence prevention framework.</p>	<p>Facilitated and trained over 70 Māori practitioners in the Mauri Ora model.</p> <ul style="list-style-type: none"> Training was delivered in Taranaki, Tamaki Makaurau (2) Taumaranui, Manawatu and the South Island. These sites generated further demand for training, particularly in Tamaki Makaurau which resulted in an application list of approximately 60 people in this district alone. April intake for supervision training for Mauri Ora practitioners had an acceptance list of 60 participants.
Māori Reference Group (MRG), Advisors to the Taskforce for Action on Violence within Families (Taskforce)	<p>The MRG will provide a reference point and strategic advice to the Ministry on policy implementation, on services and initiatives that have an impact on Māori in New Zealand on family violence and kaupapa Māori and will develop a Māori Programme of Action (MPOA) focused on the elimination of violence within whānau.</p>	<p>A Whānau Summit was organised aimed at key Māori leaders for Iwi and government/non government organisations. The Summit was extremely successful and provided the MRG with a blueprint for Regional Hui. The Regional Hui was aimed at local leaders, practitioners, and key stakeholders who received feedback on the Summit.</p> <p>As a result of the Summit, iwi leaders from Ngai Tahu and Tainui took the message to their Iwi Leaders forum which resulted in 18 iwi leaders supporting the kaupapa. The Regional Hui gave their support and ideas as well, all of which fed into the MRG's MPOA.</p> <p>The MRG's MPOA was presented to the Taskforce in August. The Taskforce gave its approval to the actions contained in the MPOA.</p>
SKIP	<p>Strategies With Kids, Information For Parents (SKIP) supports parents to have loving and healthy relationships with their children. It is aimed at parents and caregivers of children aged from birth to five years.</p> <p>There are three strands of work within the SKIP programme and these are:</p> <ul style="list-style-type: none"> The Local Initiatives Fund: through this fund, community initiatives that promote positive parenting are supported. Resource development: SKIP resources are developed for providers, local level promotional activities and for parents and caregivers seeking advice and information on positive parenting. Partnerships: building partnerships with national organisations to promote common positive parenting goals. 	<p>During the 2007 Local Initiatives funding round, 112 applications were received nationwide. Ten applications came from Pacific organisations, and 10 came from Māori organisations. There were 42 successful applications, of which 10 (or 23.8 per cent) were Pacific organisations, nine (or 21.4 percent) were Māori organisations and four ethnic organisations (or 9.5 percent) were successful. Over a million dollars was allocated to these 17 projects.</p> <p>New SKIP resources developed during the year include a version of the baby's room wall frieze translated into Samoan and a variety of fridge magnets and badges containing positive parenting messages in eight Pacific languages.</p> <p>A national fono was held for Tongan Local Initiatives Fund providers and leading Tongan academics, to discuss parenting, past, present and future, and plan future work for Tongan groups.</p>

Families, Whānau, Communities, Hapū and Iwi

Initiative	Purpose	Activity in 2007/2008
Connecting Diverse Communities	<p>Connecting Diverse Communities is an interdepartmental work programme led by the Ministry and the Office for Ethnic Affairs. It aims to strengthen relations between diverse ethnic, cultural and religious groups and improve social cohesion in New Zealand. The programme covers five areas:</p> <ul style="list-style-type: none"> strengthening intercultural relations addressing discrimination and promoting respect improving connections with cultural identity capacity building and community development building the knowledge base. 	<p>During 2007/2008 officials conducted a public engagement process to identify:</p> <ul style="list-style-type: none"> the role central government and others can play to strengthen people's identity and sense of belonging in New Zealand how well people are connecting across diverse communities and what the barriers are successful community initiatives and good practice in connecting diverse communities across the range of communities the factors people think contribute to a socially cohesive society in New Zealand. <p>The engagement process consisted of two parts:</p> <ul style="list-style-type: none"> a series of community meetings hosted by the Ministry and the Office of Ethnic Affairs with people from ethnic communities, Pacific, Māori, and Pākehā communities, including migrant and refugee communities specific feedback from local government, non-government organisations and settlement service providers across the country via a mail-out questionnaire. <p>A report summarising the common themes of the public meetings and the responses to the mail-out questionnaire will be published in 2008.</p>

Leading Social Development

Initiative	Purpose	Activity in 2007/2008
The Social Report	<p>The Social Report uses a set of statistical indicators to monitor trends across 10 'domains', or areas of people's lives. Together these domains provide a picture of wellbeing and quality of life in New Zealand.</p> <p>The social report has four key aims. These are to:</p> <ul style="list-style-type: none"> provide and monitor over time measures of wellbeing and quality of life that complement existing economic and environmental indicators compare New Zealand with other countries on measures of wellbeing provide greater transparency in government and contribute to better informed public debate help identify key issues and areas where we need to take action, which can in turn help with planning and decision-making. 	<p>The Social Report 2007 was released in October 2007 and is the sixth in the annual series.</p> <p>The report enables us to examine the current level of wellbeing in New Zealand, how this has changed over time, and how different groups in the population are faring. It helps us to identify adverse trends in social outcomes at an early stage.</p> <p>This in turns helps us identify where services or further research is needed, or where our interventions have had an impact.</p> <p>The regional indicators report is published in conjunction with the social report, and uses similar data at a regional and local level to show how outcomes vary across the country. It is intended to support regional and local councils with decision making. Councils can assess their progress over time and compare themselves with other regions.</p> <p>Regional data is provided for the 10 social report domains covered in the main social report. The regional indicators website monitors outcomes across 23 indicators at a regional council level and 19 indicators at a territorial authority level. The release of 2006 Census data has meant the majority of regional indicators have been updated in the 2007 report.</p> <p>The Social Report 2008 is being finalised.</p>

Leading Social Development		
Initiative	Purpose	Activity in 2007/2008
New Zealand Disability Strategy	<p>The New Zealand Disability Strategy has a vision of a society that highly values the lives of, and continually enhances the full participation of disabled people. It provides an enduring framework to ensure that government departments and agencies consider disabled people before making decisions.</p> <p>By implementing the Strategy, New Zealand will become a more inclusive society, eliminating the barriers to people with disabilities participating in and contributing to society.</p>	<p>The Office for Disability Issues is collating the 2007/2008 Annual Report. It is due to be published in October 2008. This document sets out achievements by government agencies in relation to the New Zealand Disability Strategy over the last 12 months and their implementation plans for the next 12 months.</p>
New Zealand Positive Ageing Strategy	<p>The aim of the New Zealand Positive Ageing Strategy is to improve opportunities for older people to participate in the community in the ways that they choose. This will be achieved through identifying barriers to participation and working with all sectors to develop actions to address these, while balancing the needs of older people with the needs of younger and future generations.</p> <p>The New Zealand Positive Ageing Strategy provides a framework within which all policy with implications for older people can be commonly understood and developed. The framework incorporates broad principles that will guide the development of policies and services from a wide range of government agencies. It also identifies key areas that contribute to positive ageing.</p>	<p>The Office for Senior Citizens oversees the implementation of the New Zealand Positive Ageing Strategy. In 2007 the Office published the 2006/2007 New Zealand Positive Ageing Strategy Annual Report and the 2007/2008 Action Plan. It is currently collating activities undertaken by government agencies and 31 local councils for the 2007/2008 Annual Report. Concurrently, the Office is collating significant work items from government agencies and 36 local councils that they plan to undertake in the 2008 to 2010 period.</p> <p>The New Zealand Positive Ageing Strategy summaries are also available in the following languages:</p> <ul style="list-style-type: none"> • Māori • Cook Island Māori • Fijian • Niuean • Samoan • Tokelauan • Tongan • Chinese.

Notes



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