



MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

LEADING SOCIAL DEVELOPMENT //
ANNUAL REPORT // 2004/2005

OUR VISION

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

OUR PURPOSE

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

OUR VALUES

People

Our clients are our number one priority, our people are our number one asset.

Performance

We deliver evidence-based policy solutions and business results.

Professionalism

We aim to be leaders in our fields. We work together to put the interests of our clients and the organisation first. We each own what we all do.

Partnerships

We partner with stakeholders, business and communities.

Public Service

We commit to serve the people of New Zealand with honesty and integrity. We are accountable for what we do.



LEADING SOCIAL DEVELOPMENT//
MINISTRY OF SOCIAL DEVELOPMENT ANNUAL REPORT 2004/2005

The Annual Report of the Ministry of Social Development for the year ended 30 June 2005
Presented to the House of Representatives
Pursuant to Section 39 of the Public Finance Act 1989 (as that section existed before the
Public Finance Amendment Act 2004 came into force)

Chief Executive's Foreword

This Annual Report is the fourth the Ministry of Social Development has produced since it was established in 2001.



Peter Hughes
Chief Executive

Social development is about investing in people. It is about creating the social conditions that are good for wellbeing, and for economic development. Education, employment, good health and housing, safety, and social connectedness are all important in themselves – and they are vital for a country that aims to be a strong competitor in the global economy.

The Annual Report provides another chapter in the story of our work towards improving social outcomes for all New Zealanders.

Reporting to New Zealanders

While there are clear differences between the public and private sectors, we see every New Zealander as a stakeholder in the Ministry of Social Development.

We need to show New Zealanders, that we have used our funding wisely. We need to show how each of our achievements fits into the bigger picture of social development. We need to clearly demonstrate how our work leads to a stronger society and a stronger economy.

We also need to be open about the challenges we face, and how we plan to meet them. This includes the challenge of trying new and creative ways of doing things, while still making careful use of the taxpayers' dollars.

The *Annual Report* for 2004/2005, then, is presented very much as a report to our stakeholders. It highlights our achievements in:

- leading social development on critical issues across the social sector at the national, regional and local levels
- protecting children from the negative effects of hardship, violence, abuse and neglect
- supporting families and communities to be healthy, strong, safe and resourceful
- supporting people to move into sustainable work, and to take part in training and education
- helping older people to live active, independent lives in the community
- ensuring people who require income support get their full and correct entitlements
- providing the research and evaluation that are essential for well-planned, successful social development.

These goals remain as appropriate today as when the Ministry was established in 2001. What has evolved each year is the scope and innovation of our work, and our growing focus on outcomes.

Focusing on outcomes means that the services we provide are a means to an end, not an end in themselves. Each activity we undertake must contribute to better outcomes for the individuals, families and communities involved. At the same time, what we do must be done efficiently, accurately and in a timely manner.

In order to accomplish this, we are structured for performance and we manage for outcomes. The highlights of our work this year show how we have achieved this.



The sky's the limit for young roofing contractor Francis Munroe after completing a two-year modern apprenticeship. Francis, 22, was unemployed for 12 months before joining Metalcraft Whangarei (pictured) where with the help of a supportive employer he completed his training and set up as a contractor.

Leading social development

In order to achieve better social outcomes for all New Zealanders, we need to know where we are now.



In 2004/2005 we prepared the fourth edition of the annual *Social Report*, a comprehensive report on social wellbeing in New Zealand, which was published in July 2005. We think of the *Social Report* as a “report card” on how New Zealand is doing. This year’s *Social Report* had a high public and media profile, showing the continuing strong interest in how we are doing as a society.

In December 2004, the government launched *Opportunity for All New Zealanders*, its high-level summary of social strategies. The Ministry led the development of *Opportunity for All New Zealanders*, drawing together the strategies of more than 30 government agencies. *Opportunity for All New Zealanders* is strongly based on information in the *Social Report*, particularly for the five critical social issues that agencies will focus on over the next three to five years. Linking our social “reporting and response” in this way is a big step forward.

Leading regional social development has been a growing area of work for the Ministry. During 2004/2005, we expanded the role of the Work and Income Regional Commissioners. Now called Regional Commissioners for Social Development, they work closely with local authorities and community agencies to support local social and economic development.

Regional projects range from local business development to community programmes that support strong families and positive parenting. From 2006/2007, we will produce regional social development plans that draw together all this activity.

Supporting families and communities

A lot of the Ministry's work in 2004/2005 focused on strengthening and supporting families and communities. A centrepiece was the development of an Early Intervention programme for parents and families.

Intervening early in the life of a child and early in the life of the problem helps prevent problems from escalating, and can avoid problems later in life. Early Intervention is an intersectoral programme that is intended to provide universal services for all families and targeted services for families at risk. The aim is to make sure that no child or family slips through the cracks.

In 2004/2005, the Early Intervention package included an expansion of Family Start, and the development of new programmes, such as parenting services based in Early Childhood Education Centres. Continuing to implement and evaluate this programme will be a priority in coming years.

The Ministry's new Family and Community Services service line was established in July 2004. Family and Community Services develops, funds and co-ordinates community-based services that strengthen and support families and communities. Its responsibility is to ensure community organisations get the support they need to deliver good services, and to ensure the services themselves are leading to good outcomes for families. Family and Community Services' work in 2004/2005 included:

- launching the SKIP (Strategies with Kids – Information for Parents) positive parenting programme
- developing a web-based National Services Directory to help families find support services in their communities
- launching 20 Local Services Mapping exercises, identifying all the government and community services in a region so they can achieve better coverage and co-ordination
- establishing a 211 Family Helpline pilot in the Bay of Plenty region.



Brenda Ferguson (left) is one of the Auckland region's childcare co-ordinators. Brenda visits childcare centres to provide advice on the *Working for Families* childcare subsidies.



Increasing work participation and reducing hardship

Paid work is a cornerstone of economic and social development. In 2004/2005, our frontline staff drove some exciting developments in employment services.



Suzanne O'Neill is helping herself to become independent of a benefit by studying to become a teacher while working part-time.



Brian Bain has found full-time work after being unemployed for 14 years. Brian was assisted into his job by his Work and Income work broker.

Taking a lead from the frontline means we gain from the knowledge and experience of the people who work directly with our clients every day.

Proactive, work-focused programmes build on the opportunities provided by a strong economy. They enable us to get people into the right job, right from the start. The results are positive.

In December 2004, unemployment stood at 3.6% a sixteen-year low; and 3.7% in June 2005, the lowest rate in the OECD. By comparison, Australia experienced similar economic growth to New Zealand in 2004/2005, but the unemployment rate was 5% in June 2005.

In its *Employment Outlook* for 2005, the OECD noted that our work-focused programmes have been a key contributor to the decline in New Zealand's unemployment. These programmes include the WRK4U seminars for new clients who apply for a benefit. The goal of WRK4U is to motivate and support clients into work before they enrol for a benefit. We are seeing great results from WRK4U, and there is considerable overseas interest in this programme.

“When we undertook the challenge, there were no illusions this would be an easy task, but without the support and resource provided by Work and Income, we would still be floundering.”

**Bruce Reid, Executive Director,
National Road Carriers.**

During 2004/2005, we worked closely with the Inland Revenue Department to implement the government's *Working for Families* package. Introduced in the 2004 Budget, *Working for Families* provides incentives for people to move off a benefit and into work, and increases entitlements for working families and families on a benefit. Around 200,000 families are already gaining from the package. By the time *Working for Families* is fully implemented in 2007, it is forecast to make a significant contribution to reducing child poverty.

In five sites around New Zealand, Youth Transitions Services are providing comprehensive services to young people at risk of a poor transition from school to employment, training or further education. By the end of 2006, 14 Youth Transitions Services will be operating across the country.

Enhanced case management identifies people's skills and abilities, and how we can support them into work. Nine new Job Partnerships with Industry are enabling us to identify where skills shortages are affecting our key industries, and to provide training job seekers need in order to address these shortages. We now have 14 Job Partnerships underway, each one achieving excellent results in getting New Zealanders working.

Getting people into work has helped reduce poverty rates – particularly the levels of child poverty. It has also helped us to concentrate more on meeting the needs of clients with particular barriers to work, such as the long-term unemployed, sole parents, people with ill health or a disability, and migrants and refugees.

Under the government's direction, we have begun work on simplifying New Zealand's benefit system so that it supports more people to move into sustainable employment. In 2004/2005, we began trialling a new service model to support employment outcomes. The new model builds on the features we're already using, like enhanced case management and tailored services.

"Borrowing only what you need" is the key message of StudyWise, a new programme to help students ensure they have access to the Student Loans and Student Allowances they need for study. StudyWise also helps to ensure students make good study choices, and don't borrow more than they need.

The 2004/2005 StudyWise pilot was a success, and the programme will be expanded over the next two years.



Taumarunui-based Rosita Whatarangi is driving trucks carrying general goods. A shortage of drivers in the industry means her skills are highly sought after.

Supporting the participation of older New Zealanders

As New Zealand's population ages, older people are becoming a much more diverse group than they were just a generation or two ago.



They have widely differing needs and ambitions, and different requirements of government. Services need to be well co-ordinated and highly accessible. With services for older people spread over many government agencies, this is an important area of work.

In September 2004, the Ministry established a dedicated team that focuses solely on the current and future needs of older people, and what government needs to do to meet these needs. The team leads a “whole-of-government” approach to supporting our older population. One of its first achievements was to establish a webpage that draws together all the information and services available across the Ministry for older New Zealanders.

Building our capability to deliver on outcomes

The overarching theme of the Ministry's story is our transformation from an organisation focused on transactions to one focused on outcomes.



We regularly examine our structure and processes to ensure they provide the best support for our focus on outcomes. Our approach is one of continuous improvement across all areas.

Over the past year, we continued to improve our governance and risk management, and further developed our organisational culture to advance our focus on outcomes.

We are committed to being a “can do”, solutions-focused organisation. This requires us to be flexible and adaptable, and able to respond to social changes very quickly. It also requires us to work closely with partners across government, in the business community, in local authorities, and in non-government and community groups.



Working collaboratively is exciting and challenging for everyone involved. It requires commitment, effort and goodwill, and can deliver huge returns for clients, agencies and organisations.

I want to thank everyone in the organisations we worked with during the year. The resources, commitment, ideas and experience of all our partners are essential to the Ministry being successful in what we do.

The Ministry of Social Development is producing world-class results. We are making a difference in the lives and wellbeing of New Zealanders.

These results reflect the hard work, the creativity, the commitment and the professionalism of our staff. I am hugely proud of their achievements, and very privileged to lead them. My thanks to them all for the part they played in our story this year.

Peter Hughes
Chief Executive

CONTENTS

The Ministry of Social Development – A Snapshot	12
Leading Social Development	16
Improving Outcomes for Children and Young People	22
Improving Outcomes for Working Age People	28
Improving Outcomes for Older People	38
Improving Outcomes for Families and Communities	44
Protecting the Integrity of the Benefit System	48
Building Our Capabilities	50
Our Leadership Team	56
Governance and Risk Management	58
Towards Sustainable Practices	59
Statement of Responsibility	62
Report of the Auditor-General	63
Statement of Objectives and Service Performance	66
Financial Statements	120





MINISTRY OF SOCIAL DEVELOPMENT A SNAPSHOT

The Ministry of Social Development provides whole-of-social-sector leadership and delivers policy advice and social services to improve social outcomes for children and young people, working age people, older people, and families and communities. The social services we deliver support more than one million New Zealanders, and include:

- income support, employment services and New Zealand Superannuation through Work and Income
- Student Allowances and Student Loans through StudyLink
- services to rural and remote clients through Heartland Services
- leadership and co-ordination of services and programmes that support families through Family and Community Services.

The Ministry of Social Development is also responsible for:

- the Ministry of Youth Development
- the Office for Disability Issues
- the Office for Senior Citizens
- the Office for the Community and Voluntary Sector.

Over the year to 30 June 2005, the Ministry has managed a departmental budget of almost \$762 million (including GST) and administered approximately \$13.7 billion in payments to New Zealanders, including New Zealand Superannuation (\$6.1 billion), social security benefits (\$5.9 billion) and Student Loans, Student Allowances and related payments (\$1.3 billion).

This funding is organised into the following Votes, which are administered by the Ministry:

- Vote: Social Development
- Vote: Senior Citizens
- Vote: Veterans’ Affairs – Social Development
- Vote: Youth Development.

To carry out these tasks and responsibilities, we have organised ourselves broadly into three clusters. Overall the Ministry has around 6,400 staff and maintains a presence in many locations.



FOCUSING ON OUTCOMES

The Ministry of Social Development was established in 2001 to lead social development.

Social development is a process of co-ordinated social change that promotes the wellbeing of the population as a whole and of disadvantaged groups within it. It aims to improve wellbeing across a range of areas, such as social assistance, health, education, employment and care and protection, and it takes a whole-of-life approach to improving outcomes.

Our vision is:

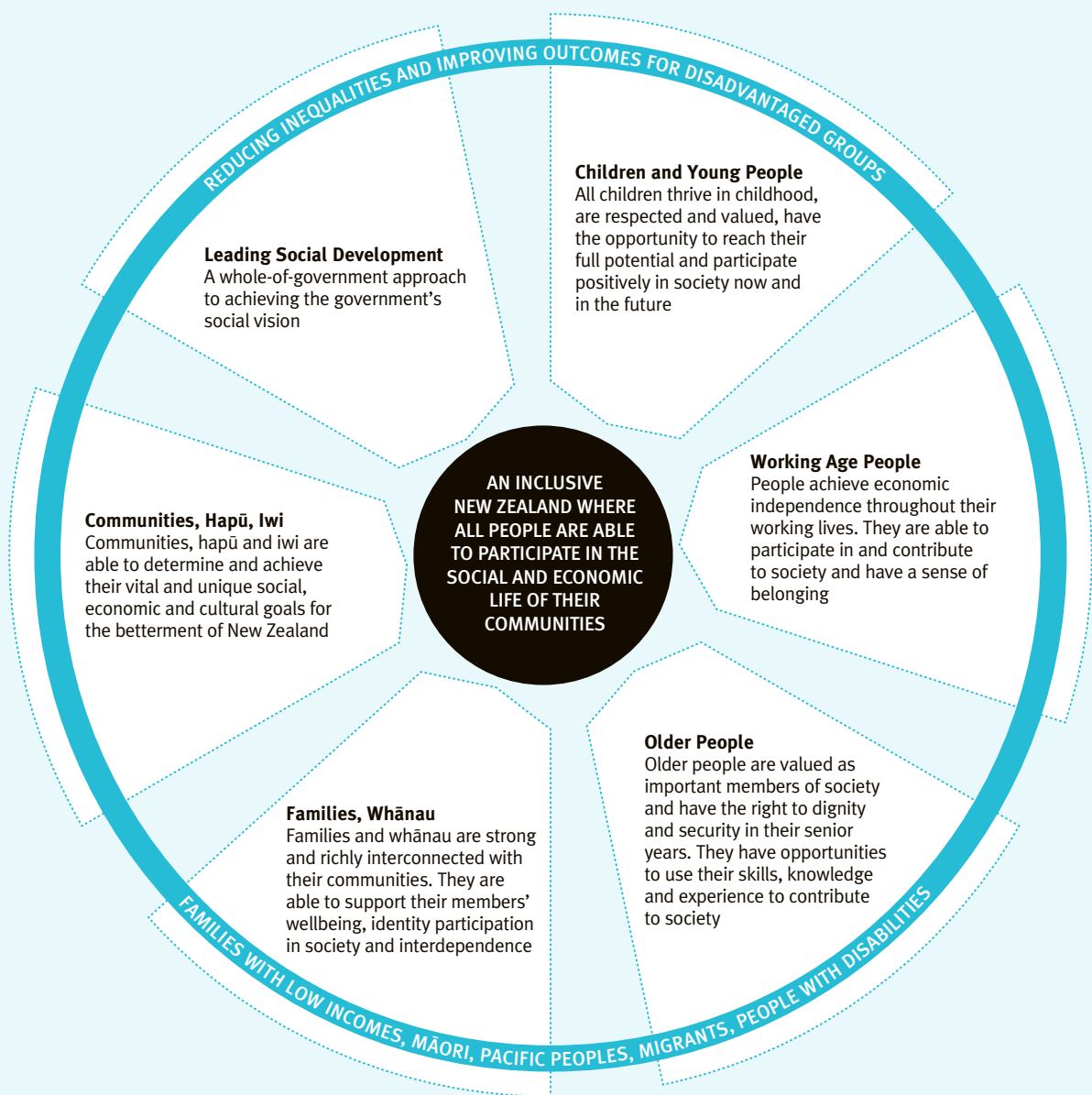
An inclusive New Zealand where all people are able to participate in the social and economic life of their communities.

Our outcomes are focused on improving the wellbeing of children and young people, working age and older people, families and communities.

We recognise that some groups in New Zealand society, such as families with low incomes, Māori, Pacific peoples, migrants and people with disabilities, are more likely to experience disadvantage. Improving outcomes for these groups is an essential part of improving the overall wellbeing of New Zealanders, and reducing disadvantage is an integral part of our work.

Reducing inequalities contributes to a fair society and to New Zealand's future economic prosperity. It reduces the long-term costs of social assistance resulting from the continuation of disadvantage, and leads to a more cohesive, well-functioning society.

MINISTRY OF SOCIAL DEVELOPMENT OUTCOME FRAMEWORK





LEADING SOCIAL DEVELOPMENT

New Zealand's social policy portfolio has developed over more than 100 years. Today the social sector accounts for the majority of state expenditure. Given the size of the social sector, and its impact on the lives of New Zealanders, good planning and management is vital. Action and spending need to be well co-ordinated and geared to the needs of the future.

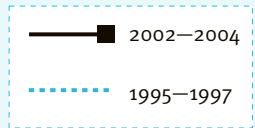
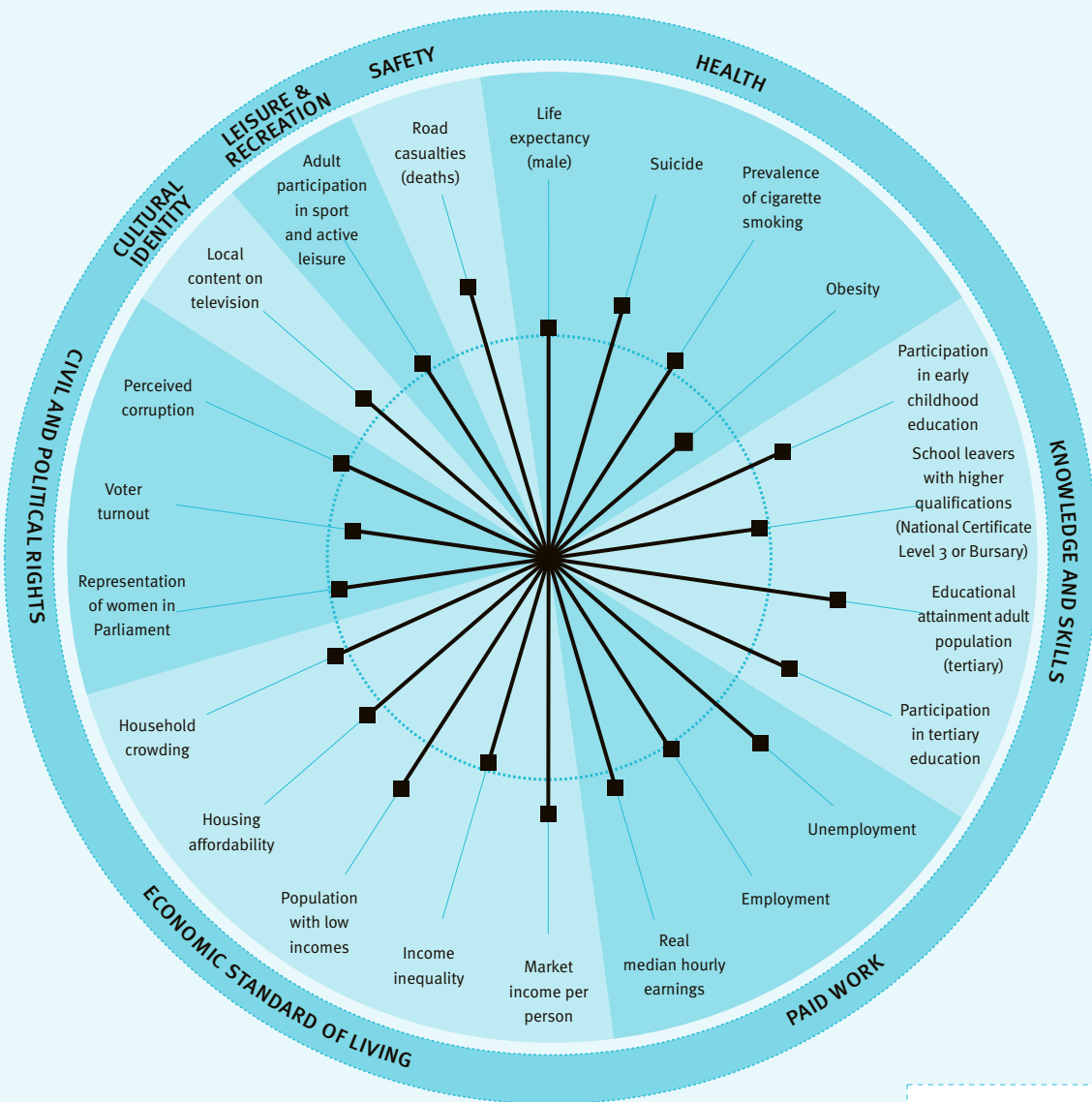
Social development leadership is about promoting co-ordinated and coherent approaches across social sector agencies. It is about ensuring that social and economic development reinforce each other.

MONITORING OUTCOMES: THE SOCIAL REPORT

The Social Report is our yearly "**report card**" on wellbeing. It shows how people are doing in 10 domains of wellbeing, like education, health, living standards, work and safety. It lets us compare our progress with other OECD countries, and identify priority areas.

The Social Report 2005 included a new feature – information that lets us **compare wellbeing across regions**. Regional data allows us to get a picture of the state of wellbeing that exists in the regions.

CHANGES IN SOCIAL WELLBEING, 1995—1997 to 2002—2004



A United Nations committee has been set up to draft an international binding convention to promote and protect the rights of people with disabilities. The **Office for Disability Issues** and the Ministry of Foreign Affairs and Trade, in partnership with people with disabilities, are taking part in the negotiations on behalf of New Zealand.

SECTOR-WIDE STRATEGIES: OPPORTUNITY FOR ALL NEW ZEALANDERS

In 2004, the Ministry of Social Development led the development of *Opportunity for All New Zealanders* for the government. *Opportunity for All New Zealanders* makes use of evidence from a wide range of sources. For the first time, New Zealand has a single document that **summarises government strategies to improve wellbeing**.

Opportunity for All New Zealanders also identifies five critical social issues that will take priority for interagency action over the next three years. They are:

- minimising family violence, abuse and neglect
- increasing opportunities for people to participate in sustainable employment
- promoting healthy eating and activity
- reducing tobacco, alcohol, and other drug use
- improving educational opportunities among low socio-economic groups.

CROSS-SECTORAL COLLABORATION

Our social development leadership role requires leadership of interagency forums.

We chair the Health, Education, Social Development, and Justice Chief Executives' Group and the Social Services Cluster Chief Executives' Group.

The **Health, Education, Social Development, and Justice Chief Executives' Group** brings together the Chief Executives of the four largest social departments. It identifies opportunities for agencies to work together at all levels, from aligning outcomes in Statements of Intent, to improving research and evaluation, to co-ordinating service delivery. The group oversees progress on the five critical issues identified in *Opportunity for All New Zealanders* and reports to ministers on emerging issues across the social sector.

The **Social Services Cluster Chief Executives' Group** brings together the Chief Executives from the Department of Building and Housing, the Housing New Zealand Corporation, the Department of Child, Youth and Family Services and the Ministry of Social Development. The Cluster is committed to improving policy and service co-ordination around common clients. Developments in 2004/2005 include:

- expansion to other sites across Auckland, of the successful Mangere one-stop-shop for income, employment and housing assistance
- working with the Housing New Zealand Corporation to provide an integrated approach to social development for disadvantaged communities in the Housing New Zealand Corporation's Community Renewal areas
- co-ordinating income, employment and housing assistance to 16–18 year olds leaving the care of the Department of Child, Youth and Family Services.

In addition, the Ministry of Social Development leads cross-sectoral strategies like *Reducing Inequalities*, the *New Zealand Positive Ageing Strategy*, the *New Zealand Disability Strategy* and *Te Rito: New Zealand Family Violence Strategy* to ensure co-ordinated attention to key focus areas.

LEADING SOCIAL DEVELOPMENT AT THE REGIONAL LEVEL

Regional social development is about working with other key agencies to improve wellbeing in our regions and communities.

In 2004/2005, the Regional Commissioners for Work and Income were made responsible for leading social development at the regional and local level. From

2006, Regional Commissioners will produce annual **Regional Social Development Plans** that set out all of the Ministry of Social Development's work in a region.

We have also appointed Social Development Managers and Regional Policy Analysts to assist the Regional Commissioners to lead social development initiatives at a local level and to work closely with community organisations, other central government agencies, and regional and local government institutions.

The Ministry worked closely with regional, city and district councils developing their Long Term Council Community Plans, enabling them to make use of our networks, infrastructure, regional data and regional knowledge to inform the process. *A Good Practice Guide* on successful engagement with local authorities on the planning process received positive feedback from other sector agencies.

The Ministry also worked with local authorities and other partners on many regional social development projects, like Youth Transitions Services, Job Partnerships with Industry, Local Services Mapping, and Strengthening Families. Information about these projects is contained in other sections of this Annual Report.

A NEW WAY OF WORKING

The Albany Service Centre is Work and Income's first urban centre specifically designed to house other agencies, like the Inland Revenue Department, the Accident Compensation Corporation, and Careers Services. Albany's population grew by 43% between 1996 and 2001, creating the need for easy, central access to services. Employers were registering job vacancies within hours of the new centre opening in June 2004.



Researchers Simon Chapple and Isobel Brown spent the day with the Dunedin longitudinal study being comprehensively tested, including having their height, weight and body fat measured.

The report *Raising Children in New Zealand: Patterns of Family Formation and Change in New Zealand* provides a detailed picture of how New Zealand's families have changed in recent decades.

www.msd.govt.nz/work-areas/social-research

COMMITMENT TO EVIDENCE

Good social policy is informed by **evidence of what works**.

The Ministry's Centre for Social Research and Evaluation plays a leading role in promoting research and evaluation across the broader social sector. The Centre is also responsible for researching and evaluating across the range of the Ministry's activities and services.

Significant research projects in 2004/2005 included:

- work to begin the development phase for a Longitudinal Study of New Zealand children that will gather information on the same group of children from birth to adulthood. This work is being led by the Ministry in partnership with the Health Research Council and will build on the existing Christchurch and Dunedin longitudinal studies, by providing a more current picture on children as they grow into adults
- *Patterns of Family Formation and Change in New Zealand* – the report, released in December 2004, has provided valuable evidence for the design of initiatives like *Working for Families*
- *Children and Young People: Indicators of Wellbeing in New Zealand* – the report was released in December 2004 and measures progress towards goals contained in the *Agenda for Children* and the *United Nations Convention on the Rights of the Child*
- the development of the New Zealand Family Violence Clearinghouse website in partnership with Canterbury University's Te Awatea Research Centre – the website www.nzfvc.org.nz will inform strategies to address family violence
- *Disability and Work Participation in New Zealand* – the research is feeding into our development of the new service model for Sickness and Invalid's Benefit clients.

Research findings on social topics are published on the Centre's webpage and in the quarterly publication *Research News* and the *Social Policy Journal of New Zealand*.

COLLABORATING ON RESEARCH AND EVALUATION

A healthy approach to evidence requires opportunities to share ideas and experience with the academic and research community and learn about best practice “on the ground”.

In November 2004, the Ministry of Social Development hosted the second **Social Policy, Research and Evaluation Conference**. More than 900 analysts, evaluators and researchers from New Zealand and overseas attended. The theme was **What Works?**

In November 2004, we also held our first **social development symposium** for leaders from the business, academic, research and policy communities. Raymond Torres from the OECD spoke on the issue of **work/life balance and labour force participation**. This year’s symposiums were different in format, with fewer participants in order to maximise dialogue and discussion. They focused on **private debt, national savings and labour force participation**.

In December 2004 and June 2005, we co-sponsored the first two in a series of Research and Practice Forums, in partnership with Barnardos, Wesley Community Action and the Open Home Foundation. The forums aim to improve service delivery outcomes

and promote best practice developments in non-government organisations.

The interagency **Social Policy Evaluation and Research (SPEaR) Committee** takes an overview of social policy research in New Zealand, ensuring that what is being done is contributing to what Government wants to achieve. SPEaR also works to build the capability of the social research and evaluation sector, providing access to scholarships, exchanges and international best practice.

The Centre for Social Research and Evaluation hosts the secretariat for SPEaR. In 2004, SPEaR launched an enhanced website, providing information about news, upcoming events, employment opportunities, and new research abstracts.

The Office for the Community and Voluntary Sector is working with Statistics New Zealand to collect data on the New Zealand community and voluntary sector. The Office has signed a Collaboration Agreement with Johns Hopkins University in Baltimore to participate in an international study. An Advisory Committee, supported by the Office, oversees this study. Funding for New Zealand’s participation in the study has come from both government and philanthropic sources.



Prof. Richard Bedford
Chair of SPEaR

The Ministry is undertaking a joint evaluation of the *Working for Families* initiative with the Inland Revenue Department. This work involves staff from both agencies working collaboratively through each of the project phases. Working together at this level will provide a better understanding of how *Working for Families* is impacting on New Zealand families. It also enables the team to pool knowledge and resources from across both agencies.



CHILDREN AND YOUNG PEOPLE

IMPROVING OUTCOMES FOR CHILDREN AND YOUNG PEOPLE

New Zealand's long-term social and economic wellbeing depends on us achieving better outcomes for children and young people. Evidence shows that positive adult outcomes are built on positive childhood experiences, and poor child outcomes can be difficult to overcome as children become adults.

Children and young people in New Zealand have made some good gains over recent years. Fewer children and young people are living in low-income families in 2005 than in 1995. More young people are taking part in education, and the proportion of young Māori and Pacific peoples with a tertiary qualification is increasing rapidly. The number of children dying from accidents has almost halved over the last 20 years.

The other part of the picture is that the number of children dying from abuse or neglect has not changed. Children and young people today are also more likely to be victims of crime, including violent crime, than they were in the mid-1990s.

Our work for children and young people is about building on the gains New Zealand has made over the past few years, and redoubling our efforts in areas that need attention. We pay particular attention to:

- ensuring children and young people are safe and secure
- ensuring children get the best start in life
- ensuring children and young people are respected and valued
- supporting successful transitions to adulthood
- ensuring children are protected from the negative effects of hardship.

ENSURING CHILDREN AND YOUNG PEOPLE ARE SAFE AND SECURE

For children and young people to be safe and secure requires them to be: living in the best environment for their development and their potential; safe from harm, including self-harm; and receiving positive, loving parenting.

In 2004/2005, the Ministry of Social Development began work on **Early Intervention**, a cross-sectoral strategy to improve outcomes for children.

Early Intervention programmes intend to provide a comprehensive, co-ordinated support system for families and communities. The strategy builds on recent government investments in early childhood education, social assistance and health.

The Early Intervention initiatives funded through Budget 2005 will expand and improve targeted services, improve support through universal services and improve service co-ordination. The initiatives include:

- an expansion of Family Start to rural and small town communities
- a pilot to provide free high-quality early childhood education to Family Start and Early Start children
- a Parent Support pilot based in early childhood education centres
- a Parent Support pilot that builds on the core Well Child health service
- child advocates for children who witness family violence
- a Family Court parenting information programme.

In 2004/2005, the Ministry of Social Development worked on strengthening the capacity and capability of the care and protection sector. Our workforce development programme is addressing the shortage of appropriately skilled, qualified and experienced workers caring for children and young people. Our first priority is to strengthen services that focus on early intervention and prevention, and on minimising violence within families.



Speaking up for children

In the past, children affected by family violence have had advocates to support and represent them, but help was only available if the Family Court had placed a protection order on the child's caregiver. Now, the government is funding 45 new child advocates to extend that help to all children who have witnessed family violence.

Through Budget 2005, the government provided funding to increase the hours of paid work for co-ordinators of the Strengthening Families programme. Co-ordinators work with service providers in the health, education, justice and welfare sectors, to achieve greater collaboration in services for vulnerable children and young people and their families.

Since its launch in May 2004, **SKIP** (Strategies with Kids – Information for Parents) has had a big impact on our communities. SKIP is a practical, community-based programme that promotes positive parenting for parents and caregivers of children aged five and under. In 2004/2005, the Ministry of Social Development distributed over one million SKIP resources for families and organisations, developed a SKIP partnership with Barnardos and Plunket, provided \$2 million funding for local SKIP projects, and trained over 60 non-government workers in how to support more effective parenting.

The Ministry also continued to work with the Department of Child, Youth and Family Services to develop a model that will assist them to improve the response to notifications of child abuse, neglect and violence. The model will be implemented in 2005/2006, and will ensure that children and families are assessed and linked to services more quickly.

MUNCHKINS AND DRAGONS

Community projects funded by SKIP's Local Initiatives Fund in 2004/2005 included:

- the Waiuku Munchkins Month of positive parenting events
- Project Paua (Parents Are Unique Assets) in Hamilton: family fun days, workshops and media promotions
- Little Kiwi Dragon, targeting Chinese/New Zealand parents in Manukau
- a Toddlers Day Out in Waitakere, which drew 7,000 people
- a community-initiated campaign to make Ngongotaha a "smack-free zone".

ENSURING CHILDREN AND YOUNG PEOPLE ARE RESPECTED AND VALUED

The wellbeing and sense of identity and belonging of children and young people depends heavily on them having a sense of control over their lives, being able to participate and having a say in issues that affect them. The Ministry of Youth Development leads much of the work in this area.

Highlights in 2004/2005 include:

- providing training workshops on youth participation for people working with young people in partnership with community organisations
- creating Aotearoa Youth Voices to promote a number of new projects, including a pilot youth advisory group and PROVOKE, a project that enables 14–18 year olds to grow as youth advocates and engage with the Ministry of Youth Development
- running Youth Parliament 2004
- sending a delegation to the 17th ship for World Youth and managing the ship's Wellington Port of Call visit
- partnering with youth organisations to run the RE: DEFINE Challenge Youth Stereotypes campaign launched during Youth Week 2005
- developing advice for teachers, principals and boards of trustees on good ways to help their schools to involve or engage their students.

Rights of the Child

New Zealand now has a five-year work programme on the United Nations Convention on the Rights of the Child. Our programme sets out the key human rights issues facing New Zealand's children, and what the government will do about them. The Ministry of Youth Development led the development of the work programme in 2004/2005, with input from the Ministries of Justice and Education, and the New Zealand Defence Force.



Reaching more young New Zealanders is the aim of four new regional hubs being established by the Ministry of Youth Development.

SUPPORTING SUCCESSFUL TRANSITIONS TO ADULTHOOD

The Ministry of Social Development is an active contributor to the shared goal of the Government and the Mayors' Taskforce for Jobs: that by 2007 all 15–19 year olds will be in education, training, work or other activities leading to long-term economic independence and well being.

In partnership with local authorities, the Ministry opened Youth Transitions Services in Whangarei, Waitakere, Rotorua, New Plymouth and Porirua. By the end of June 2005, almost 2,500 young people had engaged with the service. The transition from school is an exciting but risky time for young people. A good transition creates the best foundation for good long-term outcomes. Youth Transitions Services support young people to move from school straight into work, training or further education. It integrates services from training and education providers and support agencies, and works with local employers to promote employment for young people. A further five Youth Transitions Services are being currently implemented in the Far North, Manukau, Hamilton, Gisborne and a combined service in the Hutt Valley. By the end of 2006, 14 Youth Transitions Services will be operating across the country.

The Ministry of Youth Development commenced work to establish four **regional hubs** that will provide local information about services and activities for young people, and will improve co-ordinated planning and funding for young people in local communities.

The Ministry established a **Youth Development Partnership Fund** for young innovators and entrepreneurs. The Ministry also provided:

- Conservation Corps programmes, providing challenges for young people while helping them to find work or new educational opportunities
- Youth Days in Manukau and New Plymouth, showcasing the achievements and talents of young people
- sponsorship for two young entrepreneurs to attend the Enterprise Development Workshop in Queensland, Australia, which supports and encourages young people who run their own businesses.

ENSURING CHILDREN ARE PROTECTED FROM THE NEGATIVE EFFECTS OF HARDSHIP

Protecting children from hardship is about supporting their parents into paid work, and ensuring that the family is always better off in work than on a benefit. Programmes like *Working for Families* help New Zealand achieve better living standards for families. Enhanced case management helps people facing particular barriers to work to plan for and move into work as they can. These initiatives are described in more detail in our next section.



Young people from around Wellington will meet with staff from the Ministry of Youth Development once a month to provide advice on important youth issues and to engage in youth projects as part of a new Youth Advisory Group.



WORKING AGE PEOPLE

IMPROVING OUTCOMES FOR WORKING AGE PEOPLE

Paid employment is a cornerstone of social development. Paid employment means a better standard of living for individuals and families. It reduces the cost of income support and the social costs of unemployment, like crime and stress within families, and it is the basis for planning and providing a base for retirement.

Most working-age¹ New Zealanders can work, and want to work. We do everything we can to support these New Zealanders into good jobs. We pay full and correct benefits and entitlements to people who are unable to work, and we pay entitlements to working New Zealanders who need additional support.

In 2004/2005, we helped almost 72,000 job-seeking New Zealanders receiving benefits into work, through case management, referral to paid work, or employment programmes. We also reduced the number of working age people receiving an Unemployment Benefit, and the total number of working age people receiving any income-tested benefit. The main income-tested benefits are Unemployment benefits, Domestic Purposes benefits, Sickness Benefit and Invalid's Benefit.

¹ The Ministry of Social Development defines "working age" as 18–64 years inclusive, to reflect the minimum age of entitlement for most benefits and the age of qualification for New Zealand Superannuation.

Over the 12 months to 30 June 2005, the number of:

- working age clients receiving an Unemployment Benefit fell 26% to 50,700 – the lowest it has been since 1987
- working age sole parent clients receiving a Domestic Purposes Benefit fell to below 98,000, an 11 year low
- working age Māori clients receiving an Unemployment Benefit fell 23% to 17,700
- working age Pacific clients receiving an Unemployment Benefit fell 26% to 4,000
- working age migrant and refugee clients receiving an Unemployment Benefit fell by 32% to 2,300.

These results mean that more New Zealanders are enjoying the economic and social benefits of paid employment. In June 2005, New Zealand achieved the lowest unemployment rate in the OECD, at 3.7%.

A strong economy provided an excellent foundation for our achievements in 2004/2005. However, as the OECD pointed out in its 2005 *Employment Review*, a strong economy is not the only reason for these results. They suggest the outcome of labour market programmes operating in New Zealand were important contributors to New Zealand's success.

The outcome we aim for is that people achieve economic independence throughout their working lives.

They are able to participate in and contribute to society and have a sense of belonging.

The Ministry of Social Development works with clients to get them into work straightaway or to plan for work as their circumstances allow; and we provide full and correct benefits and entitlements to clients who are unable to work. Administering benefits and entitlements on behalf of Government is the "transaction" side of our business. It contributes to social development by ensuring an adequate income for all New Zealanders who are not in paid employment.

In 2004/2005, the Ministry's work-focused approach was about:

- providing enhanced case management and work programmes
- working with employers and businesses
- providing targeted strategies for particular client groups
- building the skills of New Zealand's workforce
- preparing for the introduction of the single core benefit in 2007.

Work for those who can,
security for those
who cannot.

The right job, right from
the start.



Financial assistance through the *Working for Families* package has helped a King Country sole parent to come off benefit.

Angela Te Uira (right) is pictured at the Taharoa Kōhanga Reo showing Te Kuiti Case Manager, Tira Hemana, some of the certificates she has achieved in her journey towards becoming a fully qualified kaiako (teacher).

ENHANCED CASE MANAGEMENT AND EMPLOYMENT PROGRAMMES

We work to get clients into **the right job, right from the start**, ideally before they register for a benefit. Our new job-matching system automatically matches job seekers to suitable vacancies, freeing up case managers to spend more time on working actively with clients.

Case managers identify what support the client needs to move into work, including work seminars, training courses and in-work support. Strong relationships with local employers keep us informed about job vacancies and opportunities that we can develop.

Our challenge is to match clients to work that is sustainable, rather than to short-term or unsuitable jobs.

WRK4U is a short, sharp and very effective seminar that tells job seekers about:

- their rights and responsibilities
- the local labour market and its opportunities
- financial assistance they may be entitled to as workers.

The one-hour seminars have enormous value to participants and are showing excellent results in motivating, informing and encouraging job seekers.

REAL RESULTS

Our WRK4U evaluation showed a 26% drop in Unemployment Benefit applications, and a 20% drop in the number of applications granted.

Nursing future for sole parent

A combination of friends helping with childcare, a supportive Work and Income case manager, hard work and helpful tutors has seen single mother of three Sian McEwen complete her nursing degree and begin a full-time job at Palmerston North Hospital.



Supporting Sole Parents into Work provides additional case managers and work brokers for Domestic Purposes Benefit clients. Clients get work-readiness training such as CV preparation and interview skills, and support to overcome barriers to work like childcare and transport costs.

To make it easier for parents to work and raise a family, the government introduced *Working for Families* in Budget 2004. The package is a mix of initiatives, including increased help with childcare and housing costs, higher rates of Family Assistance, and (from 2006) a new In-Work Payment.

Working for Families was designed as a three year package to benefit around 300,000 low and medium-income New Zealand families. It was forecast to reduce child poverty by up to 70% after its full implementation in 2007.

We launched the first round of *Working for Families* increases to Childcare Assistance and the Accommodation Supplement in October 2004, and the first round of increases to Family Assistance was launched by the Inland Revenue Department in April 2005. Case managers ensure that clients know about their possible entitlements through the package.

More jobs in roading
Over 1,000 more people have jobs in the roading industry today than one year ago. Our Job Partnership with the roading industry, signed in June 2004, contributed significantly to this increase.



Forestry trainee Neil Hawkins practises his pruning technique near Milton as part of a forestry training job partnership. After five weeks of training, Neil and two others on the tailored course went straight into forestry jobs.

WORKING WITH EMPLOYERS AND BUSINESS

Many of our programmes depend on close working relationships with employers and business. Employers are an integral part of programmes like our partnerships with industry, the new service for Sickness and Invalid's Benefit clients, Youth Transitions Services and the Pacific Wave Strategy. Our training and recruitment programmes must meet the needs of the labour market, to ensure "win-win" solutions.

A strong focus in 2004/2005 was to develop employment partnerships and programmes that will **fill skills shortages** and ensure that training leads to real work. In 2004/2005, we signed nine Straight2Work partnerships with industries that need skilled workers. At 30 June 2005:

- we had a total of 14 Straight2Work partnerships in place
- almost 1,500 job seekers had undertaken training provided through the Straight2Work partnerships
- more than 500 job seekers had been placed into employment as a result of these partnerships.

In 2004/2005, the Department of Labour's community-based labour development function was transferred to the Ministry of Social Development and named Enterprising Communities. The role of Enterprising Communities is to help communities create local employment opportunities and address skills issues by developing community-owned businesses. The first priority of Enterprising Communities is to work with organisations that can show they will be making a measurable difference to their local economy.

Skill and labour shortages in key industries are at risk of hampering New Zealand's economic growth. We work with employers, training providers and other government agencies to provide targeted training that benefit job seekers and industries. Straight2Work partnerships let us learn where skill shortages are happening and what training will fill the gaps. The outcome is good jobs for New Zealanders, and good workers in our industries.

TARGETED STRATEGIES FOR PARTICULAR CLIENT GROUPS

The drop in unemployment numbers in recent years allows us to focus more attention on **clients with specific barriers to work**. These include groups like the long-term unemployed, Māori and Pacific clients, migrants and refugees, and people with ill health or disability.

All of our work is targeted on the basis of need. Targeted strategies ensure that we provide the services and support that will help those clients who need help into employment. Local authorities, community organisations, employers and business are all involved in delivering these strategies.

A small number of clients will never be able to work at all. We ensure these clients get their full benefits and entitlements. Other clients are able to work, but possibly not right away – we work with these clients to help them plan for future employment.

The number of sole parents receiving a Domestic Purposes Benefit is decreasing, as many take advantage of New Zealand's strong labour market opportunities and the employment services available through Work and Income. Work and Income case managers work with Domestic Purposes Benefit clients to develop Personal Development and Employment Plans that help prepare them for work and independence.



Nothing to beef about

Kaitaia butcher James Brown is delighted to be in work after 11 years of unemployment. He worked closely with his case manager and attended a Work and Income employment programme for long-term unemployed clients. After gaining short-term employment alongside his son at the Northland Region Corrections Facility, he found a permanent, full-time job at a far north butchery where he can put his skills to use.

“It’s a big picture approach. It’s about looking at a person’s whole life and circumstances and asking what we can do to help them achieve their goals.” Work and Income Service Centre Manager, Brenda Thorby

As part of Budget 2005, the government is investing more than \$21 million over the next four years in initiatives aimed at helping long-term unemployed people into work. This funding will build on current initiatives and focus on reducing the number of long-term unemployed people, particularly in the Manukau, Northland and Wellington regions.

The Ministry also has many initiatives in place to address Māori unemployment. These initiatives are concentrated in regions that experience high Māori unemployment, and are tailored to both the needs of Māori clients and the region they live. The following examples are taken from around the country.

- The **Te ara tika strategy** in the Waikato region, focuses on securing full-time employment for Māori clients in the Huntly and Ngaruawahia areas.
- A Levin based Māori advisory group that aims to drive down Māori unemployment through working closely with local employers. The group consists of Māori representatives from training and service providers and Work and Income.
- E Tipu e Rea is a **marae-based social development programme** for Māori clients and whānau in South Auckland. E Tipu e Rea is a “whole-of-community” initiative that helps whānau overcome intergenerational disadvantage. Participants get help with life skills and job search development, and training and work opportunities.

The **Pacific Wave Strategy** began in Auckland in June 2003. The goal of this collaborative Strategy, involving the Pacific community, employers, and Work and Income, was to half Pacific unemployment in Auckland over two years. We have more than achieved this: between 30 June 2003 and 30 June 2005, the number of Pacific peoples receiving the Unemployment Benefit in Auckland fell by 2,900, or 53%. On 24 June 2005, the Prime Minister launched a **Pacific Youth Strategy** in Auckland. The Strategy aims to improve the wellbeing of Pacific youth by working with their parents and church, and through education.



Pacific Wave achieves goal

Sefo (pictured) is one of many Pacific clients who have been helped into work through the Auckland region’s Pacific Wave Strategy. The Pacific Wave team helped him to apply for a place on the Manukau Youth Employment Cadetship Programme. Through the programme, he gained a job as a mechanic.

Auckland's **Migrant and Refugee Strategy** has specialised case managers and work brokers, a multilingual call centre, ESOL (English for speakers of other languages) training, refugee study grants, specialised work programmes, and multicultural service centres providing a range of government services to migrants and refugees. The strategy aims to address the many barriers migrants and refugees face in getting and staying in work in New Zealand.

In 2004/2005, the Ministry of Social Development continued to implement the **new service for Sickness and Invalid's Benefit clients**. The new service supports people with ill health or disability move towards work and independence, tailoring different services to meet each client's needs. It includes:

- enhanced case management, with better access to mainstream and targeted employment programmes
- the Preparing for Work assessment, helping case managers identify their clients' skills and abilities
- specialist work brokers, linking clients with employers
- partnerships with employers to support them to hire a person with ill health or a disability
- PATHS, a programme that provides people with health interventions that will help them return to the workforce
- Innovative Employment Assistance, providing clients with co-ordinated health and employment services, eg:
 - Workwise, assisting clients with mental illness into employment
 - Work First, for young people experiencing their first episode of psychotic illness
 - Kaleidoscope, for clients with a serious spinal injury
 - Te Rau Pani, a kaupapa Māori approach to mental illness.

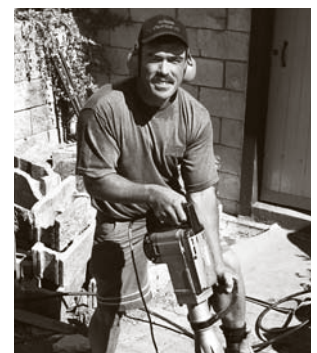
In July 2004, the government directed the **Office for Disability Issues** to lead an **interdepartmental review of disability support services** to address the concerns of people with disabilities and their families about the lack of flexibility in the support available to them. The purpose of the review is to advise the government on how to improve systems for providing disability support services so that they are consistent with the *New Zealand Disability Strategy* – to improve outcomes for people with disabilities and their families.



“Helping people to find work is very rewarding,” says Work and Income work broker Abby Lin.

“Once they have a job, they have a better life.”

Left to right: Philip Chun Hang Chen, Silver Bell co-owner Leanne Banno and Abby Lin



Robert Craven from Kerikeri is one of many people assisted into work in Northland during the last two years. Robert had been on an Invalid's Benefit but is now working as a landscape gardener.

BUILDING THE SKILLS OF NEW ZEALAND'S WORKFORCE

Education and training are key to creating new opportunities for New Zealand's current and future workforce. Partnerships with industry are an important mechanism to ensure that skills are developed that meet the needs identified by industry.

During 2004/2005, StudyLink piloted a new **StudyWise** service, to help students make better decisions about study choices and student borrowing. Over the peak summer season, 10,000 students applying for a Student Loan got free information and advice about minimising their borrowing. Over the next two years, the pilot will be rolled out across the country. By 2006/2007, the Ministry of Social Development aims to be providing the StudyWise service to around 20,000 students.

Based on merit
From 2006, 500 students
a year may get a Bonded
Merit Scholarship to help
them pay their course fees.

As part of Budget 2005, the government announced an increase in the personal income threshold for students getting a Student Allowance. From 1 January 2006, students can earn more before their Student Allowance is affected. The government is also raising the parental income threshold limit from 1 January 2006, which means more students will be eligible for a Student Allowance. In 2005, the government funded the introduction of Bonded Merit Scholarships for high-achieving students, and two new study awards for non-government employers and tertiary institutions. StudyLink will administer the scholarships and awards.

PREPARING FOR THE SINGLE CORE BENEFIT

In February 2005, the government agreed in principle to introduce a single core benefit from 2007. This will be the most significant reform of New Zealand's welfare system since 1938. The single core benefit will replace the current raft of benefits, rules and entitlements with one benefit and one set of criteria. Case managers will spend less time on administration, and much more time on supporting people to move from a benefit into work.

A new service model that could facilitate the delivery of a single core benefit is being piloted. The new model will provide:

- *active assistance* – services and programmes to help people into sustainable employment and reduce barriers to staying in work
- *integrated support* – assistance, incentives and expectations
- *streamlined delivery* – more accessible services with an emphasis on development.

Single core benefit

This will involve one set of rates and one set of eligibility criteria, and add-ons for people with higher housing, childcare or disability costs.



OLDER PEOPLE

IMPROVING OUTCOMES FOR OLDER PEOPLE

Like other countries in the developed world, New Zealand has an ageing population. There are around 497,000 people aged 65 years and over in New Zealand today. That is 12% of the total population. The proportion of older people in the population is projected to increase to 17% by 2019, and 24% by 2035.

Because older people are living longer and healthier lives, the number of older people aged 85 years and over is also projected to increase over coming decades.

Our ageing population is changing New Zealand's social landscape. Many older people are working longer, and have stronger connections with their communities. Demands are increasing, and will continue to increase, for services like health, transport and retirement income.

New Zealand needs to plan for our ageing population, making sure we can make the most of new opportunities and meet new challenges. The Ministry's work in this area focuses on:

- leading the *New Zealand Positive Ageing Strategy*
- ensuring an adequate income and good standard of living for older people
- supporting older people to be involved in their communities
- researching the effects of our ageing population.

NEW ZEALAND POSITIVE AGEING STRATEGY

The *New Zealand Positive Ageing Strategy* is the government’s framework for positive ageing. It has 10 goals and related actions for areas such as community participation, transport, safety and ageing in place. The **Office for Senior Citizens** monitors and promotes the Strategy and co-ordinates its Annual Reports and Action Plans.

Every year, more departments and local authorities have got involved with the Strategy, and exciting projects are developing as a result. The 2005/2006 Action Plan for the Strategy includes contributions from 24 government agencies and 17 local authorities. Projects range from high-level, strategic projects to initiatives that promote positive ageing in local communities. As well as contributing to the Action Plan, councils are using the Strategy as the basis for positive ageing policies.

SUPPORTING OLDER PEOPLE’S INVOLVEMENT IN THEIR COMMUNITIES

Older people make positive contributions to their communities as volunteers, mentors, caregivers, kaumātua, and committee and trust members.

Many older people say that access to good transport has a huge effect on their ability to take part in their communities.

In 2004/2005 the Office for Senior Citizens network of 39 **Volunteer Community Co-ordinators** organised community consultations that let older people have input into the development of the new pamphlet, *How will you get around when you stop driving?*



A new generation

Older people in 2005 have very different lives to only a generation or two ago. Older people today are living longer and healthier lives. They often stay in the workforce after 65 years, and take part in more social networks and events – including unpaid and voluntary work. To keep up with these changes, society needs to change the way it defines “old age”.

www.osc.govt.nz

POSITIVE AGEING, POSITIVE LIVES

Positive ageing is about people of all ages recognising the value and benefits of our older population. It is about younger people planning for their older years, and about older people being valued and enjoying a safe and active lifestyle. The *New Zealand Positive Ageing Strategy* works towards a society that values older people, recognises their contributions and encourages their participation.

The pamphlet discusses the difficulties older people can experience when they stop driving, and suggests ways to plan for this important time of life.



Coping without a Car

Lys Noble, who helped organise participants for the Coping without a Car research, is herself a regular user of public transport.

Encouraging connections between older people and families is the purpose of the *SAGES: Older People as Mentors* programme, administered by Family and Community Services. SAGES matches older people with families and individuals who need support to learn life and home skills like cooking, budgeting and parenting. This new programme was established in the 2004/2005 year and mentoring services commenced from March 2005. From March until June 2005, SAGES saw 23 trained mentors share their skills with around 76 families.

A SECURE INCOME AND ADEQUATE STANDARD OF LIVING

Every New Zealander aged 65 years and over is entitled to New Zealand Superannuation, the government's main form of assistance for older people. Work and Income administers New Zealand Superannuation, along with other **income entitlements** like Veteran's Pensions, Disability Allowances, and Accommodation Supplements.

In May 2005, the government announced that it will be developing a code of practice for home equity release schemes. Most older people own their own homes, primarily without a mortgage. The money they have tied up in their homes is therefore a major aspect of their net wealth. The code of practice will be led by the Minister for Senior Citizens, with support from the Office for Senior Citizens.

www.msd.govt.nz/work-areas/older-people

Work and Income also provides **employment services** to older people who want to stay in the workforce. Because older people have some specific barriers to work, we need to develop more types of employment assistance that target their needs. This will be a growing area of work for us.

A good standard of living is about more than income. It is also about safety and security, and easy access to services.

Around New Zealand, a network of Elder Abuse and Neglect Prevention Services works in communities to **prevent elder abuse and support older people** who are experiencing abuse or neglect.

In the past, the network has experienced problems with quality and consistency. Budget 2005 provided funding for Family and Community Services to administer the network, strengthen its co-ordination and effectiveness, and expand into two new regions.

The diversity of older people's lives means that they often use services from many government agencies. To make these services easier to access, our **new webpage for older people** brings together information from across the Ministry of Social Development. It includes information on:

- the *New Zealand Positive Ageing Strategy*, led by the Office for Senior Citizens
- retirement income and employment services from Work and Income
- the National Directory and the SAGES programme from Family and Community Services
- policy, research and evaluation from Older People's Policy
- links to government and non-government organisations.



Seniors Expo success

As part of the government's commitment to the *New Zealand Positive Ageing Strategy*, a Seniors Expo was held in Blenheim in March 2005. About 1,500 visitors viewed displays regarding the Marlborough District Council, community groups and other government agencies in support of older people.

Keeping standards high
International Services administers payments to older people living overseas. Its client satisfaction survey measured an 85% level of satisfaction with services to clients in New Zealand and Australia. We have developed systems to make sure that we maintain this level of satisfaction.

We will continue to work to improve the way services are delivered to older people. This will include investigating the possibility of a comprehensive, one-stop-shop website for older people. A dedicated website would provide information and links from government agencies and non-government organisations on the topics that matter to older New Zealanders, like retirement income planning, health, housing and volunteer work.

A satisfaction survey on International Services' clients shows that around 50% of older people have access to the internet, and around 25% want to communicate with us by email. We have responded by developing new procedures that will maintain **confidentiality and privacy** for clients using the web to exchange information.

UNDERSTANDING THE IMPACT OF AGEING

The proportion of older New Zealanders is predicted to double by 2035, from 12% to 24% of the population. The growth in the older population will bring both opportunities and challenges. The government needs to ensure that its services meet older people's differing needs and aspirations.

The Ministry has an important role to play in supporting the government to plan and ensure that older people can take part in their communities and in the workforce, in the ways that they choose. We need to support older people to remain living in their own homes, and we need to plan for the increased demands on health, transport and suitable housing services.

In 2004/2005, a new team was established to focus on older peoples issues.

Older People's Policy contributed to "whole-of-government" policy in areas like retirement income, employment, housing, transport, ageing in place, community and voluntary sector involvement, and the protection of older people's rights and interests. Older People's Policy also worked closely with the Office for Senior Citizens to bring together information and advice on issues around our ageing population.





FAMILIES AND COMMUNITIES

IMPROVING OUTCOMES FOR FAMILIES AND COMMUNITIES

Strong and resilient families are able to support their family members, ensure their children get the best start in life and contribute to their communities.

Strong and connected communities work to achieve the best outcomes for all New Zealanders.

The Ministry of Social Development's role is to work with families and communities to help them build on their strengths and overcome problems.

SUPPORTING FAMILIES TO BE STRONG AND CONNECTED

On 1 July 2004, the Ministry established **Family and Community Services**, which is responsible for leading and co-ordinating services to families across government. They focus on:

- assisting families and communities to access the information and develop the knowledge they need to thrive
- building community capability and capacity
- supporting families to be resilient and free from violence
- supporting social cohesion and participation in communities.

During 2004/2005, Family and Community Services developed the following new initiatives.

- The **National Directory**, on their website, lists family and community services throughout New Zealand. Its information on family violence service providers proved very useful for the Work and Income Family Violence Intervention Project. There is more about this project later in this section.

CHANGING FAMILY STRUCTURES

In New Zealand today, sole-parent, blended and step families are more common than they were 20 years ago. Fewer people of all ages are marrying, and within marriages and partnerships, there is less differentiation in roles between sexes.

The Ministry of Social Development's policy and services support all families to function well, especially during times of change or difficulty.

- **FamilyWeb**, also on the website, provides online information and resources for families.
- The 211 Helpline pilot in the Bay of Plenty region, which provides information and advice to families.

The website www.familyservices.govt.nz also provides information about the programmes and initiatives that run under the umbrella of Family and Community Services, like Family Start and Strengthening Families.

Much of the work we do for families and communities also works to improve outcomes for children and young people. Examples include Early Intervention, SKIP (Strategies with Kids – Information for Parents) and Strengthening Families. More information on these initiatives is included in the section on children and young people.

As part of Budget 2005, the government announced it is investing nearly \$1.8 million over the next four years in the **Families Innovation Fund** to help develop more responsive family services in local communities.

The fund was established in 2004/2005 with Family and Community Services. The fund provides resources to implement action plans from the Local Services Mapping process and to respond to other regional and local initiatives.

The Ministry of Social Development also helped to establish the **Families Commission**, a crown entity set up by the government to advocate for families and promote understanding of family issues and needs. We work closely with the Families Commission to support the interests of families.



The 211 Helpline

There is growing awareness that families caring for disabled people have responsibilities over and above those faced by other families, resulting in greater costs to the family. In recognition of this, the Office for Disability Issues is leading an interdepartmental review on payments to provide support for families caring for disabled people.



REDUCING AND PREVENTING FAMILY VIOLENCE

Freedom from violence, abuse and neglect is an essential feature of a strong family. The Ministry of Social Development is responsible for leading and co-ordinating government strategies that aim to prevent and reduce family violence.

Violence within families is one of the critical social issues identified in *Opportunity for All New Zealanders*, the government's summary of social priorities and actions.

In March 2005, the Minister for Social Development and Employment held a workshop with a range of government and non-government organisations. As a result of the workshop the **Taskforce for Action on Violence within Families** was established. The Ministry supports this Taskforce. It builds on *Te Rito: New Zealand Family Violence Prevention Strategy*, and co-ordinates the government's work to eliminate family violence.

The Taskforce has identified critical areas for immediate action:

- improving the ability of families and communities to address family violence
- changing attitudes and behaviours
- seizing opportunities for change in current policies and strategies
- making sure that all the work currently under way is well aligned.

Other work was undertaken in 2004/2005 to prevent and reduce family violence.

- **Family Violence Funding Circuit Breaker** – this collaborative funding initiative has reduced provider compliance costs by developing common approval processes for community providers of family violence services.
- **Strong Pacific Families** – this project aims to raise awareness of the causes and effects of violence in Pacific families, and to strengthen Pacific community-based family violence prevention services.
- **Family Violence Intervention Programme** – this programme aims to improve the Ministry's response to Work and Income clients facing issues of family violence. The Ministry produced, with government and non-government experts, a training manual for the programme. Training was delivered to 1,600 Work and Income staff in Auckland, the East Coast and Canterbury by the time the programme "went live" in July 2005.

STRENGTHENING THE COMMUNITY AND VOLUNTARY SECTOR

Communities make an enormous contribution to the social wellbeing of individuals, families and whānau. A key focus for the Ministry is to enhance government agencies' relationships with the community and voluntary sector. The Ministry's role is to support the sector, build its capability and deliver accessible and effective community-based services.

In 2004/2005, the Ministry began **Local Services Mapping** exercises in 20 sites across the country. These exercises provide an overview of government and non-government services available in a region, and a framework for how services can work better together. The exercises will, subject to territorial local authority support, be progressively extended across the country.

Four new **Heartland Service Centres** opened in Balclutha, Oamaru, Hornby and the Chatham Islands, bringing the total number of Heartland Service Centres across the country to 33.

The Hornby Heartland Service Centre is only the second Heartland Service Centre to be located in an urban area. The Hornby Centre is being trialled as



Heartland Services available at the Waitamate District Resource Centre

a centre that gives clients the opportunity to access services in a familiar local environment and also meet the needs of families in the area.

Heartlands provides one-stop-shop access to government and community services for people in remote and rural areas. An evaluation of Heartlands in 2004/2005 found the service is working well. It has successfully improved access to and co-ordination of government services, and in some areas it has encouraged support for voluntary organisations.

The **Office for the Community and Voluntary Sector** promotes the sharing of good practice in relationships with the sector. The flagship programme is a series of interactive seminars and workshops presenting case studies of good practice. The programme is supported by online resources: www.goodpracticefunding.govt.nz and www.goodpractice.govt.nz.

During the last year, the Office funded the Community Sector Taskforce, a community-based group undertaking work to strengthen the capacity of the community and voluntary sector and address issues of strategic cross-sectoral leadership.

FOSTERING LEADERSHIP BY PEOPLE WITH DISABILITIES

In line with the *New Zealand Disability Strategy* objective to foster leadership by people with disabilities, the government is investing funding to establish and maintain a nominations register of people with disabilities for government appointments. The register will be managed by the Office for Disability Issues and will help to identify appropriately skilled people with disabilities for appointment to governance positions on Crown bodies.

As part of the Settling In: Refugee and Migrant Social Services Initiative, the Ministry undertook a **social needs assessment** of refugee and migrant groups in Wellington, Nelson, Napier and Hastings. We purchased a range of social services from 26 community groups, and provided training and support to build capacity and capability for 53 individuals and groups.

The Office for Disability Issues has been responsible for developing the **New Zealand Sign Language Bill**, which provides for official recognition of New Zealand Sign Language and for the right to use this in legal proceedings.

The New Zealand Sign Language video clips were submitted for the 2004 BearingPoint Innovation Awards, which promote innovation in the public sector. The clips made the award finals.

The Office worked with the Deaf Association to produce video clips in New Zealand Sign Language that provided key information on:

- the Minister for Disability Issues
- the Office for Disability Issues
- processes of legislation at Parliament
- the content of the New Zealand Sign Language Bill
- how to make a submission.

In July 2005, the New Zealand Sign Language Bill reached another milestone in its passage through Parliament, with the Justice and Electoral Select Committee presenting its report on the Bill.

A major research project that began in 2004/2005 examines the range and impact of **non-profit and volunteering activities** in New Zealand. The research is being jointly funded by community trusts, the government and the Tindall Foundation. The project will contribute to New Zealand's first comprehensive picture of the nature and extent of non-profit sector activities and volunteering. The findings are expected to be completed by 2007.

The Ministry continued to develop the **Funding for Outcomes** research project. Funding for Outcomes aims to develop streamlined and co-ordinated government funding to non-government organisations. During 2004/2005, we developed joined-up funding agreements and integrated contracts with a range of non-government social service providers, including iwi/Māori organisations.

PROTECTING THE INTEGRITY OF THE BENEFIT SYSTEM

Getting into debt can be a serious barrier to clients achieving their goals and gaining financial independence. For this reason, the Ministry has a strong focus on debt prevention.

In April 2005, we published the report *When Debt becomes a Problem*. The report found that up to 15% of New Zealand households may have debt problems at some point during any 12-month period. It also found that debt may be a barrier to employment.

The Ministry of Social Development collects **benefit debt** from current and former beneficiaries on behalf of the Crown. Our debt collection work requires us to consider both the individual's ability to repay debt and the need to manage the Crown's fiscal risk. We aim to ensure that debt repayments do not cause undue hardship to clients.

The Ministry has established debt prevention pilots with the **New Zealand Federation of Budget Advisors** in Dunedin, Napier and Mangere to work with clients to prevent debt.

The Ministry also has a role to prevent, deter, detect and sanction **benefit fraud**. Our key focus in this area is early intervention and prevention with a strong response to deliberate fraud.

Preventing benefit fraud involves intervening early and helping clients meet their obligations and taking action to demonstrate that fraud is unacceptable, has significant consequences such as prison sentences and will not be tolerated. Benefit fraud field officers contact and visit clients to ensure they are receiving their correct entitlements and understand their obligations. They may also identify instances where fraud has occurred or clients are entitled to extra assistance because their circumstances have changed.

In 2004/2005, the Ministry developed strategies that involve field officers maintaining a closer relationship with Work and Income case managers. These are proving successful in helping us prevent and manage benefit debt and fraud.

“Every interaction we have with someone provides an opportunity to influence their attitudes and actions in a way that might assist in preventing debt and fraud.” Keith Manch General Manager Benefit Integrity Services.

In 2004/2005, the Ministry of Social Development:

- recovered \$72.904 million in overpayments, recoverable advances and debt from former clients
- recovered \$4.858 million of debt and fraudulently received Student Loans from students
- conducted over 127,236 investigations to identify and respond to deliberate fraud and ensure clients were receiving their correct entitlement
- collected \$192.4 million in debt from current beneficiaries
- reviewed over 62,000 data match cases.



BUILDING OUR CAPABILITIES

INVESTING IN OUR NUMBER ONE ASSET

The Ministry of Social Development employs around 6,400 people. Our staff make up about 15% of New Zealand's core public service. Nearly 87% of our staff work in service delivery, 5% in policy, research and evaluation and over 8% work in the corporate, governance and risk areas.

We are a people organisation, and we value our people highly. Our success in improving outcomes for New Zealanders depends upon the dedication, creativity and professionalism of our staff. As a Ministry, we are committed to enabling all our staff, from frontline to policy to leaders and managers, to maximise their potential to improve outcomes for New Zealanders.

Leadership Development Framework

Our managers and future leaders are critical to building our capability and performance.

In 2004/2005, the Ministry developed a Leadership Development Framework. The Framework defines what effective leadership means in the Ministry, and provides a suite of programmes to develop and retain that leadership. Under the Leadership Development Programme, the Ministry:

- provided 42 core and elective workshops to build the leadership skills of our frontline managers
- developed a programme to build management skills and knowledge for first-level managers
- piloted a People Development Process for developing the leaders the Ministry needs, now and in the future
- implemented a development bank policy to manage talent and succession. The development bank policy will help us build individual leadership capabilities, support future leaders on their career paths, and retain our leadership talent.

In addition to developing the Leadership Development Framework, the Ministry enhanced strategic and management information reporting, designed a new performance management system, and put in place internal HR consultancy services.

The Ministry also provided leadership development programmes for Māori and Pacific staff. These target an acknowledged gap in public sector leadership, and have been recognised as among the best programmes of their kind.

Almost 250 managers from across the Ministry worked towards assessment against the National Certificate in Public Sector Services.

A GREAT PLACE TO WORK

Quality employment conditions help us attract, retain and develop high-performing staff.

About 4,300 Ministry staff are on five separate collective employment agreements, negotiated through to 2008. All independent and collective contracts have competitive terms, conditions and remuneration.

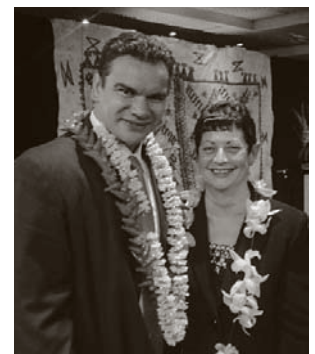
Skills for outcomes

A focus on outcomes requires very different skills from frontline staff to those required for benefit transactions alone.

The Ministry is moving to training and development for our frontline staff that focuses on service excellence, achieving outcomes and understanding clients' overall needs for sustainable employment and participation in their communities.

This involves:

- developing recruitment, career development and remuneration systems to attract and retain highly skilled staff
- redesigning our performance management system so it rewards activities that make a difference to outcomes, such as supporting people into sustainable employment



Isabel Evans, Regional Commissioner in Auckland, was named the Pacific Business Leader of the Year. The award reflects Isabel's leadership, skills and hard work and the huge contribution made by her and her staff to social development in the Auckland region.

In March 2005, the Ministry renewed its Partnership for Quality Agreement with the Public Service Association.

The rate of staff turnover has steadily decreased over the past four years. At the end of June 2005, the turnover rate was 12.3%.

- increasing the capability of our call centres and centralised processing functions, freeing up case managers to spend more time with clients and employers
- supporting our frontline staff to achieve qualifications through the New Zealand Qualifications Authority framework.

Building our policy capability

In 2004/2005, the Ministry of Social Development undertook several initiatives to ensure we continue to recruit and develop talented research and policy staff.

A career path has been introduced in our policy areas, enabling staff to pursue technical or managerial roles, and rewarding staff on the basis of their contribution to good policy advice. This helps the Ministry build strong staff leadership, and attract and retain people in a tight labour market.

Policy and service delivery functions have been brought closer together, to ensure policy advice is developed with the benefit of frontline experience.

A focus for building policy capacity in 2004/2005 has been around new or emerging areas for government, such as Older People's Policy. The Office for Disability Issues, the Office for the Community and Voluntary Sector, the Office for Senior



Citizens and the Ministry of Youth Development continued to provide in-house expertise on issues of rising importance.

Graduate recruitment and cadetship

As a major public sector employer, the Ministry aims to set a high standard in recruiting and developing new graduates. We vigorously market the Ministry as a graduate employer of choice.

In 2004/2005, the Ministry's focus was on recruiting graduates for policy, research, finance and information technology. A National Office Induction Programme for new staff was launched, and 133 staff took part in the Work and Income cadet programme established in 2004. Cadets and other new staff also completed NZQA-approved qualifications in client management.

INVESTING IN NEW TECHNOLOGY

We have been early adopters of technology that enables us to deal with clients away from the office setting, where this supports our outcomes approach. In 2004/2005, 60% of Student Allowance applications and 43% of Student Loan applications were lodged online.

In the past year, we have introduced a new job-matching system that is based on technologies that automatically match job seekers with the requirements of particular vacancies. This system has improved our matching of clients to jobs.

Our office network is supported by the call centre, freeing up case managers to spend more time with clients. In addition, Family and Community Services has established an online searchable directory and is trialling a freephone service that provides information about local family and community service providers.

STRONG FINANCIAL SYSTEMS AND CONTROLS

We have strong budgeting systems, and systems of financial control. We maintain a three-year rolling costed plan of our activities, and a finance strategy that identifies our financial position and management strategies in outyears. This enables us to plan our use of resources over time and be flexible in response to changing conditions. This is crucial to supporting an outcomes approach.

Our governance systems support “best practice”, provide scrutiny across our use of resources, and are backed up by a strong centralised finance group and internal audit functions.

WE ARE ACTIVELY SEEKING WAYS TO REALISE FURTHER SAVINGS

We have been effective in structuring the organisation for efficiency, and to manage pressures on costs, we have initiated a comprehensive Value for Money review of our departmental spending. This will maximise the value from the Ministry’s departmental baseline, and identify ways to realise efficiency gains across the Ministry to strengthen our sustainability over the medium term.

The review is being led by a steering group that includes senior representation from The Treasury, the State Services Commission, and the external accounting firm KPMG. The project is being managed by the Ministry’s Chief Internal Auditor, supported by a team of specialist staff.

STATE SERVICES DEVELOPMENT GOALS

In March 2005, the State Services Commissioner released six development goals for the state services. The goals focus on improving the overall performance of the state sector.

The Ministry supports the achievement of the State Services Development Goals. Our contribution towards these goals is summarised below.

Goal one: employer of choice

The Ministry is developing a good practice employment guide. We are developing strategies for recruitment and capability, and introduced a new, more coherent performance management system in 2004/2005.

Goal two: excellent state servants

The Ministry provides opportunities for development and excellence for all staff. We encourage and support staff to gain qualifications, participate in leadership and study programmes in New Zealand and overseas, and broaden their skills through secondments. Ministry-sponsored conferences, forums and strategy groups build knowledge and capability across the social sector.

Goal three: networked state services

Ministry websites such as the National Family Services Directory, the New Zealand Family Violence Clearinghouse and the older people's web page provide information on a wide array of government services. Online applications will make services and products accessible to clients and easy to administer for staff. The new Electronic Document and Records Management System has improved the way the Ministry archives and shares information.

Goal four: co-ordinated state agencies

The Ministry co-ordinates and co-locates services with other government agencies. Heartland Services and initiatives like PATHS draw together services from many government agencies and community organisations. The Social Services Cluster Chief Executives' Group is developing integrated housing, income, employment, and care and protection services.

Goal five: accessible state services

The Ministry is developing a "no wrong door" strategy. At their first point of contact, clients are referred to the services they need from any of our service lines. The SPEaR website provides "front door" access to social policy research and evaluation.

Goal six: trusted state services

The Ministry has zero tolerance for staff fraud. The Chief Executive communicates regularly with all staff about ethics and responsibility. The Ministry's Code of Conduct is aligned with State Services Commission values.

OUR LEADERSHIP TEAM



Peter Hughes
Chief Executive

“We’re developing an innovative ‘can do’ organisation that is committed to improving outcomes”

Responsibilities

Peter heads the Ministry’s Leadership Team, its governance committees and strategic forums. He has a cross-sectoral leadership role in which he chairs the Health, Education, Social Development, and Justice Chief Executives’ Group. He also chairs the Social Services Cluster Chief Executives Group, which comprises the Department of Child, Youth and Family Services, the Department of Building and Housing, the Housing New Zealand Corporation and the Ministry of Social Development.



Doug Craig
*Director
Office of the
Chief Executive*

“My role is about ensuring the Ministry continues to operate smoothly and is well placed to take advantage of opportunities and challenges”

Responsibilities

Doug is responsible for assisting the Chief Executive to ensure the Ministry operates effectively. His role involves taking an overview of the Ministry’s operations, managing risks and issues and acting as a contact and communication point between the Ministry and the Ministers we report to.



Marcel Lauzière
*Deputy Chief Executive
Social Development
Policy & Knowledge
175 staff*

“Leading social development requires effective interagency collaboration and a commitment to evidence-based policy”

Responsibilities

Marcel’s group provides strategic social policy advice and regional social development. The Centre for Social Research and Evaluation, which is the Government’s largest research and evaluation centre is also in this group, as is the Social Inclusion and Participation group, which comprises the Offices for Senior Citizens, Disability Issues and the Community and Voluntary Sector.



Nicholas Pole
*Deputy Chief Executive
Social Services
Policy
140 staff*

“We advise on policies that address the long-standing and emerging social issues impacting on New Zealanders’ wellbeing”

Responsibilities

Nick’s group provides social policy advice on children, families and communities, young people, working age people and older people. The Ministry of Youth Development and International Relationships is also in this group.



Ray Smith
*Deputy Chief Executive
Work and Income
4,400 staff*

“To build on and continue our success. Achieving meaningful sustainable social and employment outcomes. That’s what we’re about”

Responsibilities

Ray heads Work and Income, which is responsible for providing employment services that help clients achieve sustainable employment and for paying benefits, New Zealand Superannuation and other entitlements. Work and Income operates through an infrastructure of Regional Offices, the contact centre and service centres. Work and Income also includes one of the largest and most highly regarded contracting functions in government. It has approximately 1,600 contracts worth a potential \$320 million each year with a range of non-government organisations.

OUR LEADERSHIP TEAM



Tony Gavin
*Deputy Chief Executive
Specialist Services*
1,050 staff

“By clarifying outcomes and tailoring services to the needs of a wide range of clients, we are able to deliver extra value and help them achieve personal goals and more significant improvements in wellbeing”

Responsibilities

Tony's group administers Student Loans and Student Allowances, the Community Services Card and international social security agreements. The group also pays entitlements to veterans through War Pension Services and protects the integrity of the benefit system through Benefit Integrity Services.



Richard Wood
*Deputy Chief Executive
Family & Community
Services*
60 staff

“Helping families help themselves builds connected communities – helping communities to achieve their goals supports families to be strong. This is our focus”

Responsibilities

Richard's group was established on 1 July 2004 and leads and co-ordinates services and programmes that support families and communities.



Christine Stevenson
*Deputy Chief Executive
People, Resources
& Capability*
400 staff

“Our role is to ‘back the business to win’. We ensure the Ministry has the people and resources they need to achieve outcomes for our clients and for the government”

Responsibilities

Christine's group develops and implements the Ministry's HR strategy, including learning and development opportunities for staff. The group is also responsible for providing strategic financial advice on planning, budgeting, reporting and consultancy, and it manages IT services to support the Ministry.



Don Gray
*Deputy Chief Executive
Corporate &
Governance*
120 staff

“Sound governance and accountability is essential to support sustainable and innovative policy and delivery operations”

Responsibilities

Don's group manages the Ministry's corporate planning and reporting, communication, media, ministerial servicing and legal functions. The group is also responsible for monitoring advice on the Department of Child, Youth and Family Services and appointment and monitoring advice on the crown entities responsible to the Minister for Social Development and Employment. Don's group also manages the interface between the Ministry and Beneficiary Advocates.



Graeme Carruthers
*Deputy Chief Executive
Risk & Assurance*
18 staff

“We provide independent assurance of the systems, processes and controls that the Ministry relies on to deliver effective and efficient services”

Responsibilities

Graeme's group oversees the Ministry's risk management approach, provides internal audit and assurance services, prevents, detects and investigates internal fraud and ensures effective security strategies are in place.

GOVERNANCE AND RISK MANAGEMENT

Being in control of what we do

The Ministry of Social Development is a large and complex organisation. It spends around \$15 billion a year through four different Votes. It delivers a wide range of services through eight business groups. The size and diversity of its operations provide challenges for governance. We need a governance framework that allows the Leadership Team to be focused on its strategic priorities, while still maintaining oversight and control of our day-to-day risk and performance management responsibilities.

The Ministry's Audit Committee

In 2004, the Ministry established an Audit Committee to provide advice to the Chief Executive on the Ministry's risk management and internal controls, audit functions, financial and other external reporting, and its governance framework and processes.

The committee has three external members: the Chair, James Ogden, who has held a number of directorship and Chief Executive roles and has a background in the finance sector; Alan Isaac, National Chairman of the accounting firm KPMG; and Dr Russ Ballard, an experienced and respected former public sector Chief Executive. The committee is able to review all Ministry activities.

OUR GOVERNANCE OF PERFORMANCE AND RISK

The Ministry's Leadership Team operates a collective model of decision-making. They set a single, integrated plan of action for the organisation that crosses policy and delivery boundaries.



Subcommittees of the Leadership Team, chaired by the Chief Executive, have been established to oversee management of organisational performance, large projects, and priority work. This ensures that these matters all receive the scrutiny they need from senior management. To support this work we have developed best practice models for significant projects and large IT projects.

The Ministry's Audit Committee operates independently of the Chief Executive and has the mandate to look across all the Ministry's activities.

It is chaired by one of three external people, who have among them extensive experience in public and private sector financial and risk management, governance, and management of large projects including IT projects.

The central feature of our governance framework is the Leadership Team. The Leadership Team oversees the Ministry's governance, and their collective efforts are focused on the Ministry's strategic priorities. It provides a nucleus for a network of interlocking governance subcommittees that ensure all Ministry activities are co-ordinated and promote the strategic direction.

TOWARDS SUSTAINABLE PRACTICES

Since its establishment, the Ministry of Social Development has been committed to improving its energy-efficiency performance.

Energy management happens at all levels. Energy audits are carried out on all major premises and energy efficiency is specified in all new premises.

We currently spend \$2.8 million per annum on energy. As a result of our energy management activities, the Ministry now enjoys energy cost savings of more than \$400,000 per annum and a further \$175,000 in operating and maintenance costs.


In 2005, our energy-efficiency strategies were recognised as part of the Govt³ awards conducted by the Ministry for the Environment.

In 2005, the Ministry committed to developing a sustainable workplace action plan. The plan will change the way we do our business. In particular, the plan will focus on ways to reduce energy use in our buildings, ground transport, and domestic and international air travel. We will reduce paper use and waste. Already our tenders and contracts require sustainability practices – such as emission standards for our vehicle fleet.

We are confident that the commitment to sustainable practices can reduce the demands that our operation makes on the environment while at the same time improving the efficiency and effectiveness of our operations.



STATEMENT OF OBJECTIVES
AND SERVICE PERFORMANCE //



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 am responsible for 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, on pages 66 to 168, fairly reflect the financial position and operations of the Ministry of Social Development for the year ended 30 June 2005.

Signed:



Peter Hughes

Chief Executive

30 September 2005

Countersigned:



Nick Gale

Chief Financial Officer

30 September 2005

REPORT

OF THE AUDITOR-GENERAL

TO THE READERS OF THE MINISTRY OF SOCIAL DEVELOPMENT'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of the Ministry of Social Development (the Ministry). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Ministry, on his behalf, for the year ended 30 June 2005.

Unqualified opinion

In our opinion the financial statements of the Ministry on pages 66 to 168:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Ministry's financial position as at 30 June 2005;
 - the results of its operations and cash flows for the year ended on that date;
 - its service performance achievements measured against the performance targets adopted for the year ended on that date; and
 - 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 2005.

The audit was completed on 30 September 2005, 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 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. 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. 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 disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements. 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 financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Ministry as at 30 June 2005. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. In addition, they 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 2005. The Chief Executive's responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

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

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



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

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of the Ministry of Social Development (the Ministry) for the year ended 30 June 2005 included on the Ministry's website. The Chief Executive is responsible for the maintenance and integrity of the Ministry's website. We have not been engaged to report on the integrity of the Ministry's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/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 2005 to confirm the information included in the audited financial statements presented on this website.

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



STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

VOTE: SOCIAL DEVELOPMENT

For the year ended 30 June 2005

OUTPUT CLASS: SERVICES TO PROVIDE BENEFIT ENTITLEMENTS AND OBLIGATIONS TO WORKING AGE BENEFICIARIES AND TO PROMOTE SELF SUFFICIENCY

Description

Through this output class the Ministry provides income support and services to eligible people to encourage economic and social inclusion. This output class contributes mainly to two of the Ministry's outcomes that cover the following life cycle groups and institutions: Working Age People; and Families and Whānau. Primarily, the output class contributes by helping working age people to achieve economic independence and to participate in, and contribute to, society based on the principles of mutual responsibility and co-operation.

To achieve this, the Ministry will:

- help individuals to receive the benefits to which they are entitled
- address the low uptake of help that is available to working age people on low incomes
- assist people receiving a benefit who are able to work to help equip them for the workforce.

Scope

The scope of this output class includes:

- providing information on the full range of assistance available so people can apply for any assistance for which they are eligible
- informing people of their rights and obligations when they receive income support
- assessing, verifying and paying income support to eligible people

- managing people's needs for income support and other assistance, including responding to changes in people's circumstances in a timely and appropriate manner
- providing individual assistance to those not currently seeking employment, for example people receiving a Domestic Purposes Benefit, Sickness Benefit or Invalid's Benefit
- providing information on available social, community and employment services and referring people to the agencies that best meet their needs
- managing client debt repayments in a way that balances the client's ability to repay while ensuring integrity of the benefit system.

Services to Provide Income Support and Other Assistance to Eligible People

The average number of beneficiaries (excluding spouses) was forecast in the Ministry's 2004 *Statement of Intent* to be 350,000. The actual average number of beneficiaries (excluding spouses) for 2004/05 was 319,423 (and 300,783 for working age beneficiaries).

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
204,587	Crown	242,754	236,984	242,754
3,427	Department	3,450	5,000	6,418
6,878	Other	426	4,349	4,349
214,892	Total Revenue	246,630	246,333	253,521
213,039	Total Expense	242,130	246,333	253,521
1,853	Net Surplus/(Deficit)	4,500	–	–

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
91.4%	Quality The percentage of clients satisfied with the level of service provided by the contact centre will be no less than:	91.3% ¹	85%
82.7%	The percentage of clients satisfied with the level of service provided by case managers will be no less than:	82.8% ²	85%
87.6%	Timeliness The percentage of entitlement assessments that are finalised within five working days will be no less than: ³	87.9%	85%
89.3%	Accuracy The percentage of entitlement assessments completed accurately will be no less than: ³	90.8%	90%
96%	Debt Management The percentage of current debtors ⁴ repaying debt will be no less than:	96% ⁵	90%

- 1 The Ministry's result for this measure is attributed to an increase in resourcing and staff training in response to demand for expanded services that include multilingual lines.
- 2 Client satisfaction has improved only marginally since 2003/04. Analysis suggests that among other variables, satisfaction levels are strongly influenced by office structure and layout. The Ministry has a project in place to look at office layout in early 2005/2006. Further analysis of overall service centre performance and client satisfaction levels is underway. All Work and Income regions have an increased focus on improving current service excellence levels during 2005/06.
- 3 Accuracy and timeliness results exclude unverifiable cases. Unverifiable means that the record holds insufficient information to verify the accuracy of that action. The total percentage of unverifiable records was 4% at the end of June 2005.
- 4 Current debtors are clients currently on benefit who have a debt with the Ministry.
- 5 The Ministry's result for this measure is attributed to the continued reduction in beneficiary numbers (and the subsequent transfer of Current Debt to Non-current Debt) and the introduction of debt liaison positions to minimise the unnecessary establishment of debt and improve service efficiency.

Current Beneficiary Debt Portfolio Movement 2004/05
For the year ended 30 June 2005

	DEBT \$M
Opening Balance	308.402
Debt Establishment	309.140
Debt Recoveries ⁶	(192.423)
Cancellation Transfers ⁷	(102.349)
Write-off	(6.054)
Closing Balance	316.716

6 Debts recovered include \$16.453 million for New Zealand Superannuation.

7 'Cancellation Transfers' are debts transferred to 'non-current' recoveries due to benefit cancellation. Non-current debt is collected in Output Class *Debt Management – Former Beneficiaries*.

OUTPUT CLASS: SERVICES TO MINIMISE THE DURATION OF UNEMPLOYMENT AND MOVE PEOPLE INTO WORK

Description

Through this output class the Ministry provides services aimed at reducing unemployment and reducing the time spent by people on social security benefits. This output class has three elements that cover the services provided by the Ministry to all job seekers. They include:

- supporting clients to be work-ready
- helping job seekers into work
- supporting clients in employment.

The services provided in this output class contribute to the Ministry's outcome for Working Age People. They contribute by preparing clients for work, placing clients into jobs and continuing to support them towards achieving sustainable employment outcomes.

These objectives will be achieved by providing national support services, regional employment services and by managing contracted services. The services provided through this output class are focused on achieving sustainable employment outcomes for all job seekers. This applies equally across all priority client groups and is based on providing appropriate, targeted interventions that meet the client's level of need. This work also includes the case management planning process, which establishes clear obligations and responsibilities for the individual client and the Ministry.

Performance Information

The Ministry's progress towards implementing a comprehensive focus on sustainable employment resulted in a series of new measures being introduced for the 2004/05 business year. The new measures seek to demonstrate the move to generating sustainable employment outcomes for the Ministry's clients. This means that the delivery of services will seek to get clients into work, keep them in work for longer periods of time and to provide opportunities for people to move into higher-quality jobs over time.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
222,489	Crown	225,989	249,332	225,989
-	Department	560	-	688
2,787	Other	-	-	-
225,276	Total Revenue	226,549	249,332	226,677
217,727	Total Expense	221,949	249,332	226,677
7,549	Net Surplus/(Deficit)	4,600	-	-

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
	Getting clients into work		
New measure in 2004/05	The proportion of job-seeking clients in receipt of a core benefit who exit into employment will be:	36.5%	35%
New measure in 2004/05	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:	36.8%	36%
	Clients remaining in work longer⁸		
New measure in 2004/05	The average cumulative time that job-seeking clients, who exit to work, spend in employment over the course of a year will be:	40.4 weeks	36.5 weeks
New measure in 2004/05	The proportion of job-seeking clients who exited into employment and achieved six months continuous employment will be:	66%	58%

8 Performance in 2004/05 is attributed to the Ministry's demand-led approach that links employment programmes to available vacancies. This ensures that the needs of employers and employees are met.

OUTPUT CLASS: SERVICES TO SENIORS

Description

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

Scope

The services provided through the Services to Seniors output includes the assessment, payment and review of entitlement for:

- New Zealand Superannuation (NZS)
- supplementary benefits, grants, allowances and subsidies made to NZS or veteran's pensioners.

The services provided through the International Services output includes the administration and implementation of:

- New Zealand's international social security agreements
- general portability and special portability arrangements.

Services to Seniors

The average number of superannuitants was forecast in the Ministry's 2004 *Statement of Intent* to be 475,000. The actual average number of superannuitants for 2004/05 was 469,169.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
31,008	Crown	29,737	32,683	29,737
–	Department	132	–	168
785	Other	–	–	–
31,793	Total Revenue	29,869	32,683	29,905
29,314	Total Expense	28,164	32,683	29,905
2,479	Net Surplus/(Deficit)	1,705	–	–

Service Performance (Services to Seniors)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
89.6%	Timeliness The percentage of entitlement assessments that are finalised within five working days will be no less than: ⁹	85.7%	85%
92.3%	Accuracy The percentage of entitlement assessments completed accurately will be no less than: ⁹	93.2%	92%
92.9%	Quality The percentage of clients satisfied with the level of service provided will be no less than:	94.3%	90%

⁹ Accuracy and timeliness results exclude unverifiable cases. Unverifiable means that the record holds insufficient information to verify the accuracy of that action. The total percentage of unverifiable records was 4% at the end of June 2005.

Service Performance (International Services)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
96.4%	Accuracy The percentage of entitlement assessments completed accurately will be no less than:	93.6%	92%
83%	Timeliness Applications for payment overseas processed within 24 hours will be no less than:	92.5% ¹⁰	95%
95%	Review actions processed within five working days will be no less than:	92.4%	90%
90.4%	Correspondence replied to within five working days will be no less than:	96% ¹¹	90%
97%	The percentage of all incoming calls that are answered within 20 seconds will be no less than:	95.6%	90%

10 This standard was not met in 2004/05, due to the inconsistent flow of applications, particularly from Australia. The Ministry has contacted its counterparts overseas and applications are now being sent regularly.

11 Service improvements mean that correspondence to clients is now easier to produce. This along with an enhanced client focus has led to the standard against this measure being exceeded.

OUTPUT CLASS: SERVICES TO PROTECT THE INTEGRITY OF THE BENEFIT SYSTEM

Description

Through this output class the Ministry provides services to promote voluntary compliance and ensure that there is an effective response to deliberate fraud.

Benefit Control provides assurance that the integrity of the benefit system provided by the Ministry is protected by preventing, detecting, deterring and sanctioning benefit fraud. Benefit Control minimises fraud or abuse through investigations, data match and its Early Intervention programmes. Early Intervention is designed to prevent, detect and deter fraud sooner than is the case with investigations or data matching. This output class therefore contributes to all five of the Ministry's outcomes.

Scope

The scope of this output class includes the investigation and detection of benefit fraud and the provision of prevention and Early Intervention programmes, which focus on:

- risk management
- detecting overpayments
- investigating suspected irregularities to determine whether people are or have been receiving benefits illegally
- activities to deter benefit abuse
- detecting and preventing fraud early, to mitigate client debt escalation and consequential barriers to social and economic independence.

These programmes also involve a brokering role to ensure clients can access their full and correct benefit entitlement, and identify services that can be provided by other Government agencies.

The Ministry conducts information matches with the:

- Inland Revenue Department
- Department of Corrections
- New Zealand Customs Service.

The purpose of these matches is to detect clients who are receiving or have been receiving assistance to which they are not entitled. The Ministry started introducing data matches with the Department of Internal Affairs in 2004. The Ministry ensures all clients are notified of a positive match if any adverse action is to be taken and will provide sufficient time for the client to respond.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
33,105	Crown	34,080	35,949	34,080
–	Department	157	–	120
764	Other	–	–	–
33,869	Total Revenue	34,237	35,949	34,200
32,097	Total Expense	33,308	35,949	34,200
1,772	Net Surplus/(Deficit)	929	–	–

Service Performance

ACTUAL 30 JUNE 04	RESULT MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
New measure in 2004/05	Clients are aware of the consequences of committing benefit fraud.	Standard met ¹²	The results from the 2004/05 year will be used to establish an appropriate benchmark for future years.
New measure in 2004/05	The incidence of benefit fraud is minimised.	Standard met ¹³	The Ministry will establish a measurement framework for this measure during 2004/05 to inform the establishment of an appropriate standard for inclusion in the Ministry's <i>Statement of Intent 2005/06</i> .
	The dollar value of benefit fraud is minimised.		
53,631	Quantity The number of cases completed by Area Benefit Control units will be:		
Revised measure in 2004/05	Investigations	36,994 ¹⁴	25,000
	Early Intervention	18,638 ¹⁵	15,000

12 In 2005/06 the standard established for this measure is 70%.

13 In 2005/06, these fraud minimisation measures were replaced with:

- the change of circumstances notification and benefit cancellation rate for clients contacted through the Early Intervention Strategy will exceed 15%
- the average duration of fraudulent overpayments will not exceed 45 working days.

14 Due to the volume of cases on hand at the start of the period, a large number of less complex investigations were undertaken which resulted in a higher number of cases being cleared than forecast.

15 Greater emphasis has been placed on intervention work leading to the trend of higher case numbers.

Service Performance cont.

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
47,079	The number of cases reviewed will be:		
Revised measure in 2004/05	Data Match	62,133 ¹⁶	35,000
	Client Review Process	9,471 ¹⁷	5,000
100,710	The number of cases investigated to determine correct entitlement will be:	127,236	80,000
Revised measure in 2004/05	Timeliness The percentage of Benefit Control cases completed within 90 working days of assignment will be no less than:	87.3%	80%
New measure in 2004/05	Quality The percentage of prosecutions concluded in 2004/05, where decisions are in the Ministry's favour:	Standard met ¹⁸	The results from the 2004/05 year will be used to establish an appropriate benchmark for future years.
99.9%	The percentage of cases where decisions that are open to review remain unchanged will be no less than:	99.7%	98%

16 The number of cases reviewed as a result of data match activity reflects the higher number of positive matches and an additional data match with the Department of Internal Affairs Deaths' Registry which started in September 2004.

17 2004/05 was the first year an estimate for the number of cases resulting from the Client Review Process was established. The initial estimate was too low. This standard has been increased to 11,000 for 2005/06.

18 The benchmark assessment was completed and a new standard of 85% was established and included in the *Statement of Intent 2005/06*.

Service Performance cont.

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
100%	Investigation cases will be audited for quality of investigation and adherence to investigation standards: – for cases involving potential fraud of greater or equal to \$5,000:	100%	100%
12.6%	– for cases involving potential fraud of less than \$5,000:	16.2% ¹⁹	10%
\$2.51	For every dollar spent (net of tax & GST exclusive), the return – in relation to prospective savings due to intervention will be no less than: ²⁰	\$2.55	\$2.00
Revised measure in 2004/05	– in relation to Data Match cases will be no less than:	\$3.02	\$2.50
	The total dollar rate of return in relation to data match and intervention will be no less than:	\$5.57	\$4.50

19 The Ministry audited more cases than required to achieve a full cross section of case types.

20 This measure includes prospective savings from all interventions.

OUTPUT CLASS: DEBT MANAGEMENT – FORMER BENEFICIARIES

Description

Through this output class the Ministry provides debt management services for former beneficiaries (non-current debt). The activities in this output class support the achievement of all of the Ministry's outcomes. It does this by negotiating realistic repayment rates with former beneficiaries and by returning money to the Crown.

The collection of this debt takes into account the individual's ability to repay and the management of the Crown's fiscal risk. Due consideration is given to ensuring debt repayments do not cause undue hardship or jeopardise a client's ability to stay in employment through unrealistic debt repayment levels. The Ministry takes a 'whole of organisation' approach to debt prevention and ensures its staff carry out their duties with due diligence and respect for the rights of clients.

The types of non-current debts collected in this output class include:

- Special Needs Grants (recoverable)
- advances
- overpayments generated by Ministry or client error or oversight
- Liable Parent Contribution and Maintenance
- debt arising from 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 *Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency*.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
18,865	Crown	19,390	18,854	19,390
–	Department	82	–	77
474	Other	–	–	–
19,339	Total Revenue	19,472	18,854	19,467
17,870	Total Expense	17,825	18,854	19,467
1,469	Net Surplus/(Deficit)	1,647	–	–

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
\$73.042m	Quantity Actual collection of non-current beneficiary debt, New Zealand Superannuation debt, employment-related grants and allowances debt, Liable Parent Contribution, maintenance debt, and major repairs, and advances debt is expected to be:	\$72.903m	\$70m-\$73m
\$5.251m	Actual collection of Student Allowances debt and fraudulent Student Loan debt is expected to be:	\$4.858m	\$4.8m-\$5.2m
85%	Quality The proportion of collectable non-current beneficiary debtors on arrangement to pay or paid in full within four months of debt establishment shall be no less than:	83%	82%

Non Current Beneficiary Debt Portfolio Movement 2004/05

For the year ended 30 June 2005

	CANCELLED BENEFIT DEBT	LIABLE PARENT DEBT ²¹	STUDENT DEBT	OTHER DEBTS ²²	TOTAL DEBT
	\$M	\$M	\$M	\$M	\$M
Opening Balance	360.624	46.462	6.997	34.531	448.614
Debt Establishment	0.000	(0.349)	5.804	(0.020)	5.435
Cancellation Transfers ²³	102.349	0.000	0.000	0.000	102.349
Debt Recoveries	(67.482)	(3.501)	(4.858)	(1.921)	(77.762)
Debt Write-offs	(5.107)	(1.387)	(0.364)	(0.295)	(7.153)
Closing Balance	390.384	41.225	7.579	32.295	471.483

21 No new debts have been established in this area since responsibility was transferred to the Child Support Agency in 1992. The reduction in value reported as Liable Parent Contribution establishment was caused by a review of an existing debt balance.

22 This area combines smaller portfolios including major repairs, advances, maintenance and Residential Care.

23 Cancellation Transfers reflect debts transferred from current to non-current debt after a benefit has been cancelled.

OUTPUT CLASS: COMMUNITY SERVICES CARD

Description

Through this output class the Ministry administers the distribution of the Community Services Card and provides information to the public about the card. This output class contributes to four of the Ministry's outcomes which cover the following life cycle groups and institutions: Children and Young People; Working Age People; Older People; and Families and Whānau. It contributes to these outcomes by reducing the effects of hardship by giving low to middle income people access to affordable primary health services.

National Community Services Card Centre

The services in this output class are managed by the National Community Services Card Centre, which is a centralised processing unit with a discrete call centre within the Ministry. The centre is responsible for:

- processing applications and reapplications
- ensuring people who are entitled to receive a card know how to apply
- producing the cards.

People receiving a current benefit (but not those receiving New Zealand Superannuation) automatically receive a card. People who do not receive a benefit can apply for a Community Services Card by completing an application form. Superannuitants need to apply for their first card and then around 80% of eligible Superannuitants' cards are renewed automatically as their income remains below the threshold.

Community Services Card

The number of current cards on issue in 2004/05 was forecast to be 1,100,000. The actual number of cards issued in 2004/05 was 1,014,440.

The volume of applications and re-applications (renewals) of Community Services Cards to be processed in 2004/05 was forecast to be 206,000 and the actual volume processed in 2004/05 was 180,544.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
7,029	Crown	5,898	7,029	5,898
180	Department	207	–	18
151	Other	–	–	–
7,360	Total Revenue	6,105	7,029	5,916
6,071	Total Expense	5,382	7,029	5,916
1,289	Net Surplus/(Deficit)	723	–	–

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
86.7%	Quality The percentage of all calls to the Community Services Card centre answered within 20 seconds will be no less than:	85.1%	85%
91.4%	Timeliness The percentage of initial applications and those requiring validation processed within two working days of receipt will be no less than:	95.4%	90%
94.3%	Accuracy The percentage of Community Services Card entitlement assessments accurately completed as determined by regulation will be no less than:	95.7%	90%

OUTPUT CLASS: SERVICES TO STUDENTS

Description

Through this output class the Ministry provides financial support to New Zealand students who might otherwise be unable to access tertiary education. This output class contributes to three of the Ministry's outcomes. It contributes to the Children and Young People outcome by helping young people make successful transitions into adulthood. It contributes to the Working Age People outcome by helping people into sustainable employment, and it contributes to the Families and Whānau outcome by providing support to families who have one or more members studying.

The Ministry of Social Development is responsible for the delivery of Student Allowances and Student Loan services. These services are managed by the StudyLink service line within the Ministry. Student Allowance and Student Loan policy is the responsibility of the Ministry of Education. A protocol between the Ministry of Social Development, the Ministry of Education, the Inland Revenue Department and the Tertiary Education Commission has been established that defines the roles and responsibilities of each agency for the Student Allowance and Student Loan programmes. The Ministry also works closely with other agencies to ensure effective co-ordination and communication.

This output class includes the application and determination of eligibility for a Student Allowance and the provision of information to help students understand all allowance obligations and entitlements.

Also included in this output class is the application and assessment of entitlement for Student Loans and the provision of information to help students understand all loan obligations and entitlements.

StudyLink places a focus on providing comprehensive information to students who are considering entering tertiary study. In particular, StudyLink targets information at year 12 and 13 secondary students regarding financial support options available to them when they move into tertiary study. This information is provided via StudyLink's Highway to the Future programme, which is included in this output class.

Student Allowances and Student Loans

Student Allowances

The volume of Student Allowance applications approved in 2004/05 was forecast to be in the range of 87,000 to 92,000 (from a total of between 116,000 to 121,000 applications received). The actual number of allowance applications approved in 2004/05 was 59,630, from an actual number of allowance applications received of 84,917.

Student Loans

The volume of Student Loan accounts established in 2004/05 was forecast to be in the range of 163,000 to 168,000 (from a total of between 206,000 to 211,000 applications received). The actual number of loan accounts established in 2004/05 was 153,528, from an actual number of loan applications received of 193,394.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
28,335	Crown	31,908	37,245	31,908
–	Department	94	–	55
495	Other	–	–	–
28,830	Total Revenue	32,002	37,245	31,963
27,693	Total Expense	31,447	37,245	31,963
1,137	Net Surplus/(Deficit)	555	–	–

Service Performance (Student Allowances)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
97%	Timeliness The initial entitlement assessment for a Student Allowance will be completed within five working days of application receipt:	97.9%	95%
95.2%	Accuracy The percentage of students who receive their correct Student Allowance entitlement on their first payment will be no less than:	98%	94%

Service Performance (Student Loans)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
97.7%	Timeliness The initial entitlement assessment for a Student Loan will be completed within three working days of application receipt.	97.6%	95%
99.4%	Accuracy The percentage of students who receive their correct entitlement (living cost component) on their first payment will be no less than:	99.7%	95%

Service Performance (Student Loans and Student Allowances)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES ²⁴	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
94%	Quality The percentage of independently surveyed students satisfied with the level of service provided by the StudyLink contact centre will be no less than:	86.7%	85%
91.7%	The percentage of independently surveyed students satisfied with the level of service from StudyLink staff will be no less than:	80.6% ²⁵	85%
97.9%	The percentage of independently surveyed institutions that are satisfied with the level of service from StudyLink staff will be no less than:	80.7% ²⁶	85%

Service Performance (Highway to the Future Programme)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES ²⁷	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
99.3%	Quality The percentage of independently surveyed users of the Highway to the Future programme who found the programme information valuable will be no less than:	98%	85%
93.3%	The percentage of New Zealand secondary schools contacted that will participate in one or more components of the Highway to the Future programme will be no less than:	92%	90%

24 The 2004/05 surveys were carried out using a new satisfaction rating scale. The new scale brings these measures into line with scales used for similar satisfaction surveys.

25 The Ministry has a number of mitigation strategies and initiatives in place to improve service delivery and therefore the level of student satisfaction. This includes resolving more complex issues at the first point of contact.

26 The Ministry has a number of mitigation strategies and initiatives in place to improve service delivery and therefore the level of service provided to education providers.

27 The 2004/05 surveys were carried out using a new satisfaction rating scale. The new scale brings these measures into line with scales used for similar satisfaction surveys. Surveys for the Highway to the Future programme measures are conducted over the school year (April to October) rather than the financial year.

OUTPUT CLASS: FAMILY AND COMMUNITY SERVICES

Description

Through this output class the Ministry provides leadership and co-ordination services to support and strengthen families and whānau, including promoting effective cross-sectoral responses, promoting the elimination of family violence, providing advice and support for the co-ordination of family support services and expanding and enhancing family and parent support programmes.

The Ministry will assist families and whānau to become stronger so that they can support their members to play a full and productive role in their communities. This output class contributes to the Ministry's outcomes for Families and Whānau; and Communities, Hapū and Iwi. It also contributes to government's objectives of:

- supporting families/whānau and children and young people
- building partnerships
- enabling social inclusion
- strengthening families and communities.

Scope

The scope of this output class includes providing leadership and co-ordination services to support and strengthen families. This involves:

- establishing and maintaining partnerships with key cross-sectoral stakeholders from central government, local government, non-government organisations, iwi/Māori and Pacific peoples, to develop and implement strategies to support and strengthen families and communities
- undertaking local services mapping, which was trialled by Child, Youth and Family Services in 2003/04
- providing families and communities with better access to information and advice on services that support families, including the development of a database to provide an information source to the public on the range of services available to families
- supporting the family role of parenting
- reducing the incidence and impact of violence in families.

This output class also includes the operation of the Strengthening Families local collaboration initiative jointly sponsored by the Ministries of Education, Health and Social Development and the Department of Child, Youth and Family Services, and the implementation of the Heartland Services initiative.

Strengthening Families

Strengthening Families is a strategy about how the health, education, income support, social services, housing and related agencies of government will work with local government and community based organisations, to mitigate the impact of risk factors and provide a seamless service to families at risk. The Ministry's role is to provide leadership of Strengthening Families, to co-ordinate the involvement of participating partner agencies, and to monitor trends.

Heartlands

The Ministry is responsible for managing Heartland Services. The centres provide rural and isolated communities with access to 'one-stop-shop' co-ordinated government services. The Ministry does this by providing office accommodation and facilities for participating organisations to use on a regular basis. The Ministry oversees the employment of co-ordinators at each centre, monitors usage and promotes the service to communities and agencies.

Key Establishment Milestones

Database

Establish a database that draws together information on services and programmes that support families. The database will be universally available to members of the public and stakeholders through the Ministry's Family and Community Services website www.familyservices.govt.nz.

A National Directory was established and launched in August 2004.

211 Helpline

Establish a Helpline, subject to stakeholder support, which provides information and advice relating to programmes and services that support families.

The 211 Helpline pilot commenced on 14 April 2005.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
New output class in 2004/05	Revenue			
	Crown	10,602	8,298	10,602
	Department	22	–	37
	Total Revenue	10,624	8,298	10,639
	Total Expense	10,481	8,298	10,639
	Net Surplus/(Deficit)	143	–	–

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
New measure in 2004/05	Quantity Initiate Local Services Mapping exercises. ²⁸	29	20
New measure in 2004/05	Quality Local Services Mapping exercises will meet the quality characteristics described in the Family and Community Services Mapping guidelines.	100%	100%

28 The Local Services Mapping exercises consist of:

- a community profile and stocktake of existing services and programmes
- a consultation process with government funders and NGO/community organisations on the appropriateness and targeting of programmes and services, gaps and overlaps
- a report that outlines the local needs and priorities that will assist funders to make decisions on funding over future funding periods.

Service Performance cont.

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
	Heartland Services		
Revised measure in 2004/05	Quantity Maintain the number of Heartlands Service Centres in operation.	33	28
New measure in 2004/05	Timeliness Provide monthly reports to participating Heartlands agencies that monitor the use of the Heartlands Service Centres.	Timeliness standard met	Within 15 working days of the month end
New measure in 2004/05	Quality Government departments operating out of Heartlands Service Centres are satisfied with the facilities and co-ordination services provided by the Ministry of Social Development.	99%	90%
New measure in 2004/05	Stakeholders are satisfied with the access to government services via Heartlands Service Centres. ²⁹	94%	80%
	Strengthening Families		
Revised measure in 2004/05	Quantity and Timeliness Provide monthly reports to participating Strengthening Families agencies that identify the level of collaborative case management by location and sector.	Quantity and timeliness standard met	Within 15 working days of the month end

²⁹ Stakeholders include individual clients, local bodies and significant community organisations.

OUTPUT CLASS: SOCIAL DEVELOPMENT LEADERSHIP

Description

Through this output class the Ministry provides Social Development Leadership that contributes ultimately to all five of the Ministry's outcomes and vision. It does this through the provision of strategic social policy advice and regional social development leadership.

Scope

The scope of this output class includes:

- monitoring and reporting on the social wellbeing of New Zealanders
- using the social development approach to support policy decision-making from a whole-of-government perspective
- providing government with evidenced-based advice on current strategies and initiatives
- developing medium and long-term policy proposals relating to significant and cross-sectoral social policy issues
- jointly co-ordinating the medium to long-term policy thinking and knowledge building across government departments
- bringing together research and evaluation evidence on key social policy issues for government
- jointly co-ordinating social research through the Social Policy Evaluation and Research (SPEaR) committee
- facilitating the development of regional social development strategies
- providing input to local authorities' Long Term Council Community Plans
- leading, facilitating and contributing to 'whole-of-government' regional and local social development initiatives
- contributing to the building of capacity and capability at local levels in support of the government's social development outcomes.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
New output class in 2004/05	Revenue			
	Crown	4,531	4,931	4,531
	Department	23	–	26
	Total Revenue	4,554	4,931	4,557
	Total Expense	3,692	4,931	4,557
	Net Surplus/(Deficit)	862	–	–

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
	Strategic Social Policy advice		
Revised measure in 2004/05	Quantity Policy advice will be delivered in accordance with a key priorities annual plan agreed with the Minister for Social Development and Employment.	Standard met	Advice is delivered in accordance with the annual plan
New measure in 2004/05	Quality Process An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System have been followed.	Processes were complied with	Processes are complied with
New measure in 2004/05	Technical robustness An external independent review of the Ministry of Social Development's policy advice confirms that it meets predetermined best practice criteria.	Standard met	Standard met ³⁰

30 The standard for this measure was based on a continuum of: standard not met, standard met and standard exceeded.

Service Performance cont.

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
Revised measure in 2004/05	Feedback ³¹ Feedback from stakeholders indicates the Ministry of Social Development is effectively leading policy thinking on social development issues which are in line with the Ministry's vision of an inclusive New Zealand.	Standard met	Standard met ³²
100%	Timeliness Policy advice will be delivered to the Minister for Social Development and Employment within negotiated deadlines.	100%	100%
Timeliness standard met	Quarterly reports against the key priorities annual plan will be provided to the Minister for Social Development and Employment.	Timeliness standard met	No more than 7 weeks from the end of the quarter
Revised measure in 2004/05	Regional Social Development and Employment Plans Regional Commissioners will consult with their communities and staff 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	Consultation completed by 30 April 2005

31 Stakeholders include:

- the Minister for Social Development and Employment and staff in the Minister's office
- the Associate Ministers for Social Development and Employment
- other government agencies
- external stakeholders.

32 The standard for this measure was based on a continuum of: standard not met, standard met and standard exceeded.

OUTPUT CLASS: POLICY AND PURCHASE ADVICE

Description

Through this output class the Ministry provides social sector policy advice, research and evaluation, purchase and monitoring advice and Ministerial services. This output class contributes to the Ministry's five outcomes, which cover the following life cycle groups and institutions: Children and Young People; Working Age People; Older People; Families and Whānau; and Communities, Hapū and Iwi.

Social Sector Policy Advice

Social sector policy advice guides the government in making the right decisions on where and how to invest to achieve its social goals. 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 ensures that government policy and service delivery effectively supports community, voluntary and tangata whenua organisations in achieving their objectives. The key functions of the Office are cross-sectoral policy development and advice and acting as a contact point for the community and voluntary sector on sector-wide issues. The Office provides support and reports to the Minister for the Community and Voluntary Sector, as agreed in a separate service agreement between that Minister and the Chief Executive of the Ministry of Social Development.

Office for Disability Issues

The Office for Disability Issues provides policy advice and related services for the Minister for Disability Issues. It leads, monitors and promotes the New Zealand Disability Strategy, provides policy advice on disability issues and leads strategic and cross-sectoral disability policy across government. It also provides Ministerial servicing and support for the Minister for Disability Issues, as agreed in a separate service agreement between that Minister and the Chief Executive of the Ministry of Social Development.

Social Research and Evaluation

Through this output the Ministry provides an ongoing programme of evaluation, social research, monitoring, forecasting, and data analysis. These functions contribute to the achievement of the Ministry's five outcomes by ensuring that:

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

This will be achieved by:

- actively promoting research and evaluation findings
- taking the lead in social sector research and evaluation capability and capacity building projects.

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 government 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 service data/information
- ensuring greater co-ordination and capacity development across the social policy research sector
- undertaking operational research, performance monitoring and analysis of the Ministry's service delivery relationships, including with clients, employers, students and call centre users
- preparing fiscal forecasts for government expenditure on social assistance benefits.

Purchase and Monitoring

Through this output the Ministry provides to the Minister for Social Development and Employment purchase advice and monitoring services to improve the effectiveness, efficiency and value for money in social service delivery agencies 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:

- Department of Child, Youth and Family Services
- Retirement Commissioner
- Children's Commissioner
- New Zealand Artificial Limb Board
- Families Commission
- Social Worker Registration Board.

The scope of the purchase advice and monitoring output 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 agency Output Plans (or Output Agreements)

- quarterly reporting to the Minister on the performance of delivery agencies against their Output Plans (or Output Agreements), and the assessment of any delivery risks
- special projects related to service delivery performance
- service reviews at the Minister's request
- facilitating effective working relationships with relevant agencies.

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	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
30,060	Crown	36,706	37,414	36,706
975	Department	1,164	717	911
31,035	Total Revenue	37,870	38,131	37,617
30,295	Total Expense	36,393	38,131	37,617
740	Net Surplus/(Deficit)	1,477	-	-

Service Performance (Policy, Research and Evaluation performance measures)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
Revised measure in 2004/05	Key Priorities Policy, research and evaluation advice will be delivered in accordance with a key priorities annual plan agreed with the Minister for Social Development and Employment.	Standard met	Advice is delivered in accordance with the annual plan
Revised measure in 2004/05	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	Advice is delivered in accordance with the work programme
New measure in 2004/05	Quality³³ Process An audit shows that the Ministry of Social Development's policy and research processes as outlined in the Quality Management System have been followed.	Processes were complied with	Processes are complied with
New measure in 2004/05	Technical robustness An external independent review of the Ministry of Social Development's policy advice confirms that it meets predetermined best practice criteria.	Standard met	Standard met ³⁴
Revised measure in 2004/05	Social research and evaluation reports Internal and or external reviewers critically appraise the quality and content of social research and evaluation reports that are intended for publication.	Standard met	Quality reviewed

33 In 2004/05, the Ministry implemented a new series of measures to assess the quality of strategic social policy, sector policy, and research and evaluation advice. The new measures look at quality in terms of process, technical robustness and stakeholder satisfaction. These measures are broader and in some cases an extension of the quality measures the Ministry has had in place in the past.

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

34 The standard for this measure was based on a continuum of: standard not met, standard met and standard exceeded.

Service Performance (Policy, Research and Evaluation performance measures) cont.

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
Revised measure in 2004/05	Feedback ³⁵ Feedback from stakeholders indicates the Ministry of Social Development is effectively leading policy thinking on social development issues which are in line with the Ministry's vision of an inclusive New Zealand.	Standard met	Standard met ³⁶
100%	Timeliness Policy and research and evaluation advice will be delivered to the Minister for Social Development and Employment, and the Ministers for Disability Issues and Community and Voluntary Sector as appropriate, within negotiated deadlines.	100%	100%
Timeliness standard met	Quarterly reports against the key priorities annual plan will be provided to the Minister for Social Development and Employment.	Timeliness standard	Not more than 7 weeks from the end of the quarter

35 Stakeholders include:

- the Minister for Social Development and Employment and staff in the Minister's office
- the Associate Ministers for Social Development and Employment
- the Ministers for Disability Issues and Community and Voluntary Sector and their offices
- other government agencies
- external stakeholders.

36 The standard for this measure was based on a continuum of: standard not met, standard met and standard exceeded.

Service Performance (Purchase and Monitoring)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
4 ³⁷	Quantity Provide advice on Agency Output Plans (or Output Agreements). ³⁸	5 ³⁹	3
12	Provide monitoring reports on each agency's Quarterly Performance Report against their Output Plans (or Output Agreements).	18 ⁴⁰	12
Standard met	Quality Advice and reports will meet the quality characteristics described in the Ministry of Social Development Quality Management system.	Standard met	Quality characteristics met
100%	Timeliness Purchase advice will be delivered to the Minister for Social Development and Employment within negotiated deadlines.	100%	100%
Timeliness standard met	Output Plans (or Output Agreements) are reviewed by:	Timeliness standard met	May 2005
Timeliness standard met	Quarterly Reports are reviewed:	Timeliness standard met	Within 20 working days of receipt of final agency report

37 In addition to providing advice on the Output Plan of the Department of Child, Youth and Family Services and the purchase agreements of the Retirement Commissioner, and the Children's Commissioner, advice was also provided on the Social Workers Registration Board which was established during the year. Further advice was provided on the New Zealand Artificial Limb Board's strategic plan (the Board's outputs are purchased through agreements administered through Vote: Health).

38 Excludes preparation of the Ministry's own Output Plan.

39 The original target did not take account of the Families Commission, and the Social Worker Registration Board's Statements of Intent and Output Agreements.

40 The original target did not take into account monitoring reports provided for the New Zealand Artificial Limb Board, Families Commission and the Social Workers Registration Board.

Service Performance (Ministerial Servicing)

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
95.3%	Quality The percentage of ministerial drafts provided for the Minister's signature where error could have been avoided will be no less than:	95%	95%
98.9%	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%
95%	Timeliness The percentage of draft Ministerial replies to be completed within 20 working days of receipt by the Ministry, unless specified urgent:	95% ⁴¹	95%
100%	The percentage of oral parliamentary questions will be answered by 12 noon the same day:	100% ⁴²	100%
100%	The percentage of written parliamentary questions will be answered by the time as specified by Minister's office:	100%	100%
100%	The percentage of replies required by legislation will be given by the statutory deadline:	93.1% ⁴³	100%

41 Replies have been included as meeting the standard where they were supplied to an alternative deadline set by the Minister.

42 Initial advice and information is provided to the Minister's Office by 12 noon. The answers are then prepared by the Minister's Office.

43 Draft answers to eight Official Information Act requests missed the ministerial deadline.

OUTPUT CLASS: INFORMATION TECHNOLOGY SERVICES TO THE DEPARTMENT OF CHILD, YOUTH AND FAMILY SERVICES

Description

Through this output class the Ministry provides basic information management and integration services to the Department of Child, Youth and Family Services (CYF). This output class allows the Ministry to provide core IT infrastructure to CYF through the Social Sector Infrastructure (SSI) network. It also allows the Ministry to provide advice to CYF on IT trends and delivery impact assessments, to monitor performance, and to negotiate common contracts (for example, cellular and software contracts).

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
33	Crown	33	33	33
10,114	Department	9,956	12,500	12,500
10,147	Total Revenue	9,989	12,533	12,533
10,123	Total Expense	9,984	12,533	12,533
24	Net Surplus/(Deficit)	5	–	–

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
100%	Availability Wide Area Network (WAN) availability	100%	99%
0	Access Scheduled downtime ⁴⁴ for 'A' and 'B' sites ⁴⁵	There was no scheduled downtime that that exceeded the standard	'A' sites – no more than 4 hours per site per month. 'B' sites – no more than 8 hours per site per month.
Outage at 1 priority 'A' site 2 priority 'B' sites	Unscheduled downtime	Standard met ⁴⁶	'A' sites – no more than 4 hours per site per month. 'B' sites – no more than 8 hours per site per month.
100%	Event & Fault Management: Priority A Response	100%	99% within 30 minutes
98.7%	Performance and Capacity Management: Central Processing Unit (CPU) Utilisation does not exceed 60% capacity: ⁴⁷	99.3%	95% of the time
98.7%	Network and Server Administration: Scheduled back-ups completed overnight	97.3%	97%

44 Scheduled downtime refers to outages that are within the control of the Ministry. They include events such as a site being taken down due to maintenance or hardware failure.

45 'A' sites are priority sites and include core processing centres (all metro area and telecommunications). 'B' sites are satellite sites.

46 Unscheduled downtime does not include outages that were outside of the control of the Ministry.

47 This measure indicates that for 95% of the time the servers are running at no more than 60% CPU capacity.

VOTE: SENIOR CITIZENS

OUTPUT CLASS: SERVICES FOR SENIOR CITIZENS

Description

Through this output class the Office for Senior Citizens (within the Ministry) provides policy advice and Ministerial services. This output class contributes ultimately to three of the Ministry's outcomes, which cover the following life cycle groups and institutions: Older People; Families and Whānau; and Communities, Hapū and Iwi. Primarily, the output class contributes to ensuring that older people are able to live independently and contribute to and participate in their communities as long as possible. This is achieved by providing advice on legislative, policy and operational issues that affect senior citizens. It is also achieved by providing advice on related issues from an older people's rights and interests' perspective.

Scope

The scope of the senior citizen services output class includes:

- supporting the Minister for Senior Citizens in representing the interests of older people in the government's policy making process
- monitoring the *New Zealand Positive Ageing Strategy*
- promoting positive ageing concepts to government departments and local communities
- 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 peoples' issues.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
924	Crown	1,017	1,017	1,017
-	Department	6	-	9
924	Total Revenue	1,023	1,017	1,026
913	Total Expense	897	1,017	1,026
11	Net Surplus/(Deficit)	126	-	-

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
Sign-off received	Work Programme 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.	Sign-off received	Advice is delivered in accordance with work programme
New measure in 2004/05	Quality Process An audit shows that the Ministry of Social Development’s policy and research processes as outlined in the Quality Management System have been followed.	Processes were complied with	Processes are complied with
New measure in 2004/05	Technical robustness An external independent review of the Ministry of Social Development’s policy advice confirms that it meets predetermined best practice criteria.	Standard met	Standard met ⁴⁸

48 The standard for this measure was based on a continuum of: standard not met, standard met and standard exceeded.

Service Performance cont.

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
Revised measure in 2004/05	Feedback ⁴⁹ Feedback from stakeholders indicates the Ministry of Social Development is effectively leading policy thinking on social development issues which are in line with the Ministry's vision of an inclusive New Zealand.	Standard met	Standard met ⁵⁰
100%	Timeliness Policy advice will be delivered to the Minister for Senior Citizens within negotiated deadlines.	100%	100%
Timeliness standard met	Two six monthly reports on the Work Programme will be provided.	Timeliness standard met	Within 20 working days from period end
94.5%	The percentage of draft Ministerial replies to be completed within 20 working days of receipt, unless specified urgent:	100%	95%

49 Stakeholders include:

- the Minister for Senior Citizens and staff in the Minister's office
- other government agencies
- external stakeholders.

50 The standard for this measure was based on a continuum of: standard not met, standard met and standard exceeded.

VOTE: VETERANS' AFFAIRS – SOCIAL DEVELOPMENT

OUTPUT CLASS: PROCESSING AND PAYMENT OF BENEFITS

Description

Through this output class the Ministry provides services for processing and paying war pensions, concessions, allowances, and rehabilitation loan scheme payments, and collecting, monitoring, evaluating and reporting related data. This output class contributes to two of the Ministry's outcomes, which cover the following life cycle groups and institutions: Older People and Working Age People. It contributes to older people by providing information and easy access to entitlement to veterans. It contributes to working age people, as more than 12% of veterans receiving assistance or entitled to assistance from War Disablement and Veteran's pensions are under the age of 65.

Scope

The scope of the processing and payment of benefits output class includes:

- processing and paying War Disablement Pension and related allowances
- processing and paying Veteran's Pension and concessions
- payments under rehabilitation loan provisions
- collecting, monitoring and evaluating War Disablement and Veteran's pension data
- accurate and timely reporting of spending patterns, and the forecasting of such expenditure, and the reporting of trends and risks to Crown expenditure.

Processing and Payment of Benefits

The number of new applications for War Disablement Pension and applications for review of disablement processed in 2004/05 was forecast to be 5,500 and the actual number processed in 2004/05 was 7,039.

The number of new Veteran's Pension applications in 2004/05 was forecast to be 1,200 and the actual number of applications processed in 2004/05 was 1,150.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
4,133	Crown	4,133	4,133	4,133
–	Department	15	–	12
82	Other	–	–	–
4,215	Total Revenue	4,148	4,133	4,145
3,633	Total Expense	3,849	4,133	4,145
582	Net Surplus/(Deficit)	299	–	–

Service Performance

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
Revised standard in 2004/05	Quantity Payments – War Disablement and Veteran’s pensions payments made are:	Standard met ⁵¹	To be reported quarterly no more than 7 weeks from the end of the quarter
96.8%	Quality All actions processed by War Pension Services are accurate and will meet the accuracy standard of:	97.9%	95%

51 There were 778,955 War Disablement and veteran’s pension payments made in 2004/05.

Service Performance cont.

ACTUAL 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
94.9%	Timeliness The percentage of new disability applications and reviews 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: ⁵²	96.9%	85%
93.8%	The percentage of National Review Officer decisions that are administered and processed by the Ministry, which will be completed within 14 working days:	97.3%	90%
99.9%	The percentage of ad hoc payments, overseas treatment costs and rehabilitation reimbursements that will be made within 21 working days of receipt will be no less than:	99.8%	97%
93.2%	Response to incoming calls – the percentage of all calls answered within 20 seconds will be no less than:	92.6%	90%
New measure in 2004/05	The percentage of new Veteran's Pension applications that are administered and processed by the Ministry will be completed within 14 days:	97.8%	85%
90%	Veterans' Satisfaction The results of the veterans' satisfaction survey will be reported annually to the Minister, where veterans' satisfaction will be not less than:	Not applicable ⁵³	85%

52 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 Panels decision. It does not include the time taken for medical assessment and decision making by the panel.

53 The Minister of Veterans' Affairs approved a change to this measure in January 2005. By agreement, no survey was carried out in 2005. A more comprehensive survey will now be carried out on a biennial basis, commencing in 2006. The standard remains where veterans' satisfaction will not be less than 85%.

VOTE: YOUTH DEVELOPMENT

OUTPUT CLASS: POLICY ADVICE

Description

Through this output class the Ministry of Youth Development provides policy advice on young people to ensure that the government's contribution to the development of young New Zealanders supports a healthy and productive society, assists young people to reach their full potential, and facilitates the implementation of the Youth Development Strategy Aotearoa and the New Zealand Youth Suicide Prevention Strategy. This includes policy advice on drug education. This output class contributes to the Ministry of Social Development's outcome for Children and Young People.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
1 OCTOBER 03 – 30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05 \$000	30 JUNE 05 \$000	30 JUNE 05 \$000
	Revenue			
2,164	Crown	2,808	3,384	2,808
–	Department	10	–	7
2,164	Total Revenue	2,818	3,384	2,815
1,975	Total Expense	2,637	3,384	2,815
189	Net Surplus/(Deficit)	181	–	–

Service Performance (Policy Advice)

ACTUAL 1 OCTOBER 03 – 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
Revised measure in 2004/05	Quantity Policy advice will be delivered in accordance with the key priorities annual plan agreed with the Minister of Youth Affairs.	Advice is delivered in accordance with the annual plan	Advice is delivered in accordance with the annual plan
New measure in 2004/05	Quality The percentage of ministerial drafts provided for the Minister of Youth Affairs' signature where error could have been avoided will be no less than:	100%	95%
New measure in 2004/05	The percentage of responses to parliamentary question drafts provided for the Minister of Youth Affairs' signature where error could have been avoided will be no less than:	100%	100%
Revised measure in 2004/05	Policy advice will meet the quality standards outlined in the Ministry of Social Development's Quality Management System.	Standard met	Advice meets standards
New measure in 2004/05	The Minister of Youth Affairs' view of the quality of the Ministry of Youth Development's advice will be sought six monthly through a ministerial survey.	Standard met	Standard met ⁵⁴
Completed with the exception of one	Timeliness Outputs will be delivered to the Minister of Youth Affairs within negotiated timelines.	100%	100%

54 The standard for this measure was based on a continuum of: standard not met, standard met and standard exceeded.

OUTPUT CLASS: COMMUNICATION AND FACILITATION

Description

Through this output class the Ministry of Youth Development provides communication and facilitation activities to ensure young people's perspectives are promoted in economic and social policy development. This output class contributes to the Ministry of Social Development's outcome for Children and Young People. It includes relationship management, the management of projects that assist young people to participate in decision-making, the provision of information and the management of international obligations.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
1 OCTOBER 03 – 30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05	30 JUNE 05	30 JUNE 05
		\$000	\$000	\$000
	Revenue			
848	Crown	868	718	868
–	Department	4	–	5
848	Total Revenue	872	718	873
646	Total Expense	850	718	873
202	Net Surplus/(Deficit)	22	–	–

Service Performance (Communication and Facilitation)

ACTUAL 1 OCTOBER 03 – 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
Revised measure in 2004/05	<p>Quantity</p> <p>Communications and Facilitation activities will be delivered in accordance with the key priorities annual plan agreed with the Minister of Youth Affairs.</p>	Advice was delivered in accordance with the annual plan	Advice is delivered in accordance with the annual plan
New measure in 2004/05	<p>Quality</p> <p>The percentage of ministerial drafts provided for the Minister of Youth Affairs' signature where error could have been avoided will be no less than:</p>	100%	95%
New measure in 2004/05	<p>The percentage of parliamentary question drafts provided for the Minister of Youth Affairs' signature where error could have been avoided will be no less than:</p>	100%	100%
Revised measure in 2004/05	Information resources will meet the quality characteristics outlined in the Ministry of Social Development's Quality Management System.	100%	100%

Service Performance (Communication and Facilitation) cont.

ACTUAL 1 OCTOBER 03 – 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
New measure in 2004/05	Feedback from stakeholders indicates the Ministry of Youth Development is effectively communicating with agencies and communities on youth development issues in line with the Ministry of Social Development's vision.	Standard met	Standard met ⁵⁵
New measure in 2004/05	Feedback from stakeholders indicates the Ministry of Youth Development is effectively facilitating opportunities for youth participation in decision-making in line with the Ministry of Social Development's vision.	Standard met	Standard met ⁵⁵
New measure in 2004/05	The Minister of Youth Affairs' view of the quality of the Ministry of Youth Development's activities will be sought six monthly through a ministerial survey.	Standard met	Standard met ⁵⁵
100%	Timeliness Outputs will be delivered to the Minister of Youth Affairs within negotiated timelines.	100%	100%

55 The standard for this measure was based on a continuum of: standard not met, standard met and standard exceeded.

OUTPUT CLASS: YOUTH DEVELOPMENT PROGRAMMES MANAGEMENT

Description

Through this output class the Ministry of Youth Development provides services to facilitate the management of funding and contracts for youth development programmes for young people. This output class contributes to the Ministry of Social Development's outcome for Children and Young People. This class includes the assessment, negotiation, monitoring, payment and review, and if appropriate corrective action, in the purchase of outputs from other parties. In addition, the Ministry of Youth Development administers the payment of the Commonwealth Youth Programme and undertakes ministerial servicing in relation to the Youth Development Programmes undertaken.

Financial Performance

ACTUAL	FINANCIAL PERFORMANCE	ACTUAL	MAIN ESTIMATES	SUPPLEMENTARY ESTIMATES
1 OCTOBER 03 – 30 JUNE 04 \$000	(FIGURES ARE GST EXCLUSIVE)	30 JUNE 05	30 JUNE 05	30 JUNE 05
		\$000	\$000	\$000
	Revenue			
771	Crown	1,453	789	1,453
–	Department	5	–	6
771	Total Revenue	1,458	789	1,459
728	Total Expense	1,299	789	1,459
43	Net Surplus/(Deficit)	159	–	–

Service Performance (Youth Development Programmes Management)

ACTUAL 1 OCTOBER 03 – 30 JUNE 04	PERFORMANCE MEASURES	ACTUAL 30 JUNE 05	STANDARD 30 JUNE 05
	Quantity		
	Number of programmes to be run:		
61	• Conservation Corps	114 ⁵⁶	124
10	• Youth Service Corps	18	20
8	• Specialist Youth Service Corps	16	16
15	Operation of the Young New Zealanders' Challenge extended to targeted groups of young people.	32 ⁵⁷	10 new groups established
	Quality		
New measure in 2004/05	The percentage of ministerial drafts provided for the Minister of Youth Affairs' signature where error could have been avoided will be no less than:	100%	95%
New measure in 2004/05	The percentage of parliamentary question drafts provided for the Minister of Youth Affairs' signature where error could have been avoided will be no less than:	100%	100%
Revised measure in 2004/05	Contracts meet the standards of relevancy, price, accuracy, risk and contestability as per the Ministry of Social Development's financial policies.	100%	98%
New measure in 2004/05	The Minister of Youth Affairs' view of the quality of the Ministry of Youth Development's advice will be sought six monthly through a ministerial survey.	Standard met	Standard met ⁵⁸
100%	The sample of projects evaluated externally will be monitored to ensure that all areas identified for improvement have been complied with.	Not applicable ⁵⁹	100%

56 Fewer programmes than forecast were run because the appropriation for Conservation Corps reduced by \$900,000 in the 2004/05 Supplementary Estimates through an expense transfer to 2005/06, to enable the delivery of more flexible programmes and services.

57 More groups were established than forecast due to a significantly better response to promotional activity than anticipated.

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

59 A Youth Development Programmes Review was undertaken to evaluate New Zealand Conservation Corps (NZCC) and Youth Service Corps (YSC) programmes to ensure that the programmes objectives were still appropriate. As a result the Ministry did not undertake external evaluations while the review being undertaken.



FINANCIAL STATEMENTS //

STATEMENT OF ACCOUNTING POLICIES: DEPARTMENTAL

For the year ended 30 June 2005

Reporting Entity

The Ministry of Social Development is a government department as defined by the Public Finance Act 1989.

These are the financial statements of the Ministry of Social Development prepared pursuant to the Public Finance Act 1989.

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

Measurement System

The financial statements have been prepared on the historical cost basis, modified by the revaluation of land and buildings.

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 presented in the Main Estimates tabled on Budget day as amended by the Supplementary Estimates and any transfer made by Order in Council under the Public Finance Act 1989.

Revenue

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

Cost Allocation

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

Cost Allocation Policy

The first stage allocates all direct costs to output classes as and when they are incurred. The second stage accumulates and allocates indirect costs to output classes 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 classes 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 costs charged 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 class. 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 2005, direct costs accounted for 80.7% of the Ministry's costs (2004: 78%).

Receivables and Advances

Receivables and advances are recorded at estimated realisable value after providing for doubtful and uncollectable debts.

Operating Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

Fixed Assets

Fixed assets are stated at historical cost or valuation, less accumulated depreciation.

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence, to reflect the highest and best use of those assets. Land and buildings are revalued at least every three years. Additions between revaluations are recorded at cost.

The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the Statement of Financial Performance.

All other fixed assets with a cost price in excess of \$2,000 are capitalised and recorded at historical cost. Any write-down of an item to its recoverable amount is recognised in the Statement of Financial Performance.

The initial cost of a fixed asset is the value of consideration given to acquire or create the asset and directly attributable costs of bringing the asset up to the working condition for its intended use.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets, other than freehold land and work in progress, at rates which will write-off the cost or valuation of the assets to their estimated residual values, over their estimated useful lives.

Estimated useful lives for the main classes of assets are:

TYPE OF ASSETS	ESTIMATED LIFE(YEARS)
Buildings (including components)	10 to 50
Leasehold improvements	3 to 10
Computer equipment	3 to 5
Software	3 to 8
Furniture, fittings and office equipment	3 to 5
Motor vehicles	4

Leasehold improvements are capitalised and the cost is amortised over the unexpired period of the lease, or the estimated useful life of the improvements, whichever is shorter.

Assets under construction, classified as work in progress, are not depreciated. The total cost of a capital project is transferred to the appropriate asset category on its completion and then depreciated.

Income Tax

The Ministry is exempt from paying income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided.

Goods and Services Tax (GST)

As appropriations include GST, the following statements are prepared inclusive of GST:

- Statement of Departmental Expenditure and Appropriations, and
- Statement of Departmental Unappropriated Expenditure.

The Statement of Financial Position is exclusive of GST, except for Creditors and Payables and Debtors and Receivables which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that they are quantifiable and there are equally unperformed obligations.

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 Statement of Financial Performance. Other exchange gains or losses, whether realised or unrealised, are recognised in the Statement of Financial Performance in the period to which they relate.

Financial Instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, trade debtors, employee advances and accounts payable. All financial instruments are recognised in the Statement of Financial Position and revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are shown at their estimated fair value.

Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include annual leave, long service leave and retirement leave. Annual leave has been calculated on a nominal basis at current rates of pay while the other provisions are stated at the present value of the future cash outflows expected to be incurred.

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

Provisions are recognised when management has approved a business decision that results in a present obligation to transfer economic benefits. The amount and/or timing of the expenditure that will be undertaken is uncertain but still probable and measurable.

Other Liabilities

All other liabilities are to be recorded at the estimated obligation to pay.

Taxpayers' Funds

This is the Crown's net investment in the Ministry.

Changes in Accounting Policies

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

All policies have been applied on a basis consistent with the previous year.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2005

ACTUAL 2004 \$000		NOTE	ACTUAL 2005 \$000	MAIN ESTIMATES 2005 \$000	SUPPLEMENTARY ESTIMATES 2005 \$000
	Revenue				
592,425	Crown		651,907	678,793	651,907
27,112	Other	1	16,313	22,566	25,406
619,537	Total revenue		668,220	701,359	677,313
	Expenditure				
274,751	Personnel costs	2	320,049	297,780	324,116
286,958	Operating costs	3	295,393	354,794	315,382
33,574	Depreciation		32,388	44,815	34,888
3,377	Capital charge	4	2,457	3,970	2,927
598,660	Total expenses		650,287	701,359	677,313
20,877	Net operating surplus		17,933	-	-

The Statement of Accounting Policies on pages 120 to 125 and notes 1 to 13 on pages 137 to 149 form part of these financial statements.

STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS

For the year ended 30 June 2005

ACTUAL 2004 \$000		ACTUAL 2005 \$000	MAIN ESTIMATES 2005 \$000	SUPPLEMENTARY ESTIMATES 2005 \$000
20,877	Net surplus for the year	17,933	–	–
	Other recognised revenues and expenses:			
–	Increase in revaluation reserves	5,229	–	–
20,877	Total recognised revenues and expenses for the year	23,162	–	–
450	Capital contribution	–	–	–
–	Capital repayment to the Crown	(244)	–	(247)
95	Operating surplus from Ministry of Youth Affairs	–	–	–
(20,972)	Provision for repayment of surplus to the Crown	(17,933)	–	–
450	Movements in Taxpayers' Funds for the year	4,985	–	(247)
107,124	Taxpayers' funds as at beginning of the year	107,574	107,574	107,574
107,574	Taxpayers' funds as at end of year	112,559	107,574	107,327

STATEMENT OF FINANCIAL POSITION

As at 30 June 2005

ACTUAL 30 JUNE 2004 \$000		NOTE	ACTUAL 30 JUNE 2005 \$000	MAIN ESTIMATES 30 JUNE 2005 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 2005 \$000
	Taxpayers' Funds				
105,114	General funds		104,870	105,114	104,867
	Revaluation reserve				
930	– Land		3,355	930	930
1,530	– Buildings		4,334	1,530	1,530
2,460	Total revaluation reserve		7,689	2,460	2,460
107,574	Total taxpayers' funds		112,559	107,574	107,327
	Represented by:				
	Current assets				
101,188	Cash and bank		107,540	100,147	70,584
1,889	Accounts receivable	5	3,422	2,019	1,889
1,859	Prepayments		3,299	1,937	1,859
104,936	Total current assets		114,261	104,103	74,332
	Non-current assets				
105,064	Fixed assets	6	103,599	99,904	104,326
105,064	Total non-current assets		103,599	99,904	104,326
210,000	Total assets		217,860	204,007	178,658

The Statement of Accounting Policies on pages 120 to 125 and notes 1 to 13 on pages 137 to 149 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION CONT.

As at 30 June 2005

ACTUAL 30 JUNE 2004 \$000		NOTE	ACTUAL 30 JUNE 2005 \$000	MAIN ESTIMATES 30 JUNE 2005 \$000	SUPPLEMENTARY ESTIMATES 30 JUNE 2005 \$000
	Less current liabilities				
46,255	Accounts payable and accruals	7	48,069	63,319	36,134
20,972	Provision for repayment of surplus to the Crown		17,933	–	–
18,561	Provision for employee entitlements	8	23,394	16,826	18,561
6,111	Other provisions	9	4,310	5,988	6,109
91,899	Total current liabilities		93,706	86,133	60,804
	Less non-current liabilities				
10,527	Provision for employee entitlements	8	11,595	10,300	10,527
10,527	Total non-current liabilities		11,595	10,300	10,527
102,426	Total liabilities		105,301	96,433	71,331
107,574	Net assets		112,559	107,574	107,327


Peter Hughes

Chief Executive

30 September 2005


Nick Gale

Chief Financial Officer

30 September 2005

STATEMENT OF CASH FLOWS

For the year ended 30 June 2005

ACTUAL 2004 \$000		ACTUAL 2005 \$000	MAIN ESTIMATES 2005 \$000	SUPPLEMENTARY ESTIMATES 2005 \$000
	Cash flows from operating activities			
	Cash provided from:			
	Supply of outputs to:			
592,425	– Crown	651,907	678,793	651,907
16,059	– Other	14,775	22,566	25,406
312	– Net GST received	675	–	–
608,796		667,357	701,359	677,313
	Cash applied to:			
	Production of outputs			
278,587	– Personnel	313,772	297,780	324,115
286,517	– Operating	298,072	357,189	325,543
3,382	– Capital charge	2,457	3,970	2,927
568,486		614,301	658,939	652,585
40,310	Net cash inflow from operating activities	53,056	42,420	24,728
	Cash flows from investing activities			
	Cash provided from:			
1,306	Sale of fixed assets	1,140	1,700	1,941
	Cash applied to:			
36,217	Purchase of fixed assets	26,871	43,398	36,053
(34,911)	Net cash outflow from investing activities	(25,731)	(41,698)	(34,112)

The Statement of Accounting Policies on pages 120 to 125 and notes 1 to 13 on pages 137 to 149 form part of these financial statements.

STATEMENT OF CASH FLOWS CONT.

For the year ended 30 June 2005

ACTUAL 2004 \$000		ACTUAL 2005 \$000	MAIN ESTIMATES 2005 \$000	SUPPLEMENTARY ESTIMATES 2005 \$000
	Cash flows from financing activities			
	Cash provided from:			
217	Capital contributions	–	–	–
359	Transfer of cash from Ministry of Youth Affairs	–	–	–
	Cash applied to:			
12,190	Repayment of surplus to the Crown	20,973	–	20,973
–	Capital repayments to the Crown	–	–	247
(11,614)	Net cash inflow/(outflow) from financing activities	(20,973)	–	(21,220)
(6,215)	Net Increase/(decrease) in cash held	6,352	722	(30,604)
107,403	Add opening cash and deposits	101,188	99,425	101,188
101,188	Closing cash and deposits	107,540	100,147	70,584
	Cash and deposits comprises			
101,188	Cash and bank balances	107,540	100,147	70,584
101,188		107,540	100,147	70,584

The Statement of Accounting Policies on pages 120 to 125 and notes 1 to 13 on pages 137 to 149 form part of these financial statements.

RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

For the year ended 30 June 2005

ACTUAL 2004 \$000		ACTUAL 2005 \$000	MAIN ESTIMATES 2005 \$000	SUPPLEMENTARY ESTIMATES 2005 \$000
20,877	Net operating surplus	17,933	–	–
	Add/(less) non-cash items:			
33,574	Depreciation	32,388	44,815	34,888
(154)	Doubtful debts	(11)	–	–
1,007	Non-current employee entitlements	1,068	–	–
(190)	Working capital transferred from the Ministry of Youth Affairs	–	–	–
–	Other non-cash items	–	(2,395)	–
34,237	Total non-cash items	33,445	42,420	34,888
	Add/(less) working capital movements:			
284	(Increase)/decrease in accounts receivable	(1,522)	–	–
78	(Increase)/decrease in prepayments	(1,440)	–	–
(4,879)	Increase/(decrease) in accounts payable	1,139	–	(10,121)
334	Increase/(decrease) in GST payable	675	–	–
1,832	Increase/(decrease) in provision for employee entitlements	4,833	–	–
(1,123)	Increase/(decrease) in other provisions	(1,801)	–	–
(3,474)	Net working capital movements	1,884	–	(10,121)
	Add/(less) non-operating activity items:			
(11,330)	Net gain on sale of fixed assets	(206)	–	(39)
(11,330)	Net non-operating activity items	(206)	–	(39)
40,310	Net cash inflow from operating activities	53,056	42,420	24,728

The Statement of Accounting Policies on pages 120 to 125 and notes 1 to 13 on pages 137 to 149 form part of these financial statements.

STATEMENT OF COMMITMENTS

As at 30 June 2005

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

Operating leases include lease payments for premises, computer equipment and other office equipment.

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
	Capital commitments	
1,533	Less than one year	1,935
1,533	Total capital commitments	1,935
	Operating commitments	
	Non-Cancellable Accommodation Leases:	
26,186	Less than one year	25,705
19,240	One to two years	19,371
28,279	Two to five years	31,397
7,517	More than five years	8,091
81,222	Total non-cancellable accommodation leases	84,564
	Other Non-Cancellable Contracts:	
39,984	Less than one year	22,286
4,077	One to two years	13,926
1,997	Two to five years	25,905
46,058	Total other non-cancellable contracts	62,117
127,280	Total operating commitments	146,681
128,813	Total commitments	148,616

STATEMENT OF CONTINGENT LIABILITIES

For the year ended 30 June 2005

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
192	Personal grievances claims	301
192	Total contingent liabilities	301

The Ministry had not given any guarantees or indemnities under the Public Finance Act 1989 as at balance date.

STATEMENT OF DEPARTMENTAL APPROPRIATIONS AND EXPENDITURE

For the year ended 30 June 2005

ACTUAL EXPENDITURE 2004 \$000	SUMMARY BY OUTPUT CLASS (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL EXPENDITURE 2005 \$000	APPROPRIATION VOTED* 2005 \$000	UNAPPROPRIATED EXPENDITURE 2005 \$000
	Appropriations for classes of outputs:			
	VOTE: SOCIAL DEVELOPMENT			
239,902	Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self Sufficiency	272,958	285,211	–
245,887	Services to Minimise the Duration of Unemployment and Move People into Work	250,268	255,011	–
33,288	Services to Seniors	31,898	33,643	–
36,331	Services to Protect the Integrity of the Benefit System	37,588	38,475	–
20,287	Debt Management – Former Beneficiaries	20,259	21,900	–
6,991	Community Services Card	6,145	6,656	–
31,297	Services to Students	35,447	35,958	–
–	Family and Community Services	11,809	11,969	–
7,545	Social Development Leadership	4,261	5,127	–
34,174	Policy and Purchase Advice	41,127	42,319	–
11,391	Information Technology Services to the Department of Child, Youth and Family Services	11,233	14,100	–
667,093	Total Vote Social Development	722,993	750,369	–

* This includes adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.

STATEMENT OF DEPARTMENTAL APPROPRIATIONS AND EXPENDITURE CONT.

For the year ended 30 June 2005

ACTUAL EXPENDITURE 2004 \$000	SUMMARY BY OUTPUT CLASS (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL EXPENDITURE 2005 \$000	APPROPRIATION VOTED* 2005 \$000	UNAPPROPRIATED EXPENDITURE 2005 \$000
	VOTE: SENIOR CITIZENS			
1,029	Senior Citizens Services	1,025	1,154	–
1,029	Total Vote Senior Citizens	1,025	1,154	–
	VOTE: VETERANS' AFFAIRS – SOCIAL DEVELOPMENT			
4,160	Processing and Payment of Benefits	4,368	4,662	–
4,160	Total Vote Veterans' Affairs – Social Development	4,368	4,662	–
	VOTE: YOUTH DEVELOPMENT			
2,246	Policy Advice	2,989	3,167	–
752	Communication and Facilitation	959	982	–
824	Youth Development Programmes Management	1,481	1,641	–
3,822	Total Vote Youth Development	5,429	5,790	–
676,104	TOTAL DEPARTMENTAL EXPENSES	733,815	761,975	–
	Appropriations for capital contributions:			
450	Capital investment	–	–	–

* This includes adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

NOTE 1: OTHER REVENUE

ACTUAL		ACTUAL	MAIN	SUPPLEMENTARY
2004		2005	ESTIMATES	ESTIMATES
\$000		\$000	2005	2005
			\$000	\$000
4,258	Sub-lease rental recoveries	2,761	9,349	9,349
10,114	Information technology recoveries from departments	9,956	12,500	12,500
1,410	Other recoveries	3,596	717	3,557
11,330	Net gain on sale of fixed assets	–	–	–
27,112	Total other revenue	16,313	22,566	25,406

Information technology recoveries from other departments represent the revenue earned for the provision of an IT infrastructure for the Department of Child, Youth and Family Services.

NOTE 2: PERSONNEL COSTS

ACTUAL		ACTUAL	MAIN	SUPPLEMENTARY
2004		2005	ESTIMATES	ESTIMATES
\$000		\$000	2005	2005
			\$000	\$000
263,991	Salaries and wages	302,890	288,040	311,796
3,577	Retirement and long service leave	6,903	1,750	1,750
279	Restructuring costs	178	190	190
6,904	Other personnel expenses	10,078	7,800	10,380
274,751	Total personnel costs	320,049	297,780	324,116

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

NOTE 3: OPERATING COSTS

ACTUAL		ACTUAL	MAIN	SUPPLEMENTARY
2004		2005	ESTIMATES	ESTIMATES
\$000		\$000	2005	2005
			\$000	\$000
869	Audit fees	840	900	900
36	Other services provided by our Auditors	–	–	–
37,320	Rental, leasing and occupancy costs	37,350	45,940	41,132
(154)	Movement in provision for doubtful debts	(11)	–	–
–	Net loss on sale of fixed assets	(206)	–	(39)
88,805	Training opportunity programmes (TOPs)	93,183	93,842	93,667
160,082	Other operating expenses	164,237	214,112	179,722
286,958	Total operating costs	295,393	354,794	315,382

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

NOTE 4: CAPITAL CHARGE

The Ministry pays a capital charge to the Crown on its taxpayers' funds as at 31 December and 30 June each financial year in arrears. The capital charge rate for the year ended 30 June 2005 was 8.0% (2004: 8.5%). The Ministry also earns notional interest based on the daily cash balances held, and this is used to offset the capital charge. The notional interest rate is 4.8% per annum (2004: 5.1%).

NOTE 5: ACCOUNTS RECEIVABLE

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
2,318	Trade debtors	3,856
(538)	Less: Provision for doubtful debts	(528)
1,780	Net trade debtors	3,328
109	Employee advances	94
1,889	Total accounts receivable	3,422

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

NOTE 6: FIXED ASSETS

COST/ VALUATION 30 JUNE 2004 \$000	ACCUMULATED DEPRECIATION 30 JUNE 2004 \$000	CARRYING AMOUNT 30 JUNE 2004 \$000		COST/ VALUATION 30 JUNE 2005 \$000	ACCUMULATED DEPRECIATION 30 JUNE 2005 \$000	CARRYING AMOUNT 30 JUNE 2005 \$000
3,115	–	3,115	Land – at valuation	5,540	–	5,540
11,278	1,316	9,962	Buildings – at valuation	12,730	663	12,067
202	31	171	Buildings (improvements) – at cost	–	–	–
39,552	26,068	13,484	Leasehold improvements	43,515	31,904	11,611
118,091	65,079	53,012	Computer equipment and software	126,310	86,963	39,347
4,881	4,805	76	Furniture and fittings	4,892	4,837	55
6,459	2,561	3,898	Office equipment	7,027	3,290	3,737
14,445	4,303	10,142	Motor vehicles	16,339	5,004	11,335
			Work in progress:			
1,347	–	1,347	– Leasehold improvements	2,287	–	2,287
9,857	–	9,857	– Computer equipment and software	17,620	–	17,620
209,227	104,163	105,064	Total fixed assets	236,260	132,661	103,599

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

NOTE 6: FIXED ASSETS CONT.

The carrying amounts at the beginning of the period are reconciled with the carrying amounts at the end of the period as follows:

	CARRYING VALUE AT BEGINNING OF YEAR \$000	ADDITION/ (CAPITALISED)/ (DISPOSAL)/ (WRITE-OFF) \$000	REVALUATION \$000	DEPRECIATION \$000	CARRYING VALUE AT END OF YEAR \$000
Land – at valuation	3,115	–	2,425	–	5,540
Buildings – at valuation	9,962	–	2,966	(861)	12,067
Buildings (improvements) – at cost	171	–	(162)	(9)	–
Leasehold improvements	13,484	3,963	–	(5,836)	11,611
Computer equipment and software	53,012	8,241	–	(21,906)	39,347
Furniture and fittings	76	11	–	(32)	55
Office equipment	3,898	1,064	–	(1,225)	3,737
Motor vehicles	10,142	3,712	–	(2,519)	11,335
Work in progress:					
– Leasehold improvements	1,347	940	–	–	2,287
– Computer equipment and software	9,857	7,763	–	–	17,620
Total movements	105,064	25,694	5,229	(32,388)	103,599

Paul Butchers, a registered valuer with CB Richard Ellis Ltd, revalued the Ministry's land and buildings as at 31 December 2004.

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

NOTE 7: ACCOUNTS PAYABLE AND ACCRUALS

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
7,183	Trade creditors	6,452
1,314	GST payable	1,989
37,758	Accrued expenses	39,628
46,255	Total accounts payable and accruals	48,069

NOTE 8: PROVISION FOR EMPLOYEE ENTITLEMENTS

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
	Current liabilities	
6,930	Retirement and long service leave	8,397
11,631	Provision for annual leave	14,997
18,561	Total current portion	23,394
	Non-current liabilities	
10,527	Retirement and long service leave	11,595
10,527	Total non-current portion	11,595
29,088	Total employment entitlements	34,989

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

NOTE 9: OTHER PROVISIONS

	OPENING BALANCE \$000	ADDITIONS \$000	(INCURRED)/ (CHARGED) \$000	REVERSALS \$000	CLOSING BALANCE \$000
Provision for ACC	3,696	–	(840)	–	2,856
Provision for onerous leases	2,415	–	(961)	–	1,454
Total other provisions	6,111	–	(1,801)	–	4,310

NOTE 10: FINANCIAL INSTRUMENTS

The Ministry is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, trade debtors, employee advances, accounts payable and foreign currency forward exchange contracts.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss. In the normal course of its business, the Ministry incurs credit risk from trade debtors and transactions with financial institutions and the New Zealand Debt Management Office (NZDMO).

The Ministry does not require any collateral or security to support financial instruments with financial institutions that the Ministry deals with, or with the NZDMO, as these entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The maximum exposures to credit risk at balance date were:

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
101,188	Cash and bank	107,540
3,748	Debtors, receivables and prepayments	6,721

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

NOTE 10: FINANCIAL INSTRUMENTS CONT.

Fair Value

At balance date, the Ministry had NZ\$21.505 million worth of foreign currency forward exchange contracts (2004: nil). The fair value of these forward exchange contracts at spot rate of 30 June 2005 is NZ\$21.398 million.

The fair value of all other financial instruments is approximately equivalent to the carrying amount disclosed in the Statement of Financial Position.

Interest Rate Risk

Interest rate risk is the risk that the Ministry's return on the funds it has invested will fluctuate due to changes in market interest rates. All interest received is paid to the Crown directly. The Ministry has no significant exposure to interest rate risk on its financial instruments. Under the Public Finance Act 1989 the Ministry cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure on funds borrowed.

NOTE 11: RELATED PARTY INFORMATION

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

The Ministry enters into numerous transactions with other government departments, Crown agencies and state-owned enterprises on an arm's length basis. Where those parties are acting in the course of their normal dealings with the Ministry, related party disclosures have not been made for transactions of this nature.

Apart from those transactions described above, the Ministry has not entered into any related party transactions.

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

NOTE 12: MAJOR BUDGET VARIATIONS

Statement of Financial Performance

FIGURES ARE GST EXCLUSIVE	ACTUAL \$000	MAINS ESTIMATES \$000	VARIANCE \$000	EXPLANATION
Personnel Costs	320,049	297,780	22,269	The increases are due to funding of new initiatives (relating to Family and Community Services and Student Services \$5 million), and extra cost relating to the new PSA agreement (\$15.2 million), which was transferred from from operating costs.
Operating Costs	295,393	354,794	(59,401)	The decreases are due to \$15.2 million relating to the new PSA agreement being transferred to personnel costs, funds transferred to future years for the replacement of the Ministry's key business systems (\$28.1 million) and \$17.9 million of operating surplus compared to the break even forecast in the Main Estimates 2004/05.
Depreciation	32,388	44,815	(12,427)	The decrease is due to re-prioritisation and timing of the Ministry's key business systems replacement project. This caused a surplus against the forecasts prepared for the 2004/05 Main Estimates.

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

Statement of Financial Positon

FIGURES ARE GST EXCLUSIVE	ACTUAL \$000	MAINS ESTIMATES \$000	VARIANCE \$000	EXPLANATION
Accounts payable and accruals	48,069	63,319	(15,250)	The reduction is mainly due to the operating surplus for 2004/05, compared to the break even forecast in the Main Estimates. The offset of this is in "Provision for repayment of surplus to the Crown".

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

Changes in appropriations

The table below summaries the material changes in appropriation between the Main Estimates and the final Supplementary Estimates for the 2004/05 financial year.

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES \$000	SUPPLEMENTARY ⁶⁰ ESTIMATE \$000	VARIANCE \$000	EXPLANATION
VOTE: SOCIAL DEVELOPMENT				
Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self Sufficiency	246,333	253,520	7,187	The increase is mainly due to a transfer of funding from Services to Minimise the Duration of Unemployment and Move People into Work and Services to Seniors to reflect a greater percentage of time frontline staff spent working on benefit issues than was expected at the start of 2004/05.
Services to Minimise the Duration of Unemployment and Move People into Work	249,332	226,677	(22,655)	The decrease is mainly due to a transfer of funding to Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self Sufficiency to reflect a greater percentage of time frontline staff spent on benefit issues than was expected at the start of 2004/05, and a consequential reduced percentage of frontline staff time spent on employment issues and an expense transfer to 2005/06 to fund the replacement of the Ministry's key business systems.

60 This includes the transfers under the Public Finance Act 1989.

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES \$000	SUPPLEMENTARY ⁶⁰ ESTIMATE \$000	VARIANCE \$000	EXPLANATION
------------------------------	----------------------------	--	-------------------	-------------

VOTE: SOCIAL DEVELOPMENT CONT.

Community Services Card	7,029	5,916	(1,113)	The decrease is largely due to an expense transfer to fund the replacement of the Ministry's key business systems.
Services to Students	37,245	31,963	(5,282)	The decrease is largely due to an expense transfer to fund the replacement of the Ministry's key business systems.
Family and Community Services	8,298	10,639	2,341	The increase is largely due to the transfer of funding for the Family Violence One on One Mentoring initiative from the Services to Protect the Integrity of the Benefit System output. This was partly offset by rephasing some of the expenditure between 2004/05 and 2005/06 for the Strategies for Kids – Information for Parents (SKIP) programme.

⁶⁰ This includes the transfers under the Public Finance Act 1989.

NOTES TO THE FINANCIAL STATEMENTS CONT.

For the year ended 30 June 2005

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES \$000	SUPPLEMENTARY ⁶⁰ ESTIMATE \$000	VARIANCE \$000	EXPLANATION
VOTE: YOUTH DEVELOPMENT				
Policy Advice	3,384	2,814	(570)	The decrease in funding in this appropriation is due to a fiscally neutral transfer to Youth Development Programmes Management to reallocate overheads and an expense transfer to allow completion of the "Support for Families" project.
Communication and Facilitation	718	873	155	The increase is to deliver enhanced communication activities in 2004/05.
Youth Development Programmes Management	789	1,459	670	The increase is to organise the 2004 Youth Parliament and a fiscally neutral transfer from Management Policy Advice to reallocate overheads.

⁶⁰ This includes the transfers under the Public Finance Act 1989.

NOTE 13: POST BALANCE DATE EVENTS

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

NON-DEPARTMENTAL FINANCIAL STATEMENTS AND SCHEDULES

For the year ended 30 June 2005

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
	Summary:	
13,577,353	Expenditure and Appropriations	13,702,004
70,099	Revenue	70,582
463,646	Capital Receipts	463,070
4,823,344	Assets	5,726,303
260,270	Liabilities	243,329
279	Trust Monies	380

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 \$13.702 billion of non-departmental payments, \$533.7 million of non-departmental revenues and receipts, \$5.726 billion of assets and \$243.3 million of liabilities on behalf of the Crown for year ended 30 June 2005.

These non-departmental balances are consolidated into the Crown Financial Statements, and therefore readers of these statements and schedules should also refer to the Crown Financial Statements 2004/05.

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

STATEMENT OF ACCOUNTING POLICIES: NON-DEPARTMENTAL

For the year ended 30 June 2005

Measurement System

Measurement and recognition rules applied in the preparation of the non-departmental financial statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

The non-departmental balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for 2004/05.

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 presented in the Main Estimates tabled on Budget day as amended by the Supplementary Estimates and any transfer made by Order in Council under the Public Finance Act 1989.

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 revenues on behalf of the Crown. These revenues include 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.

Receivables and Advances

Receivables and advances are stated at estimated realisable value, after providing for doubtful and uncollectible debts.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that they are quantifiable and there are equally unperformed obligations.

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\$231.192 million worth of forward exchange contracts (2004: NZ\$266.969 million). The fair value of these forward exchange contracts at the spot rate 30 June 2005 was NZ\$218.309 million.

SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the year ended 30 June 2005

The Schedule of Non-Departmental Expenses summarises non-departmental expenses that the Ministry administers on behalf of the Crown. Further details are provided in the Statement of Non-Departmental Expenditure and Appropriations on pages 155 to 158.

ACTUAL 2004 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2005 \$000	BUDGET 2005 \$000
	VOTE: SOCIAL DEVELOPMENT		
72,621	Classes of Outputs to be Supplied by Other Parties	91,377	91,856
11,988,075	Benefits and Other Unrequited Expenses	12,068,375	12,095,352
107,067	Other Expenses to be Incurred by the Crown	110,629	130,574
1,106,305	Capital Contributions to Other Persons or Organisations	1,080,266	1,088,045
42	Loss/(gain) on foreign exchange	43	–
51,101	Change in debt provisions	90,157	12,961
22,421	Debt write-offs	12,781	9,255
13,347,632	Total Vote Social Development	13,453,628	13,428,043
	VOTE: VETERANS' AFFAIRS - SOCIAL DEVELOPMENT		
224,733	Benefits and Other Unrequited Expenses	238,311	238,001
224,733	Total Vote Veterans' Affairs - Social Development	238,311	238,001
	VOTE: YOUTH DEVELOPMENT		
4,890	Classes of Outputs to be Supplied by Other Parties	9,968	10,027
98	Other Expenses to be Incurred by the Crown	97	115
4,988	Total Vote Youth Development	10,065	10,142
13,577,353	Total Non-Departmental Expenses	13,702,004	13,676,186

The Statement of Accounting Policies: Non-Departmental on pages 151 to 153 are an integral part of these statements and schedules.

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2005

The Statement of Non-Departmental Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Ministry administers these appropriations on behalf of the Crown.

ACTUAL 2004 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2005 \$000	APPROPRIATION VOTED* 2005 \$000	UNAPPROPRIATED EXPENDITURE 2005 \$000
	VOTE: SOCIAL DEVELOPMENT			
	Classes of Outputs to be Supplied by Other Parties:			
1,866	Capacity Building Initiatives	2,501	2,913	–
1,752	Children's Commissioner	1,902	1,902	–
–	Families Commission	7,891	7,891	–
3,783	Retirement Commissioner	3,883	3,883	–
–	Social Workers Registration Board	450	450	–
3,395	Student Placement Services	4,112	4,112	–
61,265	Vocational Services for People with Disabilities	70,027	70,094	–
560	Youth Academy Services	611	611	–
72,621	Total Non-Departmental Output Classes	91,377	91,856	–
	Benefits and Other Unrequited Expenses:			
702,078	Accommodation Supplement	749,652	748,013	1,639
5,066	Assistance for People Requiring Care	5,106	5,189	–
102,690	Benefits Paid in Australia	90,584	90,584	–
57,176	Child Disability Allowance	63,172	63,270	–
57,677	Childcare Assistance	79,334	77,793	1,541
12,311	Defence Force Allowance	9,850	10,289	–
257,290	Disability Allowance	266,992	267,382	–
8,926	Disability Allowance Telephone Support	7,753	7,748	5
1,568,687	Domestic Purposes Benefit	1,547,087	1,548,762	–
23,987	Independent Youth Benefit	20,922	20,999	–

The Statement of Accounting Policies: Non-Departmental on pages 151 to 153 are an integral part of these statements and schedules.

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS CONT.

For the year ended 30 June 2005

ACTUAL 2004 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2005 \$000	APPROPRIATION VOTED* 2005 \$000	UNAPPROPRIATED EXPENDITURE 2005 \$000
	VOTE: SOCIAL DEVELOPMENT cont.			
	Benefits and Other Unrequited Expenses: cont.			
976,144	Invalid's Benefit	1,025,617	1,027,645	–
5,888,739	New Zealand Superannuation	6,083,189	6,082,023	1,166
50,720	Orphan's/Unsupported Child's Benefit	55,555	55,354	201
97	Relocation Assistance	74	80	–
1,184	Residential Social Rehabilitation Assistance	1,330	1,333	–
–	Scholarship and NQF/NCEA Awards	683	1,382	–
469,528	Sickness Benefit	509,644	510,483	–
91	Special Annuities	80	84	–
139,697	Special Benefit	175,177	175,628	–
54,176	Special Needs Grants	53,718	54,475	–
274	Special Transfer Allowance	227	228	–
–	Step Up Scholarships	2,232	2,290	–
380,056	Student Allowances	359,176	368,269	–
–	TeachNZ Scholarships	2,442	9,445	–
41,503	Training Incentive Allowance	36,153	44,261	–
2,836	Transition to Work	2,993	3,056	–
10,861	Transitional Retirement Benefit	–	–	–
–	Transitional Working for Families Supplement	19	300	–
1,083,695	Unemployment Benefit	831,136	830,571	565
92,586	Widow's Benefit	88,478	88,416	62
11,988,075	Total Benefit and Other Unrequited Expenses	12,068,375	12,095,352	5,179

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS CONT.

For the year ended 30 June 2005

ACTUAL 2004 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2005 \$000	APPROPRIATION VOTED* 2005 \$000	UNAPPROPRIATED EXPENDITURE 2005 \$000
	VOTE: SOCIAL DEVELOPMENT cont.			
	Other Expenses to be Incurred by the Crown:			
–	Community Labour Market Development Assistance	777	5,000	–
100,178	Employment Assistance	102,091	117,730	–
6,863	Out of School Care Programmes	7,758	7,820	–
26	Suspensory Loan Abatement	3	24	–
107,067	Total Other Expenses to be Incurred by the Crown	110,629	130,574	–
	Capital Contributions to Other Persons or Organisations:			
318	Community Services Card Reimbursements	227	225	2
–	Families Commission	–	247	–
109,079	Recoverable Assistance	110,803	112,325	–
996,908	Student Loans	969,236	975,248	–
1,106,305	Total Capital Contributions to Other Persons or Organisations	1,080,266	1,088,045	2
13,274,068	Total Vote Social Development	13,350,647	13,405,827	5,181
	VOTE: VETERANS' AFFAIRS			
	– SOCIAL DEVELOPMENT			
	Benefits and Other Unrequited Expenses:			
120	Interest Concession Land and Buildings	119	119	–
12,512	Medical Treatment	12,924	13,130	–
109,686	Veterans' Pension	118,697	118,651	46
102,415	War Disability Pensions	106,571	106,101	470
224,733	Total Vote Veterans' Affairs – Social Development	238,311	238,001	516

The Statement of Accounting Policies: Non-Departmental on pages 151 to 153 are an integral part of these statements and schedules.

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS CONT.

For the year ended 30 June 2005

ACTUAL 2004 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2005 \$000	APPROPRIATION VOTED* 2005 \$000	UNAPPROPRIATED EXPENDITURE 2005 \$000
	VOTE: YOUTH DEVELOPMENT			
	Classes of Outputs to be Supplied by Other Parties:			
3,292	Conservation Corps	6,082	6,097	–
502	Specialist Youth Service Corps	1,242	1,245	–
188	Young New Zealanders' Challenge	250	250	–
525	Youth Service Corps	1,045	1,086	–
383	Youth Suicide Prevention Information Service	1,349	1,349	–
4,890	Total Non-Departmental Output Classes	9,968	10,027	–
	Other Expenses to be Incurred by the Crown:			
95	Commonwealth Youth Programme	95	95	–
3	Crisis Support Fund	2	20	–
98	Total Other Expenses to be Incurred by the Crown	97	115	–
4,988	Total Vote Youth Development	10,065	10,142	–
13,503,789	TOTAL NON-DEPARTMENTAL EXPENSES	13,599,023	13,653,970	5,697

* This includes adjustments made in the Supplementary Estimates and transfers under the Public Finance Act 1989.

STATEMENT OF UNAPPROPRIATED NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2005

ACTUAL EXPENDITURE 2004 \$000	UNAPPROPRIATED EXPENDITURE 2004 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL EXPENDITURE 2005 \$000	UNAPPROPRIATED EXPENDITURE 2005 \$000
VOTE: SOCIAL DEVELOPMENT				
Benefits and Other Unrequited Expenses:				
702,078	–	Accommodation Supplement	749,652	1,639
5,066	66	Assistance for People Requiring Care	5,106	–
57,176	59	Child Disability Allowance	63,172	–
57,677	–	Childcare Assistance	79,334	1,541
8,926	–	Disability Allowance Telephone Support	7,753	5
1,568,687	1,237	Domestic Purposes Benefit	1,547,087	–
5,888,739	165	New Zealand Superannuation	6,083,189	1,166
50,720	137	Orphan's/Unsupported Child's Benefit	55,555	201
139,697	60	Special Benefit	175,177	–
1,083,695	–	Unemployment Benefit	831,136	565
92,586	–	Widow's Benefit	88,478	62
	1,724	Sub-total		5,179
Capital Contribution to Other Persons or Organisations:				
318	6	Community Services Card Reimbursements	227	2
	6	Sub-total		2

STATEMENT OF UNAPPROPRIATED NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS CONT.

For the year ended 30 June 2005

ACTUAL EXPENDITURE 2004 \$000	UNAPPROPRIATED EXPENDITURE 2004 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL EXPENDITURE 2005 \$000	UNAPPROPRIATED EXPENDITURE 2005 \$000
		VOTE: VETERANS' AFFAIRS – SOCIAL DEVELOPMENT		
		Benefits and Other Unrequited Expenses:		
120	1	Interest Concession Land and Buildings	119	–
12,512	271	Medical Treatment	12,924	–
109,686	–	Veterans' Pension	118,697	46
102,415	–	War Disability Pensions	106,571	470
	272	Sub-total		516
	2,002	Total		5,697

The unappropriated expenditure in Vote Social Development and Vote Veteran's Affairs – Social Development is less than one percent of the respective votes and has been approved by the Minister of Finance in terms of the Public Finance Act 1989.

The expenditure relating to Benefits and Other Unrequited Expenses (BOUE) appropriations is forecast on a best mid-point average basis. This method of forecasting expects a mixture of over and under-expenditure of the appropriations. Therefore, some of the BOUE appropriations are expected to be exceeded each year. In the 2004/05 year, 9 out of 33 specific BOUE appropriations that the Ministry administered have been exceeded.

The other unappropriated expenditure incurred under Community Services Card Reimbursements appropriation. This appropriation provides reimbursements for low-income earners who are eligible for, but yet to receive, a Community Services Card. Higher than expected demand for reimbursement of general medical expenses resulted in the 2004/05 Supplementary Estimates appropriation of \$225,000 being exceeded by \$2,000.

The unappropriated expenditure in Vote Social Development is \$5.179 million which is 0.04% of the Vote. The unappropriated expenditure in Vote Veterans' Affairs – Social Development is \$0.516 million which is 0.22% of the Vote.

SCHEDULE OF NON-DEPARTMENTAL REVENUE

For the year ended 30 June 2005

ACTUAL 2004 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2005 \$000	BUDGET 2005 \$000
	VOTE: SOCIAL DEVELOPMENT		
18	Interest Revenue	45	12
(888)	Maintenance Capitalisation	(571)	(724)
7,786	Student Loan - Administration Fee	7,529	7,630
63,183	Student Loan - Accumulated Interest	63,579	60,355
70,099	Total Non-Departmental Revenue	70,582	67,273

SCHEDULE OF NON-DEPARTMENTAL CAPITAL RECEIPTS

For the year ended 30 June 2005

ACTUAL 2004 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2005 \$000	BUDGET 2005 \$000
	VOTE: SOCIAL DEVELOPMENT		
200,982	Benefit Recoveries - Current Debt	192,701	189,667
4,311	Benefit Recoveries - Liable Parent Contributions	3,489	3,524
73,017	Benefit Recoveries - Non-Current Debt	73,336	74,842
318	Community Services Card Recoveries	227	225
122,732	Overseas Pension Recoveries	131,708	130,949
62,286	Student Loans - Repayment of Principal	61,609	61,781
463,646	Total Non-Departmental Capital Receipts	463,070	460,988

SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2005

The Schedule of Non-Departmental Assets summarises the assets that the Ministry administers on behalf of the Crown.

ACTUAL 30 JUNE 2004 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 30 JUNE 2005 \$000	BUDGET 30 JUNE 2005 \$000
	VOTE: SOCIAL DEVELOPMENT		
	Current assets:		
76,538	Cash and bank balances	73,209	76,538
856,093	Student loans advanced *	824,472	842,082
(106,891)	Provision for doubtful debts – student loans	(126,364)	(104,482)
107,008	Accounts receivable – benefits and allowances	183,555	113,584
11,604	Prepayments – benefits and allowances	8,539	11,604
	Non-current assets:		
3,540,325	Student loans transferred to IRD *	4,550,633	4,535,788
662,982	Accounts receivable – benefits and allowances	607,297	662,982
(324,869)	Provision for doubtful debts – benefits and allowances	(395,428)	(340,239)
554	Advances – benefits and allowances	390	363
4,823,344	Total Non-Departmental Assets	5,726,303	5,798,220

* The Student Loan Scheme is administered by the Ministry of Social Development in conjunction with the Ministry of Education and the 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 the Inland Revenue Department in March and April each year.

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2005

The Schedule of Non-Departmental Liabilities summarises the liabilities that the Ministry administers on behalf of the Crown.

ACTUAL 30 JUNE 2004 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 30 JUNE 2005 \$000	BUDGET 30 JUNE 2005 \$000
	VOTE: SOCIAL DEVELOPMENT		
	Current liabilities:		
49,422	Accruals – government departments	49,422	49,422
125,439	Accruals – benefits and allowances	155,816	175,225
75,650	Tax payable	37,390	75,650
9,759	Other current liabilities	701	9,759
260,270	Total Non-Departmental Liabilities	243,329	310,056

STATEMENT OF TRUST MONIES

For the year ended 30 June 2005

The Ministry operates trust accounts as the agent under the Public Finance Act 1989. The transactions through these accounts and their balances at 30 June 2005 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2005 were as follows:

ACCOUNT	AS AT 30 JUNE 2004 \$000	CONTRIBUTION \$000	DISTRIBUTION \$000	REVENUE \$000	EXPENSES \$000	AS AT 30 JUNE 2004 \$000
Australian Debt Recoveries	7	70	(72)	–	–	5
Australian Embargoed Arrears	137	436	(283)	–	–	290
Maintenance	126	1,547	(1,588)	–	–	85
Netherlands Debt	9	2	(11)	–	–	–
Total	279	2,055	(1,954)	–	–	380

Australian Debt Recoveries Trust Account

An agreement exists between the Australian and the 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 are payable.

STATEMENT OF TRUST MONIES CONT.

For the year ended 30 June 2005

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.

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2005

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
	Operating commitments	
30,757	Less than one year	27,118
1,963	One to two years	896
–	Two to five years	91
32,720	Total operating commitments	28,105

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

For the year ended 30 June 2005

ACTUAL 30 JUNE 2004 \$000		ACTUAL 30 JUNE 2005 \$000
43,873	Quantifiable contingent liabilities	55,525
43,873	Total contingent liabilities	55,525

A total of eleven quantifiable claims lodged against the Ministry remain unresolved as at 30 June 2005. This represents the potential amount that will be paid out if the claims are successful.

APPENDIX: FEES AND EXPENSES PAID TO MEMBERS OF STATUTORY AND OTHER BODIES SERVICED BY THE MINISTRY OF SOCIAL DEVELOPMENT

BENEFITS REVIEW COMMITTEE

Number of members:

Benefits Review Committee (BRC) hearings are a chance for a review panel to take a fresh look at decisions made by the Ministry of Social Development delivery units (Work and Income and Specialist Services). Each panel has three members, consisting of a Community Representative appointed by the Minister and two Ministry of Social Development staff members who have not been involved in the decision being reviewed. There were 86 Community Representatives spread throughout the 11 Work and Income regions (2004: 91 Community Representatives).

Nature of work:

Benefit Revisions Committees are 'quasi-judicial' bodies established under section 10A of the Social Security Act 1964, to take an impartial second look to ensure 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 of Social Development on a case by case basis. The benefit review hearing is an opportunity for the applicant to explain why they disagree with the decision and for the Committee to review the Ministry of Social Development's decision.

Committee fees and expenses paid (GST exclusive):

Total amount of committee fees and expenses paid to 30 June 2005: \$195,795 (2004: \$174,894).

Number of reviews for the period 1 July 2004 to 30 June 2005:

5,833 reviews (2004: 5,914 reviews).

STRATEGIC POLICY REFERENCE GROUP

Number of members:

Twelve members (2004: six members).

Nature of work:

The group is made up of twelve individuals who provide advice on key social policy issues based on individual expertise in their particular discipline.

Reference Group fees and expenses paid (GST exclusive):

Total amount of reference group fees and expenses paid to 30 June 2005: \$13,671 (2004: \$30,725).

Number of meetings held for the period 1 July 2004 to 30 June 2005:

Five meetings (2004: Six meetings).

MINISTERIAL ADVISORY COUNCIL FOR SENIOR CITIZENS

Number of members:

Nine members (2004: six members).

Nature of work:

The advisory council act in an advisory capacity to the Minister for Senior Citizens on matters concerning the wellbeing of senior citizens.

Advisory Council fees and expenses paid (GST exclusive):

Total amount of advisory council fees and expenses paid to 30 June 2005: \$14,230 (2004: \$9,942).

Number of meetings held for the period 1 July 2004 to 30 June 2005:

Six meetings (2004: Three meetings).

TE RITO NEW ZEALAND FAMILY VIOLENCE PREVENTION STRATEGY NATIONAL EXECUTIVE

Number of members:

The Te Rito Advisory Committee has 17 members (nine NGOs and eight government representatives).

Nature of work:

The role of the committee is to:

- maintain consistency across projects and other related activity in the interpretation and adherence to the vision and principles of the Te Rito strategy
- ensure that related projects are co-ordinated appropriately; monitor, report and advise stakeholders on the impact of the Te Rito strategy on overall family violence prevention outcomes
- identify, and advise on emergent risks to the strategy; monitor, co-ordinate and provide assurance on the quality of reports , progress, measures and/or outcomes of projects
- provide guidance to project managers/agency leads on co-ordination, direction and general practice issues.

Advisory Committee fees and expenses paid (GST exclusive):

Total amount of advisory committee fees and expenses paid to 30 June 2005: \$14,570 (2004: \$15,765).

Number of meetings held for the period 1 July 2004 to 30 June 2005:

Four meetings (2004: Two meetings).

MEDICAL APPEAL BOARDS

Number of members

Medical Appeal Boards are independent bodies established to ensure that correct and fair decisions are made within the legislation (Section 53A of the Social Security Act 1964). Each board is made up of three members appointed by the chief executive for the particular purpose, being medical practitioners, rehabilitation professionals, or other persons having appropriate expertise in the fields of vocational training or vocational support for persons with sickness, injury or disability.

Nature of Work

Medical Appeal Boards review an appellant's eligibility for a benefit on medical grounds including the capacity to undertake work independently. Medical Appeal Boards are a chance to take a fresh look at decisions on all the information about an appellant's medical circumstances or incapacity on a case by case basis.

Board fees and expenses paid (GST exclusive)

Total number of board fees and expenses paid to 30 June 2005: \$134,754 (2004: \$116,000).

Number of appeals/meetings for the period 1 July 2004 to 30 June 2005

Appeals are dealt with on a case by case basis. Some are the subject of hearing at which the appellant can appear, others are reviewed by circulating the relevant papers amongst board members or sometimes a combination of both processes. In 2004/05 just over 800 decisions were appealed on medical grounds.



MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

BOWEN STATE BUILDING, BOWEN STREET, PO BOX 12-136, WELLINGTON, NEW ZEALAND

TELEPHONE: +64 4 916 3300 • FACSIMILE: +64 4 918 0099

EMAIL: INFO@MSD.GOVT.NZ • WEB: WWW.MSD.GOVT.NZ

ISSN 1175-9895