

Ministry of Social Development

Te Manatū Whakahiato Ora

Pūrongo ā-tau

Annual Report

2020/21



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Te aromatawai i nga mahi me nga tauākī tahua

Assessment of performance and financial statements

I tukuna ki te Whare Paremata i raro i te wāhanga 44(1) o te Public Finance Act 1989

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

Mo te wāhanga korero o tenei Pūrongo ā-tau, tirohia annualreport2021.msd.govt.nz

For the narrative section of this Annual Report, visit annualreport2021.msd.govt.nz





Te aromatawai i nga mahi Assessment of performance



Te Tauākī Haepapa a te Tumuaki

Hei Tumuaki o Te Manatū Whakahiato Ora, e haepapa ana au kia:

- whakariterite i tā te Minita tauākī ahumoni me ngā tauākī whakapaunga moni, whakapaunga moni whakahaere kamupene me ngā whakawānga e whakapuakitia ana ki roto
- whai i tētahi pūnaha e kite ai ngā mahi ā-roto e tika ana, kia whakatūturu pai te pono me te whakawhirinakitanga o ngā ripoata ahumoni
- kia whakatūturu nei ngā pārongo paearu mahi mutunga tau mō ia tahua kua whakahaerehia e te Manatū e puta ana e ai ki ngā wāhanga 19A ki te 19C o te Public Finance Act 1989, ahakoa e takoto ana ēnei pārongo ki roto i tēnei pūrongo ā-tau, kāore rānei
- Kia kōrero tōtika, ahakoa he aha ngā pārongo mahi paearu mutunga tau kua whakaritea e te Manatū, ahakoa e takoto ana ēnei pārongo ki tēnei pūrongo ā-tau, kāore rānei.

Ki ōku whakaaro:

- tā te pūrongo ā-tau nei, he whakaatū tika i ngā whakahaere, te anga whakamua, te oranga pai o te rōpū me te āheinga o te Manatū
- ko ngā tauākī ahumoni e whakaatu tika ana te noho ahumoni o te Manatū nō te 30 o Hune 2021 me āna whakahaere mō te tau i mutu i taua rā nei.
- ko ngā tauākī whakapaenga ahumoni e whakaatu tika ana i te nohonga whakapaenga ahumoni o te Manatū mō te 30 o Hune 2022 me āna whakahaere ka mutu hei taua rā.



Debbie Power
Tumuaki
30 o Hepetema 2021

Chief Executive's Statement of Responsibility

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

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

In my opinion:

- the Annual Report fairly reflects the operations, progress, and organisational health and capability of the Ministry
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2021 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2022 and its operations for the year ending on that date.



Debbie Power
Chief Executive
30 September 2021

Independent Auditor's Report

To the readers of Ministry of Social Development's Annual Report for the year ended 30 June 2021

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

- the financial statements of the Ministry on pages 74 to 110, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2021 on pages 12 to 71 and 173; and
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2021 on pages 129 to 137; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 111 to 128 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2021;
 - the schedules of expenses; and revenue for the year ended 30 June 2021;
 - the statement of trust monies for the year ended 30 June 2021; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 74 to 110:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information of the Ministry on pages 12 to 71 and 173:
 - presents fairly, in all material respects, for the year ended 30 June 2021:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry on pages 129 to 137 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 111 to 128 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2021; and
 - expenses; and revenue for the year ended 30 June 2021; and
 - the statement of trust monies for the year ended 30 June 2021.

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Ministry for preparing:

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

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

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

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

Responsibilities of the auditor for the information to be audited

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

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

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's information on strategic intentions for the period 2018-2022 and relevant Estimates and Supplementary Estimates of Appropriations 2020/21, and the 2020/21 forecast financial figures included in the Ministry's 2019/20 annual report.

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises the Chief Executive's Foreword, Executive Summary, About the Ministry of Social Development, Our story in 2020/21, Achieving our outcomes, Looking to the horizon, Delivery of high-quality services through excellent organisational capability, Case studies, and the information on pages 12 to 182, but does not include the information we audited, and our auditor's report thereon.

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

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

Independence

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

In addition to the audit, since 30 June 2021, we have commenced a probity assurance engagement for the payroll replacement solution. Other than the audit and this engagement, we have no relationship with or interests in the Ministry.



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





Aromatawai o ā mātau mahi

Assessing our performance



Vote Social Development

In 2020/21 MSD was the appropriation administrator for 18 departmental output expense appropriations, one departmental capital expense appropriation and four multi-category appropriations (MCAs) in Vote Social Development. In this section we report information on financial and non-financial performance in these appropriations.

For reporting purposes we have grouped the appropriations into five groups, as follows:

Income support that's easier to access

- Administration of service cards
- Income support and assistance to seniors
- Investigation of overpayments and fraudulent payments and collection of overpayments
- Management of student loans
- Management of student support
- Processing of Veterans' Pensions
- Improved employment and social outcomes support (MCA) (part¹)

Keeping New Zealanders working

- Improved employment and social outcomes support (MCA) (part²)

Partnering with others

- Enhancement and promotion of SuperGold cards
- Place-based initiatives – South Auckland Social Wellbeing Board
- Place-based initiatives – Tairāwhiti Local Leadership
- Promoting positive outcomes for disabled people
- Promoting positive outcomes for seniors
- Community support services (MCA)
- Partnering for youth development (MCA)

Getting people a home

- Services to support people to access accommodation
- Housing support assistances (MCA)






Supporting MSD people to help New Zealanders

- Corporate support services
- Data, analytics and evidence services
- Establishment of independent monitor of the Oranga Tamariki system
- Historic claims resolution
- Independent monitoring and assurance of the Oranga Tamariki system
- Planning, correspondence and monitoring
- Policy advice
- Ministry of Social Development – Capital Expenditure PLA

1 The category in the MCA that falls within the Providing financial assistance group is Administering income support

2 The categories in the MCA that fall within the Providing employment assistance group are: Improving employment outcomes, Improving work-readiness outcomes, and Flexi-wage employment assistance

Summary of performance in appropriations

Appropriations group	Non-financial performance			Financial performance			
	Total measures ³	Achieved	Percent	Budget (\$m)	Actual spend (\$m)	Surplus / (deficit) (\$m)	Percent
 Income support that's easier to access	15	11	73.3%	618.127	593.859	24.268	3.9%
 Keeping New Zealanders working	11	10	90.9%	717.968	565.559	152.409	21.2%
 Partnering with others	26	24	92.3%	345.413	318.799	26.614	7.7%
 Getting people a home	4	4	100.0%	133.607	85.080	48.527	36.3%
 Supporting MSD people to help New Zealanders	20	12	60.0%	418.932	233.489	185.443	44.3%
Overall	76	61	80.3%	2,234.047	1,796.786	437.261	19.6%

³ The table includes three measures for which there was no achievable target for 2020/21. For one of these measures we were establishing a baseline and no target was set, while two others have targets in future years. If these three measures are excluded, the proportion of measures that achieved target was 83.6 percent.

Linking appropriations to outcomes

Our outcomes framework describes what we are seeking to achieve, how we will achieve it, and how we will know we have achieved it. It states three desired outcomes for our work. Each appropriation contributes to one or more of these outcomes. The chart below shows how appropriations and outcomes are linked:

Outcome: New Zealanders get the support they require	Outcome: New Zealanders are resilient and live in inclusive and supportive communities	Outcome: New Zealanders participate positively in society and reach their potential
<ul style="list-style-type: none"> • Corporate support services • Data, analytics and evidence services • Establishment of independent monitor of the Oranga Tamariki system • Income support and assistance to seniors • Independent monitoring and assurance of the Oranga Tamariki system • Investigation of overpayments and fraudulent payments and collection of overpayments • Management of student loans • Management of student support • Place-based initiatives – South Auckland Social Wellbeing Board • Place-based initiatives – Tairāwhiti Local Leadership • Planning, correspondence and monitoring • Policy advice • Processing of Veterans’ Pensions • Services to support people to access accommodation • Community support services (MCA) • Housing support assistances (MCA) • Improved employment and social outcomes support (MCA) • Ministry of Social Development – Capital Expenditure PLA 	<ul style="list-style-type: none"> • Corporate support services • Data, analytics and evidence services • Enhancement and promotion of SuperGold cards • Establishment of independent monitor of the Oranga Tamariki system • Historic claims resolution • Independent monitoring and assurance of the Oranga Tamariki system • Place-based initiatives – South Auckland Social Wellbeing Board • Place-based initiatives – Tairāwhiti Local Leadership • Planning, correspondence and monitoring • Policy advice • Community support services (MCA) • Housing support assistances (MCA) • Ministry of Social Development – Capital Expenditure PLA 	<ul style="list-style-type: none"> • Administration of service cards • Corporate support services • Data, analytics and evidence services • Enhancement and promotion of SuperGold cards • Establishment of independent monitor of the Oranga Tamariki system • Historic claims resolution • Independent monitoring and assurance of the Oranga Tamariki system • Management of student loans • Management of student support • Place-based initiatives – South Auckland Social Wellbeing Board • Place-based initiatives – Tairāwhiti Local Leadership • Planning, correspondence and monitoring • Policy advice • Promoting positive outcomes for disabled people • Promoting positive outcomes for seniors • Community support services (MCA) • Improved employment and social outcomes support (MCA) • Partnering for youth development (MCA) • Ministry of Social Development – Capital Expenditure PLA



Output expense: Administration of service cards

Appropriation Minister: Minister for Social Development and Employment

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

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

Summary of performance

Non-financial performance

The efficient and accurate administration of discount cards enables more New Zealanders, including seniors, to take a fuller part in society. More Community Services Cards were issued in 2020/21 than in the previous year. This increase gives more New Zealanders access to subsidised primary health care, subsidised prescriptions and emergency dental care.

In 2020/21:

- the number of Community Services Card recipients increased by 5.2 percent from 1,026,831 to 1,080,122, reflecting the extension of automatic card eligibility to those in public housing or receiving an Accommodation Supplement
- the total number of SuperGold Cardholders increased by 3.3 percent from 784,592 to 810,409.

The number of SuperGold Cards and Veteran SuperGold Cards issued is determined by the number of new card applicants and card renewals.

In 2020/21 294,748 cards were issued, compared with 275,807 in 2019/20.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
98.9%	The percentage of card entitlement assessments completed accurately ⁴ will be no less than	95%	98.9%	
95.0%	The percentage of card entitlement assessments completed within five working days ⁵ will be no less than	90%	98.6%	(a)

Notes

- (a) We upskilled and trained up staff in Card Services, and this had a positive impact on performance.

4 Accuracy measures the percentage of all client assessments that are processed correctly. The reported performance is based on a sample of tested applications that is considered representative of actual performance over all applications. The same basis is used for accuracy measures reported on pages 25, 30, 32, 40, 46 and 60.

5 Timeliness measures the length of time in working days to complete an action. The reported performance is based on a tested sample of applications that is considered representative of actual performance over all applications. The same basis is used for timeliness measures reported on pages 25, 30, 32, 40, 46 and 60.

The following information is provided for context⁶:

	2017/18	2018/19	2019/20	2020/21
Cardholders				
• SuperGold Cards	734,553	761,008	784,592	810,411
• Veteran SuperGold Cards (subset of the above)	5,197	4,797	4,329	4,104
• Community Services Cards	832,085	954,822	1,026,831	1,080,123
Cards processed per annum				
• SuperGold Cards	254,197	267,429	275,807	294,747
• Veteran SuperGold Cards (subset of the above)	3,349	1,354	1,167	2,337
• Community Services Cards	777,534	841,510	758,082	833,577
SuperGold cardholders who also hold a Community Services Card	294,415	319,775	323,230	351,711

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
	Revenue			
5,931	Crown	5,738	6,738	6,738
	- Department	-	-	-
	- Other	-	-	-
5,931	Total revenue	5,738	6,738	6,738
5,581	Total expense	5,738	6,738	6,243
350	Net surplus/(deficit)	-	-	495

⁶ Some contextual data relating to prior years may differ slightly from previous reporting due to random rounding.

Output expense: Corporate support services

Appropriation Minister: Minister for Social Development and Employment

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

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

Summary of performance

Non-financial performance

We have been providing purchased and transitional corporate services to Oranga Tamariki, the Social Wellbeing Agency, the Ministry of Housing and Urban Development and the Office of the Children's Commissioner. The services provided under these arrangements vary from one entity to another and include information technology, finance, human resources, property and facilities, and information privacy and security services.

Following an independent formal review of services being provided to Oranga Tamariki in 2018, the Chief Executives of the two departments agreed a plan to progressively move services into Oranga Tamariki. We have now discontinued a number of the original services, and we expect to largely complete this process by 2023. We will work with Oranga Tamariki to develop new financial management and payroll systems through an investment process beyond that date.

We will continue to support our partners as needed, on the understanding that as strategic needs or operating models change, arrangements may be reviewed.

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
	Revenue			
	- Crown	-	-	-
67,459	Department	67,519	65,876	56,968
	- Other	-	-	-
67,459	Total revenue	67,519	65,876	56,968
67,459	Total expense	67,519	65,876	56,968
	- Net surplus/(deficit)	-	-	-



Output expense: Data, analytics and evidence services

Appropriation Minister: Minister for Social Development and Employment

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

This appropriation is intended to improve the design and delivery of policy and services through more effective use of data and analytics. This includes public reporting of research, evaluation and performance information and data.

Summary of performance

Non-financial performance

This year we launched the Social Development Data application, a continuation of our efforts to enhance self-service reporting. This is an interactive income support data reporting and visualisation tool and includes the underlying data for download, so that members of the public can conduct their own analyses.

We continue to supply data to support the all-of-government COVID-19 response, and produce daily, weekly and monthly reporting on the various Wage Subsidies to Ministers and the public.

We have also supplied advice and data to support Select Committee responses, the Kaupapa Inquiry, and Budget initiatives such as the COVID-19 Income Relief Package, Winter Energy Payment, Training Incentive Allowance, and main benefit increases.

In September 2020 we updated the model that prioritises school-leavers who may need support with education or employment for referral to the Youth Service. This was the first project to use the Model Development Lifecycle, the framework that ensures we deliver safe and effective algorithms, in line with the Algorithm Charter.

We continued to deliver location-based insights, such as expanding iwi profiles, mapping skill shortages, and supporting decisions about the best locations for MSD properties.

Our evaluation work programme seeks to understand whether social development interventions work, for whom, and why. This year we published 23 evaluation and monitoring reports, including:

- the evaluation of employment support pilots and programmes such as Individual Placement Support, In-work Support, Mana in Mahi, Step Up, Intensive Client Support, and Supporting Offenders into Employment
- assessing the impacts of the Government's Budget 2019 investment in the sexual violence sector, including undertaking research into male survivors of sexual violence, and evaluating court support services, crisis support and helpline services for victims/survivors
- monitoring and evaluating income support reforms implemented since 2018: this year we published the Families Package Second-Year Monitoring Report alongside the first in a series of studies looking at the difference the reform made
- publishing COVID-19 rapid research papers, including the immediate and medium-term social and psychosocial impacts of COVID-19 in New Zealand and the impact of COVID-19 on benefit numbers in an historic context
- planning a cross-agency evaluation to investigate the development, operation, and impact of the Wage Subsidy scheme; the evaluation will provide recommendations to inform future responses to economic shock situations where maintaining employment attachment is critical.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
95%	The percentage of products and services provided that consistently reflect the Quality Framework principles ⁷ will be no less than	90%	99.0%	
75%	The percentage of stakeholders surveyed that responded that they “agree” or “strongly agree” that the product(s) they received enabled them to make better decisions ⁸ will be no less than	80%	83.0%	
New measure in 2020/21	Average forecast variances for Vote Social Development Benefits or Related Expenses (BOREs) in the 12 months to June will be within the range of	+/-2%	+1.5%	

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Key publication documents on MSD’s external website ⁹	15	36	47	43
Key publication document views/downloads from MSD’s external website	14,648	16,151	23,090	52,560
Data requests	1,596	1,550	3,639	2,133

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
Revenue				
36,940	Crown	32,328	37,151	37,151
-	- Department	-	-	-
-	- Other	-	-	-
36,940	Total revenue	32,328	37,151	37,151
29,388	Total expense	32,328	37,151	32,780
7,552	Net surplus/(deficit)	-	-	4,371

7 The Quality Framework principles are: well commissioned, methodologically sound, client focussed, builds knowledge and capability, and ethical.

8 This is measured every quarter using pulse-check survey results.

9 www.msd.govt.nz. The count is limited to key publications funded by this appropriation and found within the Statistics, Research and Evaluation Reports pages located within the Publications and Resources content on the website. This consists of:

- official government statistics which we are obligated to publish both to the Minister for Social Development and Employment and on our website
- reports about research that our Research and Evaluation team has conducted
- reports that evaluate the effectiveness of our services.

Output expense: Enhancement and promotion of SuperGold cards

Appropriation Minister: Minister for Seniors

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

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

Summary of performance

Non-financial performance

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

In 2020/21:

- we signed up 682 new SuperGold Card business partners
- there were 5,157 business partners, operating from 10,618 outlets offering concessions/discounts for SuperGold Cardholders
- the total number of website views for the entire year was almost 2.2 million
- the total number of SuperGold Cardholders increased from 784,592 to 810,409 (3.3 percent).

The essential items promotion in April 2021 was the most popular promotion in the year. For this campaign over 224,000 cardholders viewed the savings available.

We continued to develop functionality for the SuperGold mobile app and website that makes it easier:

- for cardholders to find what they are looking for
- for new SuperGold businesses to sign up online.

The annual target of 250 new SuperGold business applications will be increased to 375 in 2021/22.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
326	The number of new businesses joining the SuperGold Card programme will be no less than	250	682	(a)

Notes

- (a) COVID-19 presented new challenges for businesses in 2020. The tourism and hospitality sectors were hit particularly hard; we worked closely with Tourism NZ on two domestic tourism-focused electronic direct mail campaigns to SuperGold cardholders. This activity also created wider interest for businesses in this category to join the programme. A dedicated recruitment campaign in November 2020 focused on the business categories of accommodation, tourism and hospitality and was extremely successful, contributing 327 new business sign-ups.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Providers offering concessions/discounts on SuperGold Cards (at 30 June)	9,213	9,630	5,478 ¹⁰	5,157
Visits ¹¹ to the SuperGold website	1,384,758	1,511,984	2,540,666	2,198,928

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
3,180	Crown	1,700	2,000	2,000
-	- Department	-	-	-
-	- Other	-	-	-
3,180	Total revenue	1,700	2,000	2,000
2,693	Total expense	1,700	2,000	1,296
487	Net surplus/(deficit)	-	-	704

¹⁰ The decline in the number of providers offering concessions/discounts in 2019/20 arises from the findings of work to check providers' details before the launch of the new SuperGold website and app, which revealed that a significant number of providers had ceased to operate.

¹¹ The count is of page views.



Output expense: Establishment of independent monitor of the Oranga Tamariki system

Appropriation Minister: Minister for Social Development and Employment

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

This appropriation is intended to achieve the establishment of a strengthened independent monitoring and assurance function to support objective assessment of the quality and extent of compliance with, and delivery of, the Oranga Tamariki Act 1989 and related regulations and standards.

Summary of performance

Non-financial performance

We have continued to establish a strengthened independent monitoring and assurance function to support objective assessment of the quality and extent of compliance with, and delivery of, the Oranga Tamariki Act 1989 and related regulations and standards. From December 2020, the Monitor started monitoring all of the Oranga Tamariki (National Care Standards and Related Matters) Regulations 2018 (the NCS Regulations). Establishment activities included:

- continued engagement for stakeholders, Māori and local communities
- testing and finalising the assessment approach
- developing operational policy and practice
- recruiting and training permanent staff to carry out monitoring communities
- completing the third monitoring report, which assessed agencies' compliance with Regulations 69 and 85 of the NCS Regulations.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
Achieved	Report to the Minister for Social Development and Employment and other key ministers, including the Minister of Māori Development and the Minister for Whānau Ora, on progress with establishment of the monitoring function, by 30 June 2021	Achieved	Achieved	

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
Revenue				
5,660	Crown	5,660	5,760	5,760
-	- Department	-	-	-
-	- Other	-	-	-
5,660	Total revenue	5,660	5,760	5,760
4,156	Total expense	5,660	5,760	3,523
1,504	Net surplus/(deficit)	-	-	2,237

Output expense: Historic claims resolution

Appropriation Minister: Minister for Social Development and Employment

This multi-year appropriation commenced on 1 July 2020, replacing the former Historic claims multi-year appropriation which was disestablished from that date, and expires on 30 June 2024.

This appropriation is limited to resolving claims of people who report experiencing abuse or neglect prior to 1 April 2017 while in the care, custody, guardianship, or came to the notice, of the State (but are not currently under the sole guardianship of the State), including assisting and responding to reviews and inquiries of the historic child welfare system and the redress and rehabilitation process.

This appropriation is intended to provide a redress process to people who believe they were harmed while in the care, custody, guardianship or oversight of the State, as well as responding to the Royal Commission of Inquiry on the redress and rehabilitation processes and the historic child welfare system.

Summary of performance

Non-financial performance

Our Historic Claims Unit provides a redress process for people who were harmed while in the care, custody, guardianship or oversight of the State, and supports the Royal Commission of Inquiry on the redress and rehabilitation processes and the historic child welfare system.

Though the numbers of claims completed have increased since the introduction of the new streamlined assessment in 2018, the number of assessments completed during 2020/21 has been lower than anticipated. Several external factors have impacted our ability to complete the numbers of assessments we expected to: the resource required to respond to the Royal Commission, disruptions caused by changes in COVID-19 alert levels, and recent work that considers aspects of the resolution process. So we have refocussed our measure to reach the same goal of assessing 1,864 claims, but extending the time for achieving this target by 12 months to 30 June 2023 (rather than committing to a fixed number of assessments per year).

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
288	The number of assessments completed ¹² will be no less than	1,864 by 30 June 2023 ¹³	168	(a)
On track	The average time taken to resolve a claim will continue to reduce ¹⁴ , taking no more than	3.5 years by 30 June 2023	4.3 years	(b)
78%	Percentage of personal information requests completed within 90 days	75%	77%	

¹² Since 1 July 2019.

¹³ This measure counts each assessment, so that if a claimant has both a claims assessment and then a review of their claim, this will be counted as two assessments to represent the volume and workflow.

¹⁴ The average waiting time for a claimant to resolve their claim is subject to dependencies that relate to volume of claims, staff availability, and where the claimant chooses to delay the process.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
New measure for 2020/21	The percentage of claimants who report that they agree or strongly agree that they feel respected in their interaction with Historic Claims ¹⁵ will be no less than	80%	90%	

Notes

- (a) The total number of claims completed between 1 July 2019 and 30 June 2021 was 456
- (b) In 2018 we implemented a new operating model. At that time the average time to resolve was 5.5 years. Since then there has been an improvement in the average time taken to resolve a claim. This measure remained static in 2020/21 in light of the challenges with closing claims.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Claims received ¹⁶	577	765	402	565
Claims closed ¹⁷	162	88	125	217
Claims in process at 30 June	1,385	2,062	2,339	2,687

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
Revenue				
17,804	Crown	42,471	27,632	19,129
	- Department	-	-	-
	- Other	-	-	-
17,804	Total revenue	42,471	27,632	19,129
17,804	Total expense	42,471	27,632	19,129
	- Net surplus/(deficit)	-	-	-

15 Feedback may be provided online or by way of completing a paper-based survey, and is sought at different points through the claims process following direct engagement with the claimant. The result excludes claimants for whom we have no direct contact (eg, represented claimants).

16 Financial year data. We previously reported on calendar years, so these figures differ from earlier reporting.

17 Includes claims where payment was made, or no payment was made, or the claim did not progress. Claims that were previously inactive and have progressed have been removed from this figure to reflect that they remain unresolved.



Output expense: Income support and assistance to seniors

Appropriation Minister: Minister for Social Development and Employment

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

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

Summary of performance

Non-financial performance

We achieved our target for accurate assessment of entitlements for older people, and were narrowly short of achieving the timeliness standard. In 2020/21:

- the number of people on New Zealand Superannuation increased by 3.5 percent from from 809,001 to 837,549
- we provided entitlement assessments to 64,707 applicants for New Zealand Superannuation to help them maintain independence
- the number of people receiving a New Zealand benefit overseas increased from 60,756 to 63,521
- the number of people living in New Zealand but receiving a pension from an overseas country increased from 101,090 to 101,181¹⁸.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
94.6%	The percentage of entitlement assessments for payment of entitlements to older people completed accurately will be no less than	95%	95.2%	
79.2%	The percentage of entitlement assessments for payment of entitlements to older people finalised within standard timeframes will be no less than	90%	88.9%	(a)

Notes

- (a) Although narrowly short of the target, the result is a significant improvement on the 2019/20 result and is the highest year-end result in seven years.

Service response timeliness was significantly impacted throughout the year by a requirement for staff to assist with other work relating to COVID-19 and other factors. In the absence of these impacts, it is likely that the target would have been met. Regional Directors have been tasked with applying additional focus to this area to ensure a further improvement in 2021/22.

¹⁸ Some figures for the previous year may differ slightly from those previously reported due to updates in performance reporting.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
New Zealand Superannuation (NZS) applications processed				
· Qualified ¹⁹	54,692	59,340	57,314	61,845
· Non-qualified	4,843	4,776	5,314	2,862
Percentage of applications made online	38.8%	39.8%	45.8%	47.9%
Number of NZS clients	752,767	781,438	809,001	837,549

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
59,540	Crown	60,077	63,074	63,074
	- Department	-	-	-
	- Other	-	-	-
59,540	Total revenue	60,077	63,074	63,074
57,320	Total expense	60,077	63,074	61,838
2,220	Net surplus/(deficit)	-	-	1,236

¹⁹ 'Qualified' means an application that does not include a request for payment to a spouse who is under the age to qualify in their own right for New Zealand Superannuation. 'Non-qualified' has a corresponding meaning. The New Zealand Superannuation and Veteran's Pension Legislation Amendment Act 2020 has from 9 November 2020 removed the right of non-qualified spouses to be included.



Output expense: Independent monitoring and assurance of the Oranga Tamariki system

Appropriation Minister: Minister for Social Development and Employment

This appropriation is limited to independent monitoring of compliance with, and delivery of, the Oranga Tamariki Act 1989 and related regulations and standards.

This appropriation is intended to achieve a strengthened independent monitoring and assurance function to provide oversight of the Oranga Tamariki system.

Summary of performance

Non-financial performance

We are continuing to strengthen the independent monitoring and assurance function to provide oversight of the Oranga Tamariki system.

The initial focus of the Monitor was on assessing compliance and quality of care in relation to Regulations 69 and 85 of the Oranga Tamariki (National Care Standards and Related Matters) Regulations 2018 (the NCS Regulations) from 1 July 2019. A third report was delivered to the Minister for Children as agreed, in November 2020.

From January 2021 the Monitor is monitoring compliance with all the NCS Regulations. It has established a full monitoring assessment framework, amended relevant Memoranda of Understanding with agencies, and has a resourced operating function enabling it to be fully operational. Monitor staff visited six communities to listen to the voices of those experiencing the care system, including tamariki and children.

The first annual report on all the NCS Regulations is due to the Minister for Children in December 2021.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
New measure for 2020/21	Reports on the Monitor's findings in relation to compliance with the Oranga Tamariki (National Care Standards and Related Matters) Regulations will be provided to the Minister for Children within timeframes agreed with the Minister	Achieved	Achieved	

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
	Revenue			
999	Crown	4,677	4,841	4,841
	- Department	-	-	-
	- Other	-	-	-
999	Total revenue	4,677	4,841	4,841
835	Total expense	4,677	4,841	3,960
164	Net surplus/(deficit)	-	-	881



Output expense: Investigation of overpayments and fraudulent payments and collection of overpayments

Appropriation Minister: Minister for Social Development and Employment

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

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

Summary of performance

Non-financial performance

We continue to strengthen our fraud prevention focus, with around two-thirds of fraud allegations being responded to through our early intervention and facilitation (non-investigative) interventions.

We are focusing on strengthening systems and processes to help identify fraud early and to respond quickly to the risk of clients accumulating excessive levels of debt.

Supporting the COVID-19 response during 2020, including ongoing investigations into claimants of the Wage Subsidy, significantly impacted our ability to focus on benefit investigations. From early 2021, we began rebalancing our investigations work and transitioning staff between Wage Subsidy and benefit investigations.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
New measure for 2020/21	The percentage of cases of suspected fraud that are resolved through non-investigative intervention ²⁰	Baseline target	67.5%	
57.1%	The percentage of fraud cases ²¹ responded to through an investigations process that result in an entitlement change will be no less than	55%	50.5%	(a)
63.1%	The percentage of non-current debt arrangements that remain in place for at least 60 days ²² will be no less than	66%	66.8%	

20 Non-investigative interventions are made up of:

- early intervention – this involves a letter and/or a telephone conversation around the client’s entitlement, focusing on getting the entitlement correct, not on establishing an overpayment
- facilitation – a face-to-face conversation with the client talking about their situation, entitlements and obligations, enabling the client to self-assess whether they are receiving their correct entitlement, and focusing on getting the entitlement correct, not on establishing an overpayment.

21 This refers to the number of people that are subject to an investigation by specialist fraud staff. One investigation can involve multiple people.

22 We work with clients to arrange a rate of repayment that they can sustain based on their income levels.

Notes

- (a) The result was impacted by the effects of COVID-19 throughout 2020/21. With significant investigator resources having been diverted to Wage Subsidy integrity work for most of the year, we needed to focus on progressing only the most serious cases.

Diversion of staff to this work, combined with the ongoing shift to more non-investigative interventions, meant we only completed 315 investigations, compared with 1,040 in 2019/20. This means that any investigation that resulted in no change in entitlement had a much bigger impact on the overall result.

The following information is provided for context²³:

	2017/18	2018/19	2019/20	2020/21
Integrity intervention cases ²⁴	208,659	211,173	152,223	88,026
Cases completed by Fraud Intervention Services	4,755	5,385	5,235	4,899
Non-current debtors ²⁵	206,076	203,526	196,740	213,876
Completed prosecutions ²⁶	291	129	63	60

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
52,981	Crown	53,112	59,033	59,033
	- Department	-	-	-
	- Other	-	-	-
52,981	Total revenue	53,112	59,033	59,033
51,183	Total expense	53,112	59,033	57,743
1,798	Net surplus/(deficit)	-	-	1,290

²³ Some figures for previous years may differ slightly from those previously reported due to updates in performance reporting.

²⁴ We currently work with six other government agencies and most of the process is automated.

²⁵ Non-current debtors are people who are no longer in receipt of a main benefit but still have an open debt that they need to repay.

²⁶ The overall decline in prosecutions in recent years reflects two things: an increased focus on prevention and early intervention supported by the removal of specific prosecution targets for fraud investigations, and the decline of income-related fraud detected through the information-sharing programme with Inland Revenue (while initially this programme resulted in a significant number of prosecutions, over time numbers have decreased).



Output expense: Management of Student Loans

Appropriation Minister: Minister of Revenue

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

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

Summary of performance

Non-financial performance

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

We processed 207,272 Student Loan applications, over 7,000 more than in 2019/20. Despite increased workloads, entitlement assessments for more than 99% of applications were completed accurately and within five working days of application.

The increase in application numbers this year is likely to be due in part to the ongoing impact of COVID-19, as more people generally opt to study in times of economic uncertainty.

Applications in June 2021 were significantly less than in June 2020, but it is too early to determine whether this signals the start of a change back to pre-COVID numbers.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
100%	The percentage of entitlement assessments for a Student Loan completed accurately ²⁷ will be no less than	95%	99.9%	
99.1%	The percentage of initial entitlement assessments for a Student Loan completed within five working days ²⁸ will be no less than	95%	99.9%	

²⁷ This refers to the assessment that advised the student of a finalised outcome of the application (whether it was approved or declined).

²⁸ The initial entitlement assessment is the first assessment to occur on the application – it does not include any subsequent action required, eg where a student has provided incorrect or incomplete information and is required to correct it. Timeliness is counted from the date the application is received to the date the application is first assessed.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Student Loan applications received	208,932	198,017	200,124	207,270
	2017	2018	2019	2020
Student Loan borrowers we have made payments to (by calendar year)	170,037	154,608	149,229	148,905

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
18,668	Crown	19,673	23,373	23,373
	- Department	-	-	-
	- Other	-	-	-
18,668	Total revenue	19,673	23,373	23,373
17,966	Total expense	19,673	23,373	22,759
702	Net surplus/(deficit)	-	-	614



Output expense: Management of student support

Appropriation Minister: Minister for Social Development and Employment

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

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

Summary of performance

Non-financial performance

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

We processed 117,294 Student Allowance applications, over 8,000 more than in 2019/20. Despite increased workloads, entitlement assessments for 97% of applications were completed accurately and all initial entitlement assessments were completed within five working days of application.

The increase in application numbers this year is likely to be due in part to the ongoing impact of COVID-19, as more people generally opt to study in times of economic uncertainty.

Applications in June 2021 were significantly less than in June 2020, but it is too early to determine whether this signals the start of a change back to pre-COVID numbers.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
96.6%	The percentage of entitlement assessments for a Student Allowance completed accurately ²⁹ will be no less than	95%	97.0%	
98.5%	The percentage of initial entitlement assessments for a Student Allowance completed within five working days ³⁰ will be no less than	95%	100%	

²⁹ This refers to the assessment that advised the student of a finalised outcome of the application (whether it was approved or declined).

³⁰ The initial entitlement assessment is the first assessment to occur on the application – it does not include any subsequent action required, eg where a student has provided incorrect or incomplete information and is required to correct it. Timeliness is counted from the date the application is received to the date the application is first assessed.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Student Allowance applications processed	114,982	113,146	108,549	117,294
	2017	2018	2019	2020
Student Allowance recipients (calendar year)	65,352	64,728	62,495	61,722

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
Revenue				
18,783	Crown	19,790	23,390	23,390
	- Department	-	-	-
	- Other	-	-	-
18,783	Total revenue	19,790	23,390	23,390
17,974	Total expense	19,790	23,390	22,769
809	Net surplus/(deficit)	-	-	621

Output expense: Place-based initiatives – South Auckland Social Wellbeing Board

Appropriation Minister: Minister for Social Development and Employment

This appropriation was disestablished in the 2020/21 Supplementary Estimates of Appropriations for Vote Social Development and its funding transferred into a new non-departmental output expense category, Place-based approaches, in the Community Support Services multi-category expenses appropriation.

Output expense: Place-based initiatives: Tairāwhiti Local Leadership

Appropriation Minister: Minister for Social Development and Employment

This appropriation was disestablished in the 2020/21 Supplementary Estimates of Appropriations for Vote Social Development and its funding transferred into a new non-departmental output expense category, Place-based approaches, in the Community Support Services multi-category expenses appropriation.



Output expense: Planning, correspondence and monitoring

Appropriation Minister: Minister for Social Development and Employment

This appropriation is limited to providing planning, reporting and monitoring advice (other than policy decision-making advice) on Crown entities, statutory appointment advice on Crown entities and statutory tribunals, and correspondence services to support Ministers³¹ to discharge their portfolio responsibilities.

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

Summary of performance

Non-financial performance

The role of this appropriation is to support good governance, accountability and transparency.

We assisted the Minister for Social Development and Employment to carry out her role as responsible Minister for the Children's Commissioner, the New Zealand Artificial Limb Service and the Social Worker Registration Board. This included advice on:

- 22 Crown entity accountability reports (including statements of intent, statements of performance expectations, quarterly reports and annual reports)
- five Crown entity board member appointments
- 12 appointments to statutory tribunals including the Social Security Appeal Authority and the Social Workers Complaints and Disciplinary Tribunal.

Our Ministerial and Executive Services team covers three areas of work: official and Parliamentary information, correspondence, and client advocacy and review (CAR)³².

In 2020/21 we:

- received 5,295 applications for review of decision
- resolved 5,239 of these (98.9 percent), with 75 percent of resolutions achieved prior to the review progressing to a formal Benefits Review Committee
- held 1,280 Benefits Review Committee hearings, at which 84 percent of cases were upheld, 6 percent partially upheld, and 10 percent overturned
- received 116 notifications of complaints through the Kaitiaki Mana Tangata Ombudsman New Zealand 104 of which were under the Ombudsmen Act 1975 while 12 were under the Official Information Act 1982.

The Ombudsman formed an adverse opinion of MSD's actions in one case, and in two other cases our actions were found to have been irregular but the issues were later rectified. In 27 cases our actions were upheld, while in the remaining cases the Ombudsman decided to take no further action.

- received 14 notifications of complaints through Te Mana Matapono Matatapu Office of the Privacy

31 Excluding the Minister for Seniors, whose ministerial services are provided under the Promoting Positive Outcomes for Seniors appropriation.

32 The CAR team:

- oversees the administration and implementation of the Benefits Review Committee process and ensures that they operate to national standards
- manages our relationships with beneficiary advocacy groups, community representatives and other stakeholders who represent clients' interests.

Commissioner (OPC).

OPC formed an adverse opinion of our actions in two cases, and in seven other cases our actions were found to have been irregular but the issues were later rectified. In two cases our actions were upheld, while in the remaining cases the Privacy Commissioner decided to take no further action.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
	Crown entity monitoring			
100%	The percentage of all reports provided to responsible Ministers within agreed timeframes in relation to either the accountability of Crown entities or appointments to Crown entities and/or statutory tribunals will be no less than	100%	100%	
	Ministerial and executive services			
99%	The percentage of draft written Parliamentary questions, ministerial correspondence and Official Information Act replies provided to Ministers that meet the agreed quality and timeliness standards ³³ will be no less than	95%	100%	

33 The quality standard is that a draft provided for the Minister's signature is factually accurate, meets any legislative requirements and contains no avoidable errors. Agreed timeframes are:

- Ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed
- responses to written Parliamentary questions provided to the Minister's Office so that answers can meet the timeframe set in Parliamentary Standing Orders
- replies to Ministerial Official Information Act requests completed five working days prior to the statutory time limit, unless otherwise agreed.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Crown entity monitoring				
Crown entities monitored	4	3 ³⁴	3	3
Crown entity accountability documents assessed for monitoring purposes	28	21	21	22
Ministerial appointment processes supported ³⁵	9	6	2	17
Ministerial and executive services				
Ministerial correspondence replies drafted	1,096	1,170	1,197	1,077
Written Parliamentary question replies drafted	1,467	815	4,807 ³⁶	2,570
Official Information Act replies drafted	71	100	71	43
Information requests from Ministers' Offices completed	1,244	1,360	2,556	1,958
<i>On behalf of MSD's Chief Executive</i>				
Official Information Act request replies	462	566	648	906
Letters (including electronic)	1,051	1,054	1,153	1,395

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
7,244	Crown	6,278	8,078	8,078
-	- Department	-	-	-
-	- Other	-	-	-
7,244	Total revenue	6,278	8,078	8,078
6,600	Total expense	6,278	8,078	7,731
644	Net surplus/(deficit)	-	-	347

34 The Families Commission (Superu) was disestablished on 30 June 2018. However, we continued to manage its residual assets until 30 June 2019.

35 This excludes support of appointment processes to statutory tribunals that are not Crown entities, such as the Social Security Appeal Authority, the Student Allowance Appeal Authority and the Social Workers Complaints and Disciplinary Tribunal. From 2020/21 the appropriation scope statement has been expanded to include these tribunals.

36 This includes 2,364 questions received in July 2019 alone that sought information on benefit and grant receipt across all service centres.

Output expense: Policy advice

Appropriation Minister: Minister for Social Development and Employment

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

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

Summary of performance

Non-financial performance

In 2020/21 we provided high-quality policy advice to support Ministers to make decisions on social policy matters including:

- employment and income support issues
- welfare overhaul
- housing policy
- community and family policy
- issues faced by disabled people, including people with a long-term health condition
- issues faced by older New Zealanders
- international social policy matters.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
4.7	The score for the Minister's satisfaction with the services provided by the policy function, based on the common Ministerial Policy Satisfaction Survey and on a five-point scale, will be no less than	4	5	
3.73	In relation to the quality of policy advice, the average score for policy papers assessed using the common Policy Quality Framework, on a five-point scale, will be at least	3.75	3.69	
	In relation to the quality of policy advice, the distribution of scores for policy papers assessed using the common Policy Quality Framework:			
50%	• score 4 or higher, no less than	55%	50%	
90%	• score 3 or higher, no less than	90%	93%	
10%	• score 2.5 or lower, no more than	10%	7.5%	

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Cabinet papers, briefings and aide memoires provided by the Ministry	694	532 ³⁷	704	634

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
16,335	Crown	15,051	18,901	18,901
-	- Department	-	300	196
-	- Other	-	-	-
16,335	Total revenue	15,051	19,201	19,097
15,207	Total expense	15,051	19,201	18,055
1,128	Net surplus/(deficit)	-	-	1,042

³⁷ From 1 October 2018 some work was transferred to the Ministry of Housing and Urban Development.



Output expense: Processing of Veterans' Pensions

Appropriation Minister: Minister for Veterans

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

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

Summary of performance

Non-financial performance

In 2020/21 we granted 302 pensions to veterans to support them to maintain their independence and social participation, compared with 172 in 2019/20. We continue to work with Te Tira Ahu Ika A Whiro Veterans' Affairs New Zealand to improve the available support for our veterans.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
96.9%	The percentage of Veteran's Pension entitlement assessments completed accurately will be no less than	95%	97.7%	
95.8%	The percentage of Veteran's Pension entitlement assessments completed within timeframes ³⁸ will be no less than	90%	95.1%	

³⁸ Six working days for Veterans' Pension entitlement assessments for payment in New Zealand, and 20 working days for payment overseas.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Applications for Veteran's Pension	210	260	198	312
Veteran's Pension clients at 30 June	7,573	6,967	6,390	6,029

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
	Revenue			
734	Crown	684	684	684
-	- Department	-	-	-
-	- Other	-	-	-
734	Total revenue	684	684	684
625	Total expense	684	684	560
109	Net surplus/(deficit)	-	-	124



Output expense: Promoting positive outcomes for disabled people

Appropriation Minister: Minister for Disability Issues

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

This appropriation is intended to achieve the increased participation and contribution of disabled people by providing advice and support to the Minister for Disability Issues and external agencies, and by co-ordinating and monitoring against the UNCRPD, the NZDS and the Disability Action Plan (DAP).

Summary of performance

Non-financial performance

In 2020/21 we achieved participation and contribution of disabled people by providing advice and support to the Minister for Disability Issues and external agencies, and by co-ordinating and monitoring against the UNCRPD, the NZDS and the Disability Action Plan (DAP).

The Office for Disability Issues (ODI) continued to work towards improving the identification and removal of barriers that disabled people experience, and ensuring they have the same opportunities and outcomes as other New Zealanders. Initiatives we progressed included:

- in respect of the 2019–2023 Disability Action Plan, providing oversight of the six-monthly reporting by government agencies on progress on work programmes
- in respect of New Zealand Sign Language (NZSL):
 - allocating community funding and implementing projects on behalf of the NZSL Board
 - appointing and inducting new members to the Board
 - reviewing the Board's Terms of Reference in support of achieving the outcomes in its five-year strategy for 2018 to 2023
 - Deaf community meetings to inform and receive feedback on the work of the Board
- in respect of the New Zealand Disability Strategy:
 - continuing to develop measures for the outcomes in the Strategy from data sets across government
 - promoting disability data through the ODI website
- in respect of providing information, responding to 795 queries/requests for advice
- in respect of other disability issues:
 - working with People First NZ and Manatū Aorere Ministry of Foreign Affairs and Trade to campaign for the successful re-election of Sir Robert Martin to the United Nations Committee on the Rights of Persons with Disabilities
 - providing advice and support to other agencies as they develop programmes of work on disabled people.
 - establishing a family/whānau of disabled people network to provide advice to government agencies
 - maintaining the linkages between the Disabled Peoples Organisations Coalition and government agencies so that lived experience advice is available to government agencies and decision makers

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
	The average satisfaction rating ³⁹ received by the Office for Disability Issues from the following stakeholders ⁴⁰ for the quality of support it provides will be at least:			
8.1	Disabled People's Organisations (DPOs) Coalition members ⁴¹	7	7.9	
10	the Minister for Disability Issues	7	10.0	
7.4	other stakeholders ⁴²	7	7.2	

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Queries/requests for advice processed from the Minister for Disability Issues, government and other agencies, and the public	334	678	819	775

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
Revenue				
5,659	Crown	5,998	5,998	5,998
1,250	Department	1,200	1,600	1,600
-	Other	-	-	-
6,909	Total revenue	7,198	7,598	7,598
6,140	Total expense	7,198	7,598	6,683
769	Net surplus/(deficit)	-	-	915

39 The satisfaction rating is based on a scale from 1 to 10, where 1 is considered poor quality and 10 excellent quality. The wording was changed from 'minimum' to 'average' to accurately reflect how the result was calculated.

40 Stakeholders are surveyed annually.

41 Representative organisations of disabled people that are governed by disabled people. We work with seven DPOs who make up the DPOs Coalition.

42 Other stakeholders include disabled people, DPOs that are not part of the DPOs Coalition, non-government organisations (around 80 of these are surveyed), government agencies, and members of the public with an interest in disability.

Output expense: Promoting positive outcomes for seniors

Appropriation Minister: Minister for Seniors

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

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

Summary of performance

Non-financial performance

In 2020/21 we achieved positive outcomes for seniors through supporting their inclusion in a society where older people can age positively and are highly valued and recognised as an integral part of families and communities, and by supporting greater advocacy of their issues by Ministers.

Despite COVID-19, our contracted partners have made good progress in delivering training to support older people acquire and increase their skills. The quality of our digital literacy programme was recognised with an Asia Pacific award for education by International Data Corporation Smart Cities.

COVID-19 and the consequential delay of the national elections resulted in the Office being unable to complete the first Action Plan for Better Life – He Oranga Kaumātua 2019–2034. The delay is not expected to have a long-term impact on implementation and the delivery of actions.

In the annual stakeholder survey the Office for Seniors received positive feedback about its communication. In 2021 work began to refurbish the Office's website⁴³.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
7.5	The average service quality rating for support provided to the Minister for Seniors ⁴⁴ will be at least	7	7.5	
75%	The percentage of stakeholders who report being 'satisfied' or 'very satisfied' with the level of engagement of the Office for Seniors ⁴⁵ will be no less than	75%	78%	
New measure for 2020/21	The Action Plan for <i>Better Life – He Oranga Kaumātua</i> 2019–2034 will be finalised by 30 June 2021	Achieved	Not achieved	(a)

43 The new website was launched in [month] 2021 and will contribute to keeping our stakeholders informed.

44 Every six months the Minister for Seniors and the Office for Seniors in MSD discuss the quality of service provided to the Minister in the previous half-year, and agree a service quality rating. These conversations are used to drive performance improvements in the following six months. The ratings are averaged across the financial year to produce the annual result. The scale is from 1 to 10, where 1 is considered poor quality and 10 excellent quality.

45 Stakeholders are selected and surveyed annually from the following groups: seniors, sector organisations, and central and local government. The survey uses a five-point scale from 'very dissatisfied' to 'very satisfied'.

Notes:

- (a) During and following the COVID-19 lockdown the Office for Seniors focused primarily on responding to the impacts of the pandemic on older people. With the Government and other agencies similarly focused on the COVID response, progress on the development of the Action Plan was delayed. The Action Plan is now nearing completion and is expected to be released in early 2022.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
People visiting the SuperSeniors website ⁴⁶	286,022	365,755	189,455 ⁴⁷	134,684
People on the SuperSeniors newsletter mailing list at 30 June	299,866	339,232	384,890	431,442 ⁴⁸
Page views for the SuperGold card website	1,384,758	1,511,984	2,540,666	2,198,929
Number of engagements/interactions with the Office for Seniors Facebook page ⁴⁹	11,917	15,174	17,918	Reach: 885,130 ⁵⁰ Followers: 18,623

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
	Revenue			
1,247	Crown	1,297	1,527	1,527
-	- Department	-	-	-
-	- Other	-	-	-
1,247	Total revenue	1,297	1,527	1,527
1,145	Total expense	1,297	1,527	1,298
102	Net surplus/(deficit)	-	-	229

46 <http://www.superseniors.msd.govt.nz/>

47 The reduction in the number of site visits reflects the launch of the SuperGold Card website <https://www.supergold.govt.nz/> in October 2019.

48 This figure is a total of people subscribed automatically via MSD (427,320) and voluntary subscribers (4,122).

49 <https://www.facebook.com/OfficeforSeniors/>

50 An increase of 69.7 percent.



Output expense: Services to support people to access accommodation

Appropriation Minister: Minister of Housing

This appropriation is limited to assessing and reviewing eligibility for housing needs and income-related rent, and managing the Public Housing Register, and supporting the holistic needs of people and their families receiving housing-related case management support.

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

Summary of performance

Non-financial performance

In 2020/21 we achieved accurate and efficient operation of the Public Housing Register. We assess eligibility for public housing, and the amount of rent to be paid. Entries onto the Public Housing Register continue to grow throughout the year: the needs of New Zealanders are changing, and many families are finding it harder to access private rental accommodation.

We also assess eligibility for emergency and transitional housing, and provide grants and recoverable assistance to help with housing costs.

We ensure that clients who present with an urgent housing need are also supported towards more long-term, stable accommodation and have access to the Public Housing Register. People in emergency housing are supported by Intensive Case Managers and Navigator services, whose efforts have resulted in us exceeding our target for the time to place clients onto the Register. Our housing brokers and contracted Ready to Rent courses also help support clients into private rentals.

This lack of affordable accommodation for low-income households, combined with limited public housing, has seen the Public Housing Register increase by 33 percent in the year. Increasing levels of need have seen an increase in Priority A applications by an average of 38 percent.

We assess income for public housing tenants to ensure they are paying the right amount of income-related rent. This was especially important over COVID-19 lockdowns and subsequent months, when we ensured that any reductions in income were responded to quickly. Annual reviews of income-related rents were paused for most of 2020/21, and this allowed us to focus on changes in circumstances for clients and other priority needs. The rent freeze from 26 March to 25 September 2020 meant that reviews resulting in a rent increase were not actioned over that time.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
98.6%	The percentage of income-related rent assessments (for tenants with verified income) that are calculated accurately will be no less than	95%	97.4%	
New measure for 2020/21	The average number of days to have a live application placed onto the Public Housing Register from first requesting assistance with emergency housing will be no more than	30 working days	21 working days	

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Applications on the Public Housing Register ⁵¹ at 30 June	10,589	14,891	21,879	29,160
Applications on the Housing Register ⁵² at 30 June	8,704	12,311	18,520	24,477
Applications on the Transfer Register ⁵³ at 30 June	1,885	2,580	3,359	4,686
Entries to the Public Housing Register (12 months ending 30 June)	18,388	20,642	22,864	24,214
Exits from the Housing Register (12 months ending 30 June)				
– applications housed	6,644	6,615	7,201	7,394
– for reasons other than being housed	7,472	8,676	9,850	8,023
Total exits	14,116	15,291	17,051	15,147

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
	Revenue			
55,030	Crown	62,492	69,180	69,180
	- Department	-	-	-
	- Other	-	-	-
55,030	Total revenue	62,492	69,180	69,180
48,764	Total expense	62,492	69,180	64,721
6,266	Net surplus/(deficit)	-	-	4,459

51 The Public Housing Register is comprised of the Housing Register and the Transfer Register.

52 The Housing Register is prioritised by need and consists of applicants who have been assessed as being eligible for public housing.

53 The Transfer Register is prioritised by need and consists of applicants who are already in public housing but have requested and are eligible for a transfer to another public housing property.

Capital Expense: Ministry of Social Development – Capital Expenditure PLA

Appropriation Minister: Minister for Social Development and Employment

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

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

Summary of performance

Non-financial performance

All current and prior year capital expenditure has supported the delivery of our long-term capital plan. For further details of departmental capital expenditure incurred against appropriations, refer to Notes 10 and 11 in the Departmental financial statements. For details of departmental capital injections, refer to the Departmental Statement of Financial Position.

Our asset performance framework monitors and reports asset performance within two portfolios: property and technology. This reflects the different management approaches required to manage and monitor our significant assets.

Appendix 4 to this Annual Report contains results for our major asset performance indicators.

The replacement or upgrade of assets in support of the services we deliver was achieved in accordance with our long-term capital plan.

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
89,831	Capital Expenditure (PLA)	97,249	250,393	91,343

Multi-category expense appropriation: Community support services

Appropriation Minister: Minister for Social Development and Employment

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

This appropriation is intended to improve access for families and whānau to services that address hardship and adverse life outcomes.

This appropriation contains one departmental and seven non-departmental expense categories

Departmental output expense: Developing and managing community services

This category is limited to approving, monitoring, contracting and managing the relationships with community-based service providers, engaging with communities, and developing services.

This category is intended to achieve effective and efficient community services that meet community needs and reduce vulnerability.

Non-departmental output expense: Community support and advice

This category is limited to services that build financial capability, develop community and provider capability, and provide targeted advice and support for vulnerable individuals and families.

This category is intended to achieve increased financial capability and improved wellbeing of vulnerable individuals and families.

Non-departmental output expense: Expansion of Kainga Whānau Ora pilot

This category is limited to the expansion and continuation of the Kainga Whānau Ora pilot.

This category is intended to achieve improvements for families who are living in public housing, using a Whānau Ora navigation approach.

Non-departmental output expense: Improving children's participation in education

This category is limited to programmes and services that enable children to better engage and participate in education.

This category is intended to achieve an improvement in children's engagement and participation in education.

Non-departmental output expense: Participation and support services for seniors

This category is limited to services that address isolation, abuse and neglect of older people, and support participation in communities.

This category is intended to achieve a reduction in the number of abused and neglected older people.

Non-departmental output expense: Place-based approaches

This category is limited to the delivery of services and operational support of collective initiatives following a place-based approach.

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

Non-departmental output expense: Supporting victims and perpetrators of family and sexual violence

This category is limited to services that support victims of family and sexual violence and address perpetrator behaviour.

This category is intended to achieve a reduction in the number of victims and perpetrators of family and sexual violence.

Non-departmental other expense: Community response to adverse or emergency events

This category is limited to financial support for communities that have been impacted by an adverse or emergency event.

This category is intended to achieve increased local resilience through the use of community grants or essential community-led solutions.

Summary of performance in the appropriation and in each category

Non-financial performance

In 2020/21 we supported a wide range of services that focus on improved social outcomes for individuals, whānau, families and communities. With the impact of COVID-19, we have also undertaken a significant level of additional work to support communities to cope with and recover from the significant changes to daily life that they have experienced. We:

- worked to support communities and the social sector to continue to operate through COVID-19 resurgences in Auckland
- continued to ensure that communities across New Zealand have access to social services and that social sector providers remain operational
- brought a significant contracts management function online as we took over the management of contracts previously administered by Oranga Tamariki on our behalf
- worked closely with the Joint Venture on Family Violence and Sexual Violence to provide input and support for the development of a National Strategy.

The appropriation continues to work towards reducing the number of families and people who experience adverse life outcomes, including benefit dependency, family violence and sexual violence, and to support the formation of increasingly resilient and strong communities.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
Overarching measure				
95,859	The number of people accessing community support services	84,100	83,736	(a)
Departmental output expense				
Developing and managing community services				
Social services accreditation				
92.5%	The percentage of providers who rate their accreditation as a fair and professional service will be no less than	80%	96.0%	(b)
75.0%	The percentage of assessments completed within the specified timeframe ⁵⁴ will be no less than	80%	83.0%	(c)

54 The Service Level Agreement states that the specified timeframes is 30 working days.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
Result measurement framework				
93.9%	The percentage of contracted services that achieved or exceeded the target for their primary contracted measure will be no less than	75%	75.1%	(d)
Non-departmental output expenses				
Community support and advice				
Building financial capability				
72.1%	The percentage of clients who complete the programmes <i>Financial Mentor</i> , <i>MoneyMates</i> and/or <i>Kahukura</i> and report having their needs met will be no less than ^{55 56}	80%	42.2%	(e)
Sector umbrella groups				
98.7%	The percentage of member agencies who report that they are better able to deliver their services as a result of the support offered by the umbrella organisation will be no less than ⁵⁷	90%	100%	
Microfinance Partnership⁵⁸				
27%	The percentage of loans approved during the reporting period will be no less than	25%	27%	
Expansion of Kainga Whānau Ora pilot				
An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of the annual appropriation for this non-departmental output expense was less than \$5 million.				
Improving children's participation in education				
An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of the annual appropriation for this non-departmental output expense was less than \$5 million.				
Participation and support services for seniors				
Elder Abuse Response Service				
80%	The percentage of clients who indicate they have greater control over their lives after receiving the service will be no less than ⁵⁹	80%	62.7%	(f)

55 Provider-administered client surveys (wherein the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken every quarter. The year-end result is an average of total surveys within the financial year.

56 The wording of this measure has been changed to make it clearer what is being measured.

57 Provider-administered client surveys (wherein the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken annually.

58 By receiving a microfinance loan, clients increase their ability to purchase essential goods and services on fair, safe and affordable terms.

59 Provider-administered client surveys (wherein the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken every six months. The year-end result is an average of total surveys within the financial year.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
Place-based approaches				
New measure for 2020/21	A Manaaki Tairāwhiti report is delivered to the National Social Wellbeing Board by 30 June 2021 ⁶⁰	Achieved	Not achieved	(g)
New measure for 2020/21	A South Auckland Social Wellbeing Board report is delivered to the National Social Wellbeing Board by 30 June 2021 ⁶¹	Achieved	Achieved	
Supporting victims and perpetrators of family and sexual violence				
36,113	The number of people accessing family and sexual violence services will be no less than ⁶²	30,500	37,055	(h)
New measure for 2020/21	The percentage of victims of family violence who reported that they are satisfied or very satisfied with the Family-centred, Long-term Recovery and/or Crisis family violence service will be no less than ⁶³	80%	97%	
New measure for 2020/21	The percentage of victims of sexual violence who reported that they received the support they needed when they needed it will be no less than ⁶⁴	80%	97.5%	
New measure for 2020/21	The percentage of clients who have completed the Harmful Sexual Behaviour service and show a decrease in risk factors will be no less than	80%	74.4%	(i)
New measure for 2020/21	The expansion of the family violence prevention approach as agreed to in Budget 2019 will be no less than ⁶⁵	90%	90%	
Non-departmental other expense				
Community response to adverse or emergency events				
New measure for 2020/21	The number of providers supported to participate in building food secure communities will be no less than	125	235	(j)

60 The report includes key recommendations aimed at influencing agencies' policy and practice to improve the wellbeing of children and their families and whānau in Tairāwhiti.

61 The report includes key recommendations aimed at influencing agencies' policy and practice to improve the wellbeing of children and their families and whānau in South Auckland.

62 This is an interim measure, pending related guidance from the Joint Venture on Family and Sexual Violence, as well as our own developing family violence funding strategy. It reflects the general availability of related services.

63 Provider-administered client surveys (wherein the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken every quarter. The year-end result is an average of total surveys within the financial year.

64 Provider-administered client surveys (wherein the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken every quarter. The year-end result is an average of total surveys within the financial year.

65 Our family violence prevention approach includes three key initiatives – E Tū Whānau, Pasefika Proud and the Campaign for Action on Family Violence (including *It's Not OK*). In partnership with community, we have developed five-year Frameworks for Change for each of these initiatives. The result is calculated by dividing the number of reports provided by funded community partners that align with the Frameworks for Change by the number of reports that were expected.

Notes:

- (a) This measure is based on volumes contracted from community support services. This year the target for this measure was missed by 0.4 percent. If MSD had received all provider returns at the date of reporting, the target would have been achieved.
- (b) The improved result provides significant confidence that delivery of contracting assurance processes are aligned with the needs and expectations of the service providers addressing hardship and adverse life outcomes.
- (c) We have improved access for families and whānau to services that address hardship and adverse life outcomes by significantly improving turnaround times for assessing community service providers against the standards required to demonstrate capability to deliver safe, quality services to communities. Consequently new providers have been brought on stream more quickly and more providers have been accredited than ever before.
- (d) The 2020/21 result is more consistent with results from previous years (before 2019/20). This suggests that the 2019/20 result may have been an anomaly, and we are now seeing a return to a longer-term trend.
- (e) Through 2020/21 MSD has reviewed the measures for the BFC services. From July 2021 we have implemented a new client-led outcomes framework that better reflects the activities and needs of clients engaging with the BFC services. For 2021/22 it is intended that this measure of financial confidence is replaced by a measure that focuses on clients' progress towards meeting their self-identified financial goals. Focusing on progress towards goals is considered a better, and a less-subjective, indicator of the success of the service in supporting clients.
- (f) Not all clients choose 'greater control over their lives' as a goal and some providers therefore have no clients providing feedback that this goal has been achieved. We are developing a new reporting tool and will work with the sector on guidance and training to support the use of the new tool.
- (g) Manaaki Tairāwhiti's report and presentation to the NSWB was delayed to await confirmation of the new iwi co-chair in May 2021, and is now expected in the first quarter of 2021/22.
- (h) When this measure was introduced in 2019/20 it was based on volumes contracted from community support services. We do not know specifically why the target was exceeded because there are so many external factors; however, it is likely that the ongoing impacts of COVID-19 had a major impact.
We know that demand for family and sexual violence services exceeds what we fund providers to deliver. Providers report on the overall numbers of people accessing services, which will be in excess of funded service levels. This measure helps us to establish whether current funding is sufficient to meet demand.
- (i) COVID-19 has had an impact on these services and the continuity of support for some clients accessing the service. In addition data may not have been collected and/or reported correctly by providers.
- (j) This funding was ringfenced to assist with the COVID-19 response. Most of the funding was used during the 2019/20 year, with a small amount left over that was spent in the early part of 2020/21.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Developing and managing community services				
Social services accreditation				
Accredited providers ⁶⁶	1,984	1,985	1,946	1,946
Assessments completed	1,339	1,330	1,503	1,518
Special Investigations ⁶⁷	2	2	1	1
Community support and advice				
Building Financial Capability sessions offered	N/A	N/A	106,000	120,223
	2017	2018	2019	2020
Microfinance Partnership				
Loan applications received by calendar year	N/A	1,073 ⁶⁸	1,420	1,351
Participation and support services for seniors				
Elder abuse response services				
People accessing elder abuse response services by calendar year	990	2,368	2,773	2,739

66 For MSD, Oranga Tamariki, the Department of Corrections, the Ministry of Justice, the Ministry of Housing and Urban Development, and (from 2019/20) the Ministry for Pacific Peoples.

67 Our Social Services Accreditation team may carry out a Special Investigation (outside the normal accreditation cycle) where it seems possible that the provider's services are not meeting the Social Sector Accreditation Standards or where a provider has not adequately addressed matters that may have arisen from a complaint.

68 Six months July to December 2018.

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
	<i>Departmental output expense</i>			
	Revenue from Crown			
32,426	Developing and managing community services	33,078	39,390	39,390
	Revenue from Departmental			
-	Developing and managing community services	-	-	-
	Revenue from Others			
-	Developing and managing community services	-	-	-
32,426	Total revenue	33,078	39,390	39,390
31,385	Total expense	33,078	39,390	36,356
1,041	Net surplus/(deficit)	-	-	3,034

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
	<i>Non-departmental output expenses</i>			
26,296	Community support and advice	30,289	83,897	73,428
2,315	Expansion of Kainga Whānau Ora pilot	2,292	2,292	2,302
1,648	Improving children's participation in education	1,550	1,550	1,299
2,817	Participation and support services for seniors	4,884	5,684	5,668
-	Place-based approaches	-	7,453	7,358
88,672	Supporting victims and perpetrators of family and sexual violence	127,034	137,133	133,533
	<i>Non-departmental other expense</i>			
9,922	Community response to adverse or emergency events	960	32,400	34,865
131,670	Total expense	167,009	270,409	258,453



Multi-category expense appropriation: Housing support assistances

Appropriation Minister: Minister of Housing

The single overarching purpose of this appropriation is to support people to access or retain housing.

This appropriation is intended to support people into a non-public housing solution. This includes people who are on the Housing Register or in public housing, or have otherwise contacted us for support.

This appropriation contains three non-departmental expense categories

Non-departmental output expense: Provision to better prepare people to access and sustain private rentals

This category is limited to the provision of programmes to help prepare people to obtain and sustain private rental accommodation.

This category is intended to better prepare people for private rental accommodation, providing education and support to enable people to access and/or retain a housing tenancy.

Non-departmental other expense: Non-recoverable housing support assistances

This category is limited to non-recoverable housing support assistances, which help people access and/or retain housing tenancies, paid in accordance with criteria set out in delegated legislation under the Social Security Act 2018.

This category is intended to better prepare people for private rental accommodation, providing non-recoverable support that can reduce barriers that people may face in accessing and/or retaining a housing tenancy.

Non-departmental capital expenditure: Recoverable housing support assistances

This category is limited to recoverable housing support assistances, which help people access and/or retain housing tenancies, paid in accordance with criteria set out in delegated legislation under the Social Security Act 2018.

This category is intended to better prepare people for private rental accommodation, providing recoverable support that can reduce barriers that people may face in accessing and/or retaining a housing tenancy.

Summary of performance in the appropriation and in each category

Non-financial performance

In response to the growing urgent housing need we increased efforts to support clients into private rentals.

The provision to better prepare people to access and sustain private rentals resulted in nearly 50 Ready to Rent programmes being run in nine MSD regions by 30 June 2021. We contracted community providers to run these programmes that equip people with the skills and confidence to gain and sustain private rental housing.

The overarching measure for this appropriation was met in each quarter of the 2020/21 year. This means Housing Support Products were assisting New Zealanders with accessing and sustaining rentals.

Some temporary changes were made to the Housing Support Product Rent Arrears Assistance (RAA), increasing the limit from \$2000 to \$4000, and making it a first option for support rather than considering it after recoverable products or advances.

The number of RAA grants made after the 2020 national lockdown was much higher than previously. The number of bond grants paid also significantly increased, as more people required this support to access private rentals.

The difference between the overarching and non-recoverable measures here reflect that the majority of those receiving support products under the recoverable category were for Rent Arrears Assistance, and those tenancies are more likely to be at risk.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
	Overarching measure			
74.0%	The percentage of people who are not on the Housing Register or in public housing ⁶⁹ , or who have not received an Emergency Housing Special Needs Grant, 90 calendar days after receipt of a recoverable or non-recoverable Housing Support Product will be no less than	70%	75.0%	
	Non-departmental output expense			
	Provision to better prepare people to access and sustain private rentals			
	An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of this annual appropriation for a non-departmental output expense is less than \$5 million.			
	Non-departmental other expense			
	Non-recoverable housing support assistances			
83.0%	The percentage of people who are not on the Housing Register or in public housing, or who have not received an Emergency Housing Special Needs Grant, 90 calendar days after receipt of a non-recoverable Housing Support Product will be no less than ⁷¹	70%	81.0%	(a)
	Non-departmental capital expenditure			
	Recoverable housing support assistances			
	An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of this annual appropriation for a non-departmental output expense is less than \$5 million.			

Notes

- (a) This measure excludes the Rent Arrears Housing Support Product (HSP), which is recoverable. Since this is the HSP where a higher proportion of the unfavourable outcomes arise, this measure was more insulated from the impacts of COVID-19.

69 To avoid double counting, people who have gone onto the Housing Register and have moved into public or emergency housing in the 90-day period are counted only as being in public or emergency housing.

70 Non-recoverable HSPs include Bond Grants, Rent in Advance, Transition to Alternative Housing, Letting Fees (no longer available) and Tenancy Costs. These products are designed to assist clients moving into private rentals and often out of emergency housing and public housing. The Rent Arrears HSP, which is recoverable and where a higher proportion of the unfavourable outcomes arise, is not included in this measure.

71 To avoid double counting, people who have gone onto the Housing Register and have moved into public or emergency housing in the 90-day period are counted only as being in public or emergency housing.

Financial performance

2019/20		2020/21	2020/21	2020/21
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
	<i>Non-departmental output expense</i>			
-	Provision to better prepare people for private rental programme	200	200	205
	<i>Non-departmental other expense</i>			
1,822	Non-recoverable housing support assistances	6,200	6,200	9,258
	<i>Non-departmental capital expenditure</i>			
1,097	Recoverable housing support assistances	1,000	58,027	10,896
2,919	Total expense	7,400	64,427	20,359



Multi-category expense appropriation: Improved employment and social outcomes support

Appropriation Minister: Minister for Social Development and Employment

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

This appropriation is intended to achieve improved employment and social outcomes.

This appropriation contains three departmental and one non-departmental output expense categories

Departmental output expense: Administering income support

This category is limited to assessing, paying, reviewing entitlements and collecting balances owed by clients for income support, supplementary assistance, grants and allowances, and administering international social security agreements relating to disabled people, sole parents, and widows and widowers.

This category is intended to achieve accurate and efficient operation of the benefit system so that the correct amount is paid to the correct people on time.

Departmental output expense: Improving employment outcomes

This category is limited to providing specified assistance, including services, to eligible people to help them move into and retain sustainable employment, in accordance with criteria set out in, or in delegated legislation made under, the Social Security Act 2018.

This category is intended to achieve an increase in the number of people (from those who are currently receiving or are likely to receive working-age benefits and are work ready) moving into sustainable employment.

Departmental output expense: Improving work readiness outcomes

This category is limited to providing services to eligible people to address barriers to employment to help them become work ready, in accordance with criteria set out in, or in delegated legislation made under, the Social Security Act 2018.

This category is intended to improve the skills and capabilities of people who are receiving or are likely to receive working-age benefits and reduce barriers to employment, to assist them to become work-ready and increase their chances of entering into sustainable work.

Non-departmental other expense: Flexi-wage employment assistance

This category is limited to providing Flexi-wage employment assistance for eligible people to help them move into and retain sustainable employment, in accordance with criteria set out by Cabinet or approved by the Minister or in delegated legislation made under, the Social Security Act 2018.

This category is intended to achieve an increase in the number of people achieving a sustainable employment outcome through the use of Flexi-wage.

Summary of performance

Non-financial performance

Benefit numbers continued to increase throughout the first half of 2020/21. The peak was reached in January 2021 at 389,602, an increase of 36,162 (10 percent) from June 2020. Since then, benefit numbers have been consistently falling and by 30 June 2021 had almost returned to pre-lockdown levels at 354,745 (a 9 percent decrease from the January peak).

Benefit exits into employment were at record levels, with most months seeing 20-year or all-time high numbers of clients leaving benefit into work. Altogether 113,409 clients exited benefit into employment, the most ever recorded in a single year.

We made significant investments in employment assistance during the year, with many employment products and services seeing double their normal level of uptake.

Since the expansion of Flexi-wage in February 2021, 4,782 grants were made up to 30 June 2021 compared to 2,436 in the same period of 2019.

Mana in Mahi placed 2,526 clients into employment, compared to its annual target of 450.

We made \$5k to Work grants to 3,198 clients, compared to 893 in the previous year.

We expect a continued increase in the diversity of our clients and more people with complex needs in the future. This will require continued investment to improve the way we provide employment support, to ensure we become and remain fit for purpose in our changing environment.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
Overarching measures				
51.1%	The proportion of clients who have exited the main benefit during the calendar year ⁷² for reason of employment will be no less than	45%	58.8%	(a)
23,569	The number of exits ⁷³ from the main benefit during the calendar year for reason of employment following an employment intervention ⁷⁴ will be no less than	18,000	19,188	(b)
Of those clients who have exited the main benefit during the calendar year for reason of employment, the proportion that did not access the main benefit again in the following six months				
65.2%	• overall	60%	68.7%	(c)
60.5%	• following an employment intervention	55%	58.9%	

⁷² 'Calendar year' refers to the calendar year that ends during the fiscal year: for example, in 2020/21 this is 31 December 2020.

⁷³ Clients are counted multiple times if they exit the main benefit system multiple times and are assessed for pre-exit activity each time.

⁷⁴ 'Employment intervention' refers to employment-related case management, vacancy management, contracted services (including wage subsidies and external work-readiness services). Eligible clients can receive multiple interventions, while receiving benefit, including both work-readiness and employment-related case management.

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
Departmental output expenses				
Administering income support				
89%	The proportion of benefit entitlement assessments completed accurately will be no less than	95%	88.2%	(d)
92.5%	The proportion of benefit entitlement assessments completed within five working days will be no less than	90%	92.8%	
Improving employment outcomes				
22,282	The number of exits from the main benefit during the calendar year for reason of employment following an employment outcomes intervention ⁷⁵ will be no less than	17,000	17,979	(e)
60.5%	Of those clients who have exited the main benefit during the calendar year ⁷⁶ for reason of employment following an employment outcomes intervention, the proportion that did not access the main benefit again in the following six months will be no less than	55%	58.7%	
99.7%	The percentage of employment assistance programmes related to employment outcomes funding rated 'effective' ⁷⁷	90%	94.2%	
Improving work readiness outcomes				
3,270	The number of exits from the main benefit during the calendar year for reason of employment following a work readiness intervention ⁷⁸ will be no less than	2,000	2,547	(f)
59.7%	Of those clients who have exited the main benefit during the calendar year ⁷⁹ for reason of employment following a work readiness intervention, the proportion that did not access the main benefit again in the following six months will be no less than	50%	59.4%	(g)
31.3%	The percentage of employment assistance programmes related to work readiness funding rated 'effective' ⁸⁰	90%	39.4%	(h)
Non-departmental other expense				
Flexi-wage employment assistance				
New measure for 2020/21	The number of Flexi-wage contracts approved will be no less than	8,000	9,817	(i)

75 'Employment outcomes intervention' refers to vacancy placement, contracted service (including wage subsidies) and employment-related case management. Benefit exits following employment outcomes interventions are included in the overall number of benefit exits into employment.

76 This measure is based on exits in the calendar year that ends during the financial year (ie, to 31 December 2020) so that work sustainability over six months following the benefit exit can be measured.

77 Of the programmes that we can evaluate. 'Effective' spend includes those programmes rated as either 'effective' or 'promising'. 'Effective' indicates that the intervention has significant positive overall impacts on one or more outcome domains specified in the report, and no negative impacts for any other domain. 'Promising' indicates that the trend in impacts across outcome domains indicate that the intervention is expected to have a significant positive overall impact over the medium-to-long term. Employment interventions are assessed against income and employment outcomes.

78 'Work readiness intervention' refers to an external service. Benefit exits following work-readiness interventions are included in the overall number of benefit exits into employment.

79 This measure is based on exits in the calendar year that ends during the financial year (ie, to 31 December 2020) so that work sustainability over six months following the benefit exit can be measured.

80 Of the programmes that we can evaluate. 'Effective' spend includes those programmes rated as either 'effective' or 'promising'. 'Effective' indicates that the intervention has significant positive overall impacts on one or more outcome domains specified in the report, and no negative impacts for any other domain. 'Promising' indicates that the trend in impacts across outcome domains indicate that the intervention is expected to have a significant positive overall impact over the medium-to-long term. Work-readiness interventions are assessed against employment, education and training outcomes.

Notes:

- (a) COVID-19 caused a large number of skilled and experienced workers to lose employment and require benefit assistance who would have been unlikely to need our services in normal circumstances. We adapted our employment services to cater for this new client group, and many of these people found new jobs quickly and did not remain on benefit for long. The combination of these factors led to a significant increase in the number of work exits compared to other exit reasons, which has not changed in comparison.
- (b) Although the target for the 2020 calendar year was met, the result is significantly down on 2019. Employment interventions were lower than usual early in the year as the country recovered from the impacts of the COVID-19 lockdown. This picked up later in the year, but not enough to offset the slow start.
- (c) In response to the growing number of skilled workers on benefits, we implemented a number of programmes to help people access 'light-touch' employment services to aid them to return to work quickly. Clients with shorter benefit durations tend to have a greater employment sustainability, and the high volumes of short-duration clients exiting has driven the result this year. A large proportion of people exiting benefit are the people affected by COVID-19 who have very short benefit durations.
- (d) The result was impacted by the clearing of unverifiable cases (cases that require further investigation), which also reduced nationally. We will take the learning from this to understand the impact of this result and how we can use it for training of staff.
- (e) Although the target for the 2020 calendar year was met, the result is significantly down on 2019. Employment interventions were lower than usual early in the year as the country recovered from the impacts of the COVID-19 lockdown. This picked up later in the year, but not enough to offset the slow start.
- (f) Although the target for the 2020 calendar year was met, the result is significantly down on 2019. Employment interventions were lower than usual early in the year as the country recovered from the impacts of the COVID-19 lockdown. This picked up later in the year, but not enough to offset the slow start.
- (g) In response to the growing number of skilled workers on benefits, we implemented a number of programmes to help people access 'light touch' employment services to aid them to return to work quickly. Clients with shorter benefit durations tend to have a greater employment sustainability, and the high volumes of short-duration clients exiting has driven the result this year. A large proportion of people exiting benefit are the people affected by COVID-19 who have very short benefit durations.
- (h) Performance in this measure is primarily driven by the effectiveness rating for the Youth Service (Young Parent Payment) (rated as making 'no difference'), the Youth Service (NEET) (rated as 'negative effectiveness'), and the Flexi-wage Self Employment programme (rated as 'negative effectiveness').

These results are based on the most recent group of people who started each programme that we can measure effectiveness for. For Youth Service (YPP), this was for participants starting between 2012 and 2014; for Youth Service (NEET), 2018 participants; and for Flexi-wage Self Employment, for participants starting between 2013 and 2016. For Flexi-wage Self Employment the participant numbers are low so it takes longer to get enough participants to undertake the analysis.

Changes have been made to the Youth Service in recent years to improve its effectiveness, and the new Flexi-wage Self Employment programme was designed to learn from the evaluation. It will be several years before the effects of these changes appear in the evaluation results.

From 2021/22 the total effectiveness of employment assistance programmes will be reported as a single result representing effectiveness across all funded initiatives, rather than as two separate results for employment outcomes funding and work-readiness outcomes funding.

- (i) The Flexi-wage expansion resulted in increased uptake beyond initial expectations. Various enablers supported this, including an increased focus on the product from Ministerial announcements, the expansion of eligibility criteria to include those disadvantaged in the labour market, and more certainty on payment rates provided through the expansion.

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Administering income support				
Main benefit applications processed	255,435	247,141	293,105	260,805
Hardship applications processed	1,268,400	1,738,710	2,630,332	2,660,847
Hardship grants approved	1,221,754	1,689,530	2,533,822	2,488,815
Accommodation Supplement recipients	284,686	300,741	348,754	351,912
Improving employment outcomes				
Percentage of main benefit recipients who go into employment outcome-related case management	28.0%	18.2%	11.0%	17.8%
People attending employment programmes	28,944	23,477	23,715	26,310
People exiting a main benefit and going into work	77,466	70,218	74,715	113,409
Improving employment outcomes				
People attending work readiness programmes	6,002	9,268	8,516	9,789

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
	<i>Departmental output expenses</i>			
	Revenue from Crown			
351,690	Administering income support	429,136	438,235	438,235
347,412	Improving employment outcomes	571,404	564,150	564,150
100,889	Improving work readiness outcomes	136,171	127,480	127,480
	Revenue from Departmental			
3	Administering income support	1,600	1,600	1,646
-	Improving employment outcomes	-	-	-
-	Improving work readiness outcomes	-	-	-
	Revenue from Others			
1,863	Administering income support	2,000	2,000	1,202
-	Improving employment outcomes	-	-	-
-	Improving work readiness outcomes	-	-	-
801,857	Total revenue	1,140,311	1,133,465	1,132,713
749,937	Total expense	1,140,311	1,133,465	987,506
51,920	Net surplus/(deficit)	-	-	145,207
	<i>Non-departmental other expense</i>			
	- Flexi-wage employment assistance	-	26,338	8,460
	- Total expense	-	26,338	8,460

Multi-category expense appropriation: Partnering for youth development

Appropriation Minister: Minister for Youth

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

This appropriation is intended to promote the use of a positive youth development approach to help support an increase in the wellbeing of rangatahi across Aotearoa New Zealand so that they are better able to succeed in, contribute to and enjoy life.

This appropriation contains one departmental and one non-departmental output expense categories

Departmental output expense: Administering youth development

This category is limited to developing, promoting and funding a positive youth development approach in partnership with businesses, iwi and the philanthropic and youth sectors.

This category is intended to champion positive youth development as an approach to support rangatahi across Aotearoa New Zealand to improve their wellbeing and to increase the accessibility of quality positive youth development services, particularly for those from the identified priority cohorts.⁸¹

Non-departmental output expense: Delivering youth development

This category is limited to purchasing youth development outcomes.

This category is intended to achieve an improvement in the wellbeing of young people through their participation in quality positive youth development (including through partnerships with businesses, iwi, the philanthropic and youth sectors and other government organisations), and an improvement in young people's preparedness for the future work environment through enterprise education and skills development.

Summary of performance

Non-financial performance

During 2020/21 we contributed almost \$11 million to 127 provider organisations to deliver youth development and/or youth enterprise programmes or services to nearly 69,000 young people.

We had anticipated some movement in the 2020/21 figures compared with previous years, due to:

- COVID-19 alert level changes and the lingering after-effects of the 2020 lockdown, particularly for providers in the Tāmaki Makaurau/Auckland region
- the Partnership Fund Board resetting its approach to securing partner opportunities with other funders.

Just under 10,000 young people submitted a participant feedback survey to report on their outcomes from the programmes or services they participated in. Of these, 86 percent said they had seen a significant improvement in their outcomes through participation in a funded youth development and/or youth enterprise programme or service.

⁸¹ The identified priority cohorts are young Māori, young Pacific people, young women, young people from the Rainbow community, young people with disabilities, young people from ethnic communities (in particular those from a refugee and migrant background), and young people living in the regions (defined as the non-urban, more rural and often isolated regions across New Zealand).

2019/20 result	Measure	2020/21 standard	2020/21 result	Notes
Overarching measure				
86%	The percentage of participants who report that they have seen a significant improvement in their outcomes ⁸² through participation in a Ministry of Youth Development-funded initiative ⁸³ will be no less than ⁸⁴	85%	86%	
Departmental output expense				
Administering youth development				
68%	The percentage of total funding for youth development opportunities targeted at young people from the priority cohorts will be no less than ⁸⁵	50%	62%	(a)
94%	The percentage of providers reporting that interacting with the Ministry of Youth Development was a 'good' or 'very good' experience will be no less than ⁸⁶	80%	89%	(b)
100%	The percentage of partners ⁸⁷ involved in funding initiatives through the Partnership Fund reporting that partnering with MYD was a 'good' or 'very good' experience will be no less than	80%	100%	(c)
Non-departmental output expense				
Delivering youth development				
86%	The percentage of participants who report that they have seen an improvement in their wellbeing through participation in a MYD-funded youth development service will be no less than	85%	86%	
96%	The percentage of participants who report that they have improved their preparedness for the future work environment through participation in a MYD-funded youth enterprise service will be no less than	85%	90%	

82 The core outcome that MYD seeks for young people is increased wellbeing. Increased wellbeing is being achieved when young people are:

- participating in, engaging with and contributing to something they value in their community or society
- feeling more connected, having a greater sense of belonging, and feeling comfortable and aware of their identity
- learning or developing their skills (these may be social, emotional, physical, autonomy, work or intimacy skills)
- developing strong and healthy relationships with their peers and with adults, and feeling accepted, respected, understood and listened to
- optimistic about the future, believing that they have choices about their future and are prepared for the future work environment.

83 Through youth enterprise funding there is a focus on improved preparedness for the future work environment. Improved preparedness is being achieved when young people report that they are achieving outcomes such as:

- increased entrepreneurship, business and financial acumen
- increased decision-making and problem-solving skills
- development of innovation and original thinking
- increased awareness of information and digital technologies
- increased leadership skills, career opportunities and career management skills.

84 Data for this measure is collected from the two surveys used for the Delivering Youth Development category of the MCA.

85 Data for this measure is collected through information provided when providers are contracted to deliver a programme or service.

86 Data for this measure is collected through annual provider reporting. The ratings are 'very bad', 'bad', 'neither bad nor good', 'good' and 'very good'.

87 'Partners' refers to those parties who are contributing funds and resources (either in cash or in kind) alongside MYD to support the youth development initiatives that have been approved by the Partnership Fund Board. Providers (those actually delivering the youth development projects) are not considered partners in respect of this measure (even though they may be contributing funds and resources themselves). Data for this measure is collected through annual surveying of all Partnership Fund partners. The ratings are 'very bad', 'bad', 'neither bad nor good', 'good' and 'very good'.

Notes:

- (a) A small number of providers who deliver large-scale events for high participation numbers for predominantly Māori and Pacific young people could not deliver due to alert level changes and/or contractual compliance matters. In June 2021 we invested funding across a wide range of youth development services across the seven MYD priority cohorts⁸⁸, to help improve the equity of access to opportunities and contribute to levelling the playing field for young people.
- (b) We will review our performance measures and standards in alignment with our funding priorities in 2021/22.
- (c) Youth provider reporting in 2020/21 focused on the following key themes:
- the provider has a positive relationship with a specific MYD staff member
 - the provider had positive communication from MYD
 - the provider felt supported by MYD
 - MYD's COVID-19 response was well received by the provider (including the associated contract extensions).

MYD staff made intentional efforts to increase engagement with providers following the nationwide lockdown and throughout subsequent alert level changes.

We will review our performance measures and standards in alignment with our funding priorities in 2021/22.

88 The number of funded services targeted at each priority cohort is as follows (some services may deliver to multiple priority cohorts):

- Young women: 30
- Māori young people: 57
- Pacific young people: 34
- Youth from the Rainbow community: 14
- Youth living in the regions: 40
- Youth with disabilities: 11
- Youth from ethnic communities (refugee and migrant): 11

The following information is provided for context:

	2017/18	2018/19	2019/20	2020/21
Delivering youth development⁸⁹				
<i>Positive youth development promotion</i>				
Providers funded	153	101	125	87
Opportunities funded	61,423	64,363	61,793	60,493
<i>Expanding youth enterprise and education</i>				
Providers funded	55	40	30	13
Opportunities funded	5,794	10,973	4,163	3,632
<i>Partnership Fund</i>				
Providers funded	28	51	49	14
Opportunities funded	6,703	11,301	4,554	1,715
Partners contributing funding	85	97	119	16
<i>Ākonga Youth Development Community Fund</i>				
Providers funded	N/A	N/A	N/A	28
Opportunities funded	N/A	N/A	N/A	2,750 ⁹⁰
<i>Totals for all funded opportunities</i>				
Providers funded ⁹¹	236	159	150	127
Opportunities funded	73,920	86,637	70,690	68,590

89 Within the *Delivering Youth Development* non-departmental output expense, there are four sub-categories:

- *Positive youth development promotion*, which is focused on funding opportunities to improve young people's wellbeing
- *Expanding youth enterprise and education*, which is focussed on funding opportunities to prepare young people for the future work environment
- *Partnership Fund*, which is focussed on funding opportunities in partnership with business, philanthropics, iwi and other government agencies
- *Ākonga Youth Development Community Fund*, a time-limited investment from the COVID-19 Response and Recovery Fund, which is a partnership between MYD and the Ministry of Education for youth providers to deliver programmes to ākonga aged 12 to 21 years who have been adversely affected by the impact of COVID-19 to stay engaged or re-engage in their education journey.

90 We are funding services for approximately 5,500 ākonga over two calendar years, apportioned equally between 2020/21 and 2021/22.

91 In 2018/19 and 2019/20 the total number of providers funded is less than the totals for the three categories of opportunities as some providers have contracts in more than one category.

Financial performance

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
	<i>Departmental output expense</i>			
	Revenue from Crown			
5,134	Administering youth development	2,399	5,460	5,460
	Revenue from Departmental			
-	Administering youth development	-	-	-
	Revenue from Other			
-	Administering youth development	-	-	-
5,134	Total revenue	2,399	5,460	5,460
3,056	Total expense	2,399	5,460	3,939
2,078	Net surplus/(deficit)	-	-	1,521

2019/20 Actual \$000	Financial performance (Figures are GST exclusive)	2020/21 Budgeted \$000	2020/21 Revised \$000	2020/21 Actual \$000
	<i>Non-departmental output expense</i>			
8,722	Delivering youth development	8,562	19,029	10,774
8,722	Total expense	8,562	19,029	10,774





Nga tauākī tahua

Financial Statements



Ministry of Social Development

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
Revenue					
1,149,195	Revenue Crown		1,523,572	1,509,214	1,483,983
70,576	Revenue other	2	61,301	72,319	71,103
-	Gain on disposal of property, plant and equipment	3	311	-	-
12	Gain on foreign exchange	3	-	-	-
1,219,783	Total revenue		1,585,184	1,581,533	1,555,086
Expenses					
551,852	Personnel costs	4	668,844	515,049	673,445
68,265	Depreciation and amortisation expenses	10,11	72,631	85,467	101,349
14,172	Capital charge	5	12,261	19,527	18,285
506,467	Other operating expenses	6	651,889	961,490	762,007
740	Loss on disposal of property, plant and equipment	3	-	-	-
1,141,496	Total expenses		1,405,625	1,581,533	1,555,086
78,287	Net surplus/(deficit)		179,559	-	-
Other comprehensive revenue and expense					
<i>Item that will not be reclassified to net surplus/ (deficit)</i>					
-	Gain on property revaluations	10	4,711	-	-
709	Loss on property revaluations		-	-	-
77,578	Total comprehensive revenue and expense		184,270	-	-

Explanations of significant variances against the original 2020/21 budget are detailed in Note 22.

The accompanying notes form part of these financial statements.

Ministry of Social Development Statement of Financial Position

As at 30 June 2021

Actual 2020 \$000	Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000	
Equity					
217,703	Taxpayers' funds	17	279,926	269,850	389,745
29,234	Property revaluation reserve	17	33,945	29,234	29,234
246,937	Total equity		313,871	299,084	418,979
Assets					
Current assets					
179,776	Cash and cash equivalents		135,394	167,509	182,877
3,354	Receivables	7	4,257	102	2,555
33,879	Prepayments		31,912	33,882	33,882
-	Crown receivable	8	236,917	-	-
217,009	Total current assets		408,480	201,493	219,314
Non-current assets					
158,341	Property, plant and equipment	10	138,536	162,778	131,657
174,470	Intangible assets	11	188,084	180,314	270,596
332,811	Total non-current assets		326,620	343,092	402,253
549,820	Total assets		735,100	544,585	621,567
Liabilities					
Current liabilities					
118,719	Payables and accruals	12	151,491	128,074	107,664
76,637	Return of operating surplus to the Crown	13	177,917	-	-
49,328	Provision for employee entitlements	15	52,304	51,813	49,328
15,846	Provisions	14	18,124	15,846	15,846
12,603	Crown payable		-	-	-
273,133	Total current liabilities		399,836	195,733	172,838
Non-current liabilities					
29,750	Provision for employee entitlements	15	21,393	49,768	29,750
29,750	Total non-current liabilities		21,393	49,768	29,750
302,883	Total liabilities		421,229	245,501	202,588
246,937	Net assets		313,871	299,084	418,979

Explanations of significant variances against the original 2020/21 budget are detailed in Note 22.

The accompanying notes form part of these financial statements.

Ministry of Social Development Statement of Changes in Equity

For the year ended 30 June 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
236,203	Balance at 1 July		246,937	245,287	365,695
77,578	Total comprehensive revenue and expense		179,559	-	-
	Owner transactions				
(76,637)	Return of operating surplus to the Crown	13	(177,917)	-	-
11,181	Capital injections	17	83,910	53,797	53,284
(1,388)	Capital withdrawal - cash		(1,505)	-	-
-	- Capital withdrawal - non cash		(21,824)	-	-
-	- Other movements		4,711	-	-
246,937	Balance at 30 June		313,871	299,084	418,979

Explanations of significant variances against the original 2020/21 budget are detailed in Note 22.

The accompanying notes form part of these financial statements.

Ministry of Social Development

Statement of Cash Flows

For the year ended 30 June 2021

Actual 2020 \$000	Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Unaudited Forecast 2022 \$000
Cash flows from operating activities				
1,156,728	Receipts from Revenue Crown	1,274,052	1,509,214	1,483,983
72,522	Receipts from other revenue	60,604	72,319	71,115
(511,166)	Payments to suppliers	(622,217)	(960,500)	(892,018)
(550,745)	Payments to employees	(666,335)	(516,039)	(543,446)
(14,172)	Payments for capital charge	(12,261)	(19,527)	(18,285)
8,504	Goods and services tax (net)	2,074	-	-
(5,975)	Intercompany cash flow with Oranga Tamariki- Ministry for Children	(4,078)	-	-
155,696	Net cash flow from operating activities	31,839	85,467	101,349
Cash flows from investing activities				
1,240	Receipts from sale of property, plant and equipment	9,352	1,500	1,500
(37,066)	Purchase of property, plant and equipment	(30,064)	(44,065)	(12,048)
(52,765)	Purchase of intangible assets	(61,279)	(53,184)	(129,078)
(88,591)	Net cash flow from investing activities	(81,991)	(95,749)	(139,626)
Cash flows from financing activities				
9,793	Capital injections	83,910	53,797	53,284
-	Capital withdrawal from the Crown	(1,505)	-	-
(18,788)	Return of operating surplus	(76,635)	(55,782)	(138,000)
(8,995)	Net cash flow from financing activities	5,770	(1,985)	(84,716)
58,110	Net increase/(decrease) in cash	(44,382)	(12,267)	(122,993)
121,666	Cash at the beginning of the year	179,776	179,776	305,870
179,776	Cash at the end of the year	135,394	167,509	182,877

The accompanying notes form part of these financial statements.

Refer to Note 18 for reconciliation of net surplus/(deficit) to net cash from operating activities.

Explanations of significant variances against the original 2020/21 budget are detailed in Note 22.

Ministry of Social Development

Statement of Commitments

As at 30 June 2021

Capital commitments

The Ministry has no capital commitments at balance date (2020: nil).

Non-cancellable operating lease commitments

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.

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

In addition to the above costs the Ministry has sub-lease rental recoveries of \$1.063 million expected to be received in 2021/22. Refer to Note 2 for actual sub-lease rental recoveries for 2020/21.

Actual 2020 \$000		Actual 2021 \$000
	Operating commitments	
	The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	
47,153	Not later than one year	40,931
110,996	Later than one year and not later than five years	110,080
123,836	Later than five years	118,338
281,985	Total non-cancellable operating lease commitments	269,349
281,985	Total commitments	269,349

The accompanying notes form part of these financial statements.

Ministry of Social Development

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2021

Unquantifiable contingent liabilities

There is legal action against the Crown relating to historical abuse claims.

At this stage the number of claimants and the outcomes of these cases are uncertain. The disclosure of an amount for these claims may prejudice the legal proceedings.

Quantifiable contingent liabilities

Actual 2020 \$000		Actual 2021 \$000
10	Personal grievances	5
380	Legal proceedings and disputes	137
390	Total contingent liabilities	142

Personal grievances

Personal grievances claims represent amounts claimed by employees for personal grievances cases. There was one personal grievance claim (2020: two).

Legal proceedings and disputes

Other claims are represented by outstanding grievances claims from our clients for unpaid benefit entitlements and other disputes. Altogether there are three claims in this category (2020: six).

Contingent assets

The Ministry has no contingent assets (2020: nil).

The accompanying notes form part of these financial statements.

Ministry of Social Development

Notes to the financial statements

1. Statement of Accounting Policies

Reporting entity

The Ministry of Social Development (the Ministry) is a government department as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing the Ministry's operations includes the Public Finance Act 1989 (PFA), Public Service Act 2020, and the Public Accountability Act 1998. Ministry's ultimate parent is the New Zealand Crown.

In addition, the Ministry has reported on Crown activities and trust monies that it administers in the non-departmental statements and schedules on pages C39 to C47.

The Ministry's primary objective is to provide services to the New Zealand public including income support and superannuation services, employment support and services, support for young people to gain relevant skills, housing support, designing and delivering community services in conjunction with others and social policy advice. The Ministry does not operate to make a financial return.

The Ministry has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of the Ministry are for the year ended 30 June 2021 and were approved for issue by the Chief Executive on 30 September 2021.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the PFA, which includes the requirements to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and Treasury Instructions.

These financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars (NZ dollars) and all values are rounded to the nearest thousand dollars (\$000), other than the related party transaction disclosures in Note 19. The related party transaction disclosures are rounded to the nearest dollar.

Changes in accounting policies

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

Standards issues and not yet effective and not early adopted

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

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. The Ministry does not intend to early adopt the amendment.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Ministry has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. The Ministry does not intend to early adopt the amendment.

PBE IPSAS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early adoption permitted. The Ministry has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Foreign currency transactions

Foreign currency transactions (including those for which foreign exchange contracts are held) are translated in NZ\$ (the functional currency) using the spot exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand.

The Ministry is permitted to expend its cash and cash equivalents only within the scope and limits of its appropriations.

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Ministry is a public authority and consequently is exempt from income tax. Accordingly, no provision has been made for income tax.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions might differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carry amounts of assets and liabilities within the next financial year are in respect of:

Estimating fair value of land and buildings – refer Note 10

Assessing the useful lives of software – refer to Note 11

Measuring long service leave and retirement leave – refer Note 15.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of leases – refer Note 16

Budget and forecast figures

Basis of the budget and forecast figures

The 2021 budget figures are for the year ended 30 June 2021 and were published in the 2019/20 Annual Report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the 2020 Pre-election Economic and Fiscal Update.

The 2022 forecast figures are for the year ending 30 June 2022, and are consistent with the best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 30 June 2022.

The forecast financial statements have been prepared as required by the PFA to communicate forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2022 forecast figures have been prepared in accordance with PBE FRS 42 Prospective Financial Statements and comply with PBE FRS 42.

The forecast financial statements were approved for issue by the Chief Executive on 28 April 2021. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2022 will not be published.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions of what may occur during the 2021/22 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the Main Estimates were finalised.

The main assumptions, which were adopted as at 28 April 2021, were as follows.

- The Ministry's activities and output expectations will remain substantially the same as those for the previous year, focusing on the Government's priorities
- Personnel costs were based on 9,100 staff positions
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred. Remuneration rates are based on current salary costs, adjusted for anticipated remuneration changes.
- Land and buildings are not revalued as we cannot reliably determine the outcome of such valuation and believe there would be no significant variation if they were.
- Estimated year-end information for 2020/21 was used as the opening position for the 2021/22 forecasts.

The actual financial results achieved for 30 June 2022 are likely to vary from the forecast information presented, and the variations may be material.

Since the approval of the forecasts, the only significant change or event that would have a material effect on the forecasts has been the revaluation of land and buildings at 30 June 2021. This resulted in a valuation increase of approximately 13 percent. Although it is difficult to reliably forecast land and building values, it is likely that the valuation increase to 30 June 2022 will result in land and building values at 30 June 2022 being higher than in the existing 2022 forecast figures.

The alert level changes in August 2021 will not have a material impact on departmental forecasts.

2. Revenue

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

Revenue Crown

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

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

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

Rental revenue

Rental Revenue under an operating sublease is recognised as revenue on a straight-line basis over the lease term.

Revenue other

Actual 2020 \$000		Actual 2021 \$000
1,163	Sub-lease rental recoveries	866
69,413	Other recoveries	60,435
70,576	Total revenue other	61,301

The Ministry received other revenue from Oranga Tamariki for corporate support services (\$56.001 million), the Ministry of Health for central Dunedin relocation costs (\$1.643 million), Promoting Positive Outcomes for Disabled People (\$1.600 million), the Social Wellbeing Agency for corporate support services (\$0.431 million) and other revenue (\$0.760 million). The Ministry also received revenue from sub-leased premises (\$0.866 million).

3. Gains and losses on disposal of property, plant and equipment and foreign exchange

Actual 2020 \$000		Actual 2021 \$000
(740)	Gain / (loss) on disposal of fixed assets	311
12	Net foreign exchange gains	-
(728)	Total gains / (losses)	311

During the year the Ministry disposed of assets including motor vehicles that reached a pre-determined mileage and/or life. The net gain on vehicle disposals was \$0.311 million (2020: \$0.003 million gain). There was no net gain or loss on the disposal of other property, plant or equipment during the year (2020: \$0.743 million loss). The Ministry had no net gain or loss on foreign exchange transactions during the year (2020: \$0.012 million gain).

4. Personnel costs

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes

Employee contributions to the State Sector Retirement Savings Scheme, Kiwisaver, and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in surplus or deficit as incurred.

Actual 2020 \$000		Actual 2021 \$000
531,957	Salaries and wages	642,440
(5,657)	Increase/(decrease) in employee entitlements	(4,780)
1,712	Increase/(decrease) in restructuring costs	(149)
15,437	Defined superannuation contribution scheme	19,325
8,403	Other personnel expenses	12,008
551,852	Total personnel costs	668,844

5. Capital charge

The Ministry pays a capital charge to the Crown on its equity at 31 December and 30 June each year. The capital charge rate for the financial year ended 30 June 2021 was 5 percent (2020: 6 percent).

6. Operating expenses

Operating leases

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

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

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

Other expenses

Other expenses are recognised as goods and services are received.

Actual 2020 \$000		Actual 2021 \$000
779	Audit fees ⁹²	821
77,516	Rental, leasing and occupancy costs	75,625
249	Bad debts written off	221
197,426	Employment support and subsidies	315,315
41,777	Office operating expenses	45,853
111,897	IT-related operating expenses ⁹³	140,907
5,305	Travel expenses	5,464
18,264	Consultancy and contractors' fees	15,528
30,710	Professional fees	27,047
22,544	Other operating expenses	25,108
506,467	Total operating expenses	651,889

7. Accounts receivable

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Ministry applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

⁹² Audit fees include statutory audit fees only.

⁹³ IT-related operating costs include \$27.070 million on ICT contractors and consultants (2020: \$20.259 million)

Actual 2020 \$000		Actual 2021 \$000
4,215	Gross receivables	5,334
(861)	Less: allowance for credit losses	(1,077)
3,354	Net receivables	4,257
Receivables consist of		
3,354	Trade and other receivables	4,257
3,354	Total receivables	4,257

The expected credit loss rates for receivables at 30 June 2021 and 30 June 2020 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the effect of macroeconomic factors is not considered significant.

There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses is determined as follows:

Ageing profile of receivables

as at 30 June 2020				as at 30 June 2021		
Gross \$000	Impairment \$000	Net \$000		Gross \$000	Impairment \$000	Net \$000
3,734	(394)	3,340	Not past due	4,905	(658)	4,247
2	(2)	-	Past due 1-30 days	2	(2)	-
3	(3)	-	Past due 31-60 days	3	(3)	-
8	(6)	2	Past due 61-90 days	4	(2)	2
468	(456)	12	Past due >91 days	420	(412)	8
4,215	(861)	3,354		5,334	(1,077)	4,257

The movement in the allowance for credit losses as follows:

Actual 2020 \$000	Actual 2021 \$000
699 Balance as at 1 July	861
162 Increase in loss allowance made during the year	222
- Receivables written off during the year	(6)
861 Balance as at 30 June	1,077

8. Crown receivable

Crown receivable represents less cash drawn down from the Treasury which is lower than Revenue Crown recognised. As at 30 June 2021 Crown receivable was \$236.917 million (2020: nil). This is due to a lower drawdown of cash funding for the Covid-19 Response Related Initiatives (CRRF).

Actual 2020 \$000	Actual 2021 \$000
- Crown receivable	236,917
- Total Crown receivable	236,917

9. Non-current assets held for sale

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

Any Impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

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

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

The Ministry has no non-current assets held for sale as at 30 June 2021 (2020: nil).

10. Property, plant and equipment

Property, plant and equipment consists of the following asset classes: land, buildings, furniture and fittings, computer equipment, motor vehicles, and plant and equipment.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses. All other assets classes are measured at cost, less accumulated depreciation and impairment losses.

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

Revaluation

Land and buildings are revalued at least every three years to ensure the carrying amount does not differ materially from the fair value.

The carrying values of revalued items are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Land and building revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

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

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

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds of disposal with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When a revalued asset is sold, the amount included in the property revaluation reserve in respect of the disposed asset is transferred to taxpayers' funds.

Subsequent costs

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

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

Depreciation

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

Asset type	Estimated life	Depreciation rate
Buildings (including components)	10–80 years	1.25%–10%
Leasehold improvements	up to 18 years	>6%
Furniture and fittings	3–5 years	20%–33%
Computer equipment	3–5 years	20%–33%
Motor vehicles	4–5 years	20%–25%
Plant and equipment	3–5 years	20%–33%

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

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

Impairment

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

Value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive revenue and expense and decreases the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit.

The reversal of an impairment loss on a revalued asset is recognised in other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised in surplus or deficit.

Estimating the fair value of land and buildings

Valuation

A full valuation of land and buildings owned by the Ministry was completed by an independent registered valuer, Geoff Butterworth ANZIV of Quotable Value Limited, as at 30 June 2021.

The full valuation involved a restricted physical inspection of all the Ministry's land and buildings assets in compliance with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and in particular PBE IPSAS 17 – Property, Plant and Equipment. There has been no negative impact on the fair value assessments as a result of the COVID-19 situation.

As a result of the full valuation, land and buildings increased in value by \$4.711 million.

Land

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

Buildings

Non-specialised buildings are valued at fair value using market-based evidence. Market rents and capitalisation rate methodologies were applied in determining the fair value of buildings.

Breakdown of property, plant and equipment and further information

	Land \$000	Buildings \$000	Furniture and Fittings \$000	Computer Equip- ment \$000	Motor Vehicles \$000	Plant and Equip- ment \$000	Total \$000
Cost or revaluation							
Balance as at 1 July 2019	22,820	26,139	146,594	121,647	26,929	4,384	348,513
Additions by purchase	-	-	28,893	5,662	4,880	56	39,491
Revaluation increase/ (decrease)	(1,529)	(1,872)	-	-	-	-	(3,401)
Work in progress movement	-	2,176	(1,634)	(4,496)	28	1,501	(2,425)
Asset transfers	-	-	(393)	-	-	-	(393)
Other asset movement	-	-	-	-	-	-	-
Disposals	-	(840)	(3)	-	(4,231)	-	(5,074)
Balance as at 30 June 2020	21,291	25,603	173,457	122,813	27,606	5,941	376,711
Balance as at 1 July 2020	21,291	25,603	173,457	122,813	27,606	5,941	376,711
Additions by purchase	-	135	13,804	7,291	6,514	2,217	29,961
Revaluation increase/ (decrease)	2,740	1,971	-	-	-	-	4,711
Work in progress movement	-	(314)	(2,965)	4,340	(28)	(931)	102
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	(846)	-	-	-	-	(846)
Disposals	(14,370)	(72)	(58,586)	(39,614)	(20,971)	(3,220)	(136,833)
Balance as at 30 June 2021	9,661	26,477	125,710	94,830	13,121	4,007	273,806
Accumulated depreciation and impairment losses							
Balance as at 1 July 2019	-	2,013	97,692	84,005	12,394	3,681	199,785
Depreciation expense	-	777	11,683	9,322	2,839	291	24,912
Eliminate on disposal	-	(97)	(3)	-	(2,994)	-	(3,094)
Eliminate on revaluation	-	(2,693)	-	-	-	-	(2,693)
Asset transfers	-	-	(540)	-	-	-	(540)
Other asset movement	-	-	-	-	-	-	-
Balance as at 30 June 2020	-	-	108,832	93,327	12,239	3,972	218,370
Balance as at 1 July 2020	-	-	108,832	93,327	12,239	3,972	218,370
Depreciation expense	-	850	13,481	7,740	1,898	1,001	24,970
Eliminate on disposal	-	(1)	(53,581)	(39,614)	(10,822)	(3,203)	(107,221)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	(849)	-	-	-	-	(849)
Balance as at 30 June 2021	-	-	68,732	61,453	3,315	1,770	135,270
Carrying amounts							
At 1 July 2019	22,820	24,126	48,902	37,642	14,535	703	148,728
At 30 June and 1 July 2020	21,291	25,603	64,625	29,486	15,367	1,969	158,341
At 30 June 2021	9,661	26,477	56,978	33,377	9,806	2,237	138,536
Unaudited forecast carrying amount at 30 June 2022	9,661	20,065	67,799	13,265	19,861	1,006	131,657

Work in progress

	Land \$000	Buildings \$000	Furniture and Fittings \$000	Computer Equip- ment \$000	Motor Vehicles \$000	Plant and Equip- ment \$000	Total \$000
Cost or revaluation							
Balance as at 1 July 2019	-	7,418	5,371	18,554	-	-	31,343
Work in progress movement	-	2,176	(1,634)	(4,496)	28	1,501	(2,425)
Balance as at 30 June 2020	-	9,594	3,737	14,058	28	1,501	28,918
Balance as at 1 July 2020	-	9,594	3,737	14,058	28	1,501	28,918
Work in progress movement	-	(314)	(2,965)	4,340	(28)	(931)	102
Balance as at 30 June 2021	-	9,280	772	18,398	-	570	29,020

The total amount of property, plant and equipment under construction and work in progress is \$29.020 million (2020: \$28.918 million).

Restrictions

There are no restrictions over the title of the Ministry's property, plant and equipment assets. No property, plant and equipment assets are pledged as security for liabilities.

Impairments

The Ministry has not recognised an impairment loss (2020: nil).

11. Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

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

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

Amortisation

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

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

Asset type	Estimated life	Amortisation rate
Developed computer software	3–8 years	12.5%–33%

Impairment

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, irrespective of whether there is any indicator of impairment.

For further details, refer to the policy for impairment of property, plant and equipment in Note 10. The same approach applies to the impairment of intangible assets.

Useful lives of software

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

Breakdown of intangible assets and further information

	Internally generated software \$000	Total \$000
Cost or revaluation		
Balance as at 1 July 2019	485,151	485,151
Additions by purchase and internally generated	40,660	40,660
Work in progress movement	12,105	12,105
Asset transfers	-	-
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2020	537,916	537,916
Balance as at 1 July 2020	537,916	537,916
Additions by purchase and internally generated ⁹⁴	40,861	40,861
Work in progress movement	20,418	20,418
Asset transfers	-	-
Other asset movement	(4)	(4)
Disposals	(24,405)	(24,405)
Balance as at 30 June 2021	574,786	574,786
Accumulated amortisation and impairment losses		
Balance as at 1 July 2019	320,094	320,094
Amortisation expense	43,352	43,352
Disposals	-	-
Asset transfers	-	-
Other asset movement	-	-
Impairment losses	-	-
Balance as at 30 June 2020	363,446	363,446
Balance as at 1 July 2020	363,446	363,446
Amortisation expense	47,661	47,661
Disposals	(24,405)	(24,405)
Asset transfers	-	-
Other asset movement	-	-
Impairment losses	-	-
Balance as at 30 June 2021	386,702	386,702
Carrying amounts		
At 1 July 2019	165,057	165,057
At 30 June and 1 July 2020	174,470	174,470
At 30 June 2021	188,084	188,084
Unaudited forecast carrying amount at 30 June 2022	270,596	270,596

94 Internally generated software includes \$52.222 million of contractors and consultants costs capitalised in 2020/21 (2020: \$23.373 million). This note relates to both additions by purchase and internally generated and work-in-progress movement.

Work in progress

	Internally generated software \$000	Total \$000
Cost or revaluation		
Balance as at 1 July 2019	30,197	30,197
Work in progress movement	12,105	12,105
Balance as at 30 June 2020	42,302	42,302
Balance as at 1 July 2020	42,302	42,302
Work in progress movement	20,418	20,418
Balance as at 30 June 2021	62,720	62,720

The total amount of intangibles in the course of construction is \$62.720 million (2020: \$42.302 million).

Restrictions

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

Impairment

The Ministry has not recognised any impairment loss (2020: nil) for internally generated software.

12. Accounts payable and accruals

Short-term payables are measured at the amount payable.

Breakdown of payables and further information

Actual 2020 \$000		Actual 2021 \$000
	Payables and deferred revenue under exchange transactions	
25,759	Creditors	23,791
74,951	Accrued expenses	106,138
100,710	Total payables and deferred revenue under exchange transactions	129,929
	Payables and deferred revenue under non-exchange transactions	
18,009	GST payable	21,562
18,009	Total payables and deferred revenue under non-exchange transactions	21,562
118,719	Total payables and deferred revenue	151,491

13. Return of operating surplus

Actual 2020 \$000		Actual 2021 \$000
78,257	Net surplus/(deficit)	179,559
	Add:	
(1,650)	Retained surplus	(1,642)
76,637	Total repayment of surplus	177,917

The return of operating surplus to the Crown is required to be paid by 31 October of each year.

14. Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for net deficits from future operating activities.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has been announced publicly to those affected, or implementation has already commenced.

ACC Partnership programme

The Ministry belongs to the ACC Accredited Employer programme, whereby it accepts the management and financial responsibility of the work-related illnesses and accidents. Under the Programme, the Ministry is liable for all claim costs for a period of five years after the end of the cover period in which the injury occurred. At the end of the five-year period, the Ministry pays a premium to ACC for the value of residual claims, and the liability for ongoing claims from that point passes to ACC.

The ACC Partnership programme is measured at the present value of expected future payments to be made for employees' injuries and claims up to the reporting date using actuarial techniques. Consideration is given to the expected future wage and salary levels and the experience of employees' claims and injuries.

Breakdown of provisions and further information

Actual 2020 \$000		Actual 2021 \$000
2,898	ACC Partnership programme	6,190
1,746	Restructuring provision	177
2,104	Lease reinstatement	1,590
9,098	Other provisions	10,167
15,846	Total provisions	18,124

Movements for each class of provision are as follows:

	ACC Partnership programme \$000	Lease re- instatement \$000	Re- structuring provision \$000	Operating lease incentive \$000	Holidays Act \$000	Total \$000
2020						
Balance as at 30 June 2019	2,923	2,428	564	8,841	1,048	15,804
Additional provisions made	4,600	147	1,289	-	-	6,036
Amounts used	(1,468)	-	(107)	(586)	(205)	(2,366)
Unused amounts reversed	-	(660)	-	-	-	(660)
Discount unwind	-	189	-	-	-	189
Transfer to Oranga Tamariki	(3,157)	-	-	-	-	(3,157)
Balance as at 30 June 2020	2,898	2,104	1,746	8,255	843	15,846
2021						
Balance as at 1 July 2020	2,898	2,104	1,746	8,255	843	15,846
Additional provisions made	6,624	-	20	-	1,657	8,301
Amounts used	(1,302)	-	(1,107)	(586)	(2)	(2,997)
Unused amounts reversed	-	(344)	(481)	-	-	(825)
Discount unwind	-	(171)	-	-	-	(171)
Transfer to Oranga Tamariki	(2,030)	-	-	-	-	(2,030)
Balance as at 30 June 2021	6,190	1,589	178	7,669	2,498	18,124

The Ministry manages its exposure arising from the programme by promoting a safe and healthy working environment by:

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

The Ministry, under the Full Self Cover Plan (FSCP), has opted for a stop loss limit of 160 percent of the industry premium and a High Cost Claims Cover (HCCC) limit of \$500,000.

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

An external independent actuarial valuer, Melville Jessup Weaver, has calculated the Ministry's liability. The valuation is effective as at 30 June 2021. The valuer has attested he is satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. There are no qualifications contained in the actuarial valuer's report.

Lease reinstatement

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

At year-end there was one site where a lease reinstatement provision had been established with a value of \$1.589 million (2020: four sites with a value of \$2.104 million). The timing of any future lease reinstatement work is currently up to 13 years and one month in the future.

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

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

An asset to the value of \$2.000 million (2020: \$2.400 million) was established for the lease reinstatement costs. This is being depreciated on a straight-line basis for each lease term.

Restructuring provision

Restructuring provision for equalisation allowances is \$0.135 million (2020: \$0.180 million). This was for staff members affected by restructures in 2009 and 2017 who were reassigned to positions with the Ministry at lower salary levels.

A restructuring provision of \$0.043 million has been made for staff re-alignment where an internal reporting group was reconfigured in order to increase the effectiveness of its support to the Ministry, clients and providers (2020: \$1.565 million). The total restructuring provision as at 30 June 2021 is \$0.178 million (2020: \$1.746 million).

Operating lease incentive

The lease incentive relates to an initial 12-month rent-free period beginning from August 2017 on the National Office building at 56 The Terrace, Wellington. The lease is over a term of 18 years and the rent-free period is currently being amortised over the term of the lease in accordance with generally accepted accounting standards.

Holidays Act provision

The Holidays Act provision accounts for any Ministry payroll compliance issues with regard to the Holidays Act 2003. This is mainly relating to employees and ex-employees who have worked different shifts and hours each week, resulting in underpaid leave over a period of time. The value of the provision of \$2.498 million (2020: \$0.843 million) is based on a professional assessment by the Ministry's human resources group.

15. Employee entitlements

Short-term employee entitlements

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

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

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

Long-term employee entitlements

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

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement leave expected to be settled within 12 months of balance date are classified as current liabilities. All other employee entitlements are classified as non-current liability.

Long service leave and retirement leave

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

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

Discount rates and salary inflation applied

as at 30 June 2020			Employee Entitlement Variables	as at 30 June 2021		
2021 %	2022 %	2023 %		2022 %	2023 %	2024 %
0.22	0.25	1.63	Discount rates	0.38	0.81	3.08
2.72	2.72	2.72	Salary inflation	3.08	3.08	3.08

Financial impact of changes to the discount rates and salary inflation variables

	Actual 2021 \$000	Salary + 1% 2021 \$000	Salary - 1% 2021 \$000	Discount + 1% 2021 \$000	Discount - 1% 2021 \$000
Current	7,766	29	(29)	(14)	15
Non-current	21,393	1,619	(1,485)	(1,379)	1,528
Total	29,159	1,648	(1,514)	(1,393)	1,543

Breakdown of employee entitlements

Actual 2020 \$000		Actual 2021 \$000
	Current liabilities	
9,168	Retirement gratuities and long service leave	7,766
38,348	Annual leave	42,663
1,812	Sick leave	1,875
49,328	Total current liabilities	52,304
	Non-current liabilities	
29,750	Retirement gratuities and long service leave	21,393
29,750	Total non-current liabilities	21,393
79,078	Total employment entitlements	73,697

16. Finance leases

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

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

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

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

Leases classification

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

The Ministry has exercised its judgement on the appropriate classification of leases, and has determined that there were no finance leases as at 30 June 2021 (2020: nil).

17. Equity

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

Property revaluation reserves

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

Breakdown of equity and further information

Actual 2020 \$000		Actual 2021 \$000
Taxpayers' funds		
206,260	Balance at 1 July	217,703
78,287	Surplus/(deficit)	179,559
11,181	Capital injection – cash	83,910
(1,388)	Capital withdrawal – cash	(1,505)
-	Capital withdrawal – non cash	(21,824)
(76,637)	Repayment of surplus	(177,917)
217,703	Balance at 30 June	279,926
Revaluation reserves		
29,943	Balance at 1 July	29,234
(709)	Revaluation gains	-
-	Other movements	4,711
29,234	Balance at 30 June	33,945
246,937	Total Equity	313,871

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

Actual 2020 \$000		Actual 2021 \$000
78,287	Net surplus/(deficit)	179,559
	Add/(less) non-cash items	
24,913	Depreciation	24,970
43,353	Amortisation	47,661
68,266	Total non-cash items	72,631
	Add/(less) items classified as investing or financing activities	
740	(Gains)/losses on disposal property, plant and equipment	(311)
740	Total items classified as investing or financing activities	(311)
	Add/(less) working capital movements	
2,427	(Increase)/decrease in accounts receivable	(237,820)
(3,232)	(Increase)/decrease in prepayments	1,967
15,719	Increase/(decrease) in accounts payable	18,916
7,846	Increase/(decrease) in provision for employee entitlements	2,976
42	Increase/(decrease) other provisions	2,278
22,802	Net movements in working capital items	(211,683)
	Add/(less) movements in non-current liabilities	
(14,399)	Increase/(decrease) in provision for employee entitlements	(8,357)
(14,399)	Net movements in non-current liabilities	(8,357)
155,696	Net cash inflow from operating activities	31,839

19. Related party transactions

The Ministry is a wholly-owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Ministry would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

A member of the Senior Management Team holds a small number of shares in Fronde Systems Group Ltd (Fronde) as at 30 June 2021. Fronde is a private widely held company headquartered in Wellington, New Zealand. The Ministry had transactions with Fronde to the value of \$4.587 million during the year for IT support services. Fronde has provided support and development services to Student Allowances and Loans applications and e-services applications since 1999 and 2008 respectively.

The Ministry subleased property to the New Zealand Artificial Limb Service for nominal rent.

Key management personnel compensation

Actual 2020	Actual 2021
Leadership Team, including the Chief Executive	
\$2,731,042 Remuneration	\$3,146,641
6.8 Full-time equivalent members	8.0

The above key management personnel disclosure excludes the Minister for Social Development and Employment. The Minister's remuneration and other benefits are received not only for her role as a member of the key management personnel of the Ministry. They are set by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, rather than by MSD.

20. Events after the balance sheet date

After balance date, in August 2021 New Zealand moved into alert level 4 in response to COVID-19 and the Delta variant entering the country. This has resulted in the reactivation of the Wage Subsidy scheme and the Ministry's role in administering that scheme.

This has not materially impacted on the actual departmental results that have occurred between year-end and the signing of the financial statements.

There have been no other significant events after balance date.

21. Financial instruments

Financial instrument categories

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

Actual 2020 \$000		Actual 2021 \$000
Financial assets measured at amortised cost		
179,776	Cash and cash equivalents	135,394
3,354	Receivables (excluding taxes receivable)	4,257
183,130	Total financial assets measured at amortised cost	139,651
Financial liabilities measured at amortised cost		
100,710	Payables (excluding income in advance and tax payments)	129,929
100,710	Total financial liabilities measured at amortised cost	129,929

Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) – financial instruments with quoted process for identical instruments in active markets
- valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable
- valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

Financial instrument risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise its exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

The Ministry's Foreign Exchange Management Policy requires it to manage currency risk arising from future transactions and recognised liabilities by entering into foreign exchange forward contracts when the total transaction exposure to an individual currency exceeds NZ\$50,000 or the Ministry's net aggregate New Zealand dollar equivalent exposure at any point in time exceeds NZ\$250,000. The Ministry's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury's Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

Sensitivity analysis

As at 30 June 2021 there were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2020: no significant foreign exchange exposures).

Fair value interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or that the cash flows from a financial instrument will fluctuate, due to changes in market interest rates. The Ministry has no exposure to interest rate risk because it has no interest-bearing financial instruments.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

In the normal course of the Ministry's business, credit risk arises from receivables, deposits with banks and derivative financial instrument assets.

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

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables (refer Note 7), and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including these financial instruments.

Although cash and cash equivalents as at 30 June 2021 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

The Ministry is permitted to deposit funds only with Westpac (Standard & Poor's credit rating AA-), a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard & Poor's credit rating AA).

Liquidity risk

Management of liquidity risk

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

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

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Ministry's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Actual 2020 \$000		Actual 2021 \$000
Creditors and other payables		
100,710	Less than six months	129,929
100,710	Total creditors and other payables	129,929

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2020: nil).

22 .Explanation of major variances against budget

Explanations for major variances from the Ministry's original 2020/21 budget figures are as follows:

	Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000	Variance 2021 \$000
Statement of Comprehensive Revenue and Expense				
Revenue				
Revenue Crown	a	1,523,572	1,509,214	14,358
Expenses				
Personnel costs	b	668,844	515,049	153,795
Depreciation and amortisation expense	c	72,631	85,467	(12,836)
Other operating expenses	d	651,889	961,490	(309,601)
Statement of Financial Position				
Assets				
<i>Current assets</i>				
Crown receivable	e	236,917	-	236,917
Liabilities				
<i>Non-current liabilities</i>				
Provision for employee entitlements - non-current	f	21,393	49,768	(28,375)
Statement of Cash flows				
Cash flows from operating activities				
Receipts from Crown revenue	g	1,274,052	1,509,219	(235,162)
Cash flows from financing activities				
Return of operating surplus	h	(76,635)	(55,782)	(20,853)

Statement of Comprehensive Revenue and Expense

- (a) Revenue Crown is higher than budgeted by \$14.358 million, mainly due to increases in new funding received during the financial year for the Reducing Risk in Critical Systems and Implementing Legislative Change initiative (\$11.310 million).
- (b) Personnel costs is higher than budgeted by \$153.795 million, mainly due to increased full-time equivalents employed to support the COVID-19 response, resulting in an increase in expenditure compared to the prior year (\$116.992 million). The balance of the variance is due to underestimation of this budget compared to the Other operating expenses expenditure type in the 2020/21 financial year.
- (c) Depreciation and amortisation expense is lower than budgeted by \$12.836 million, mainly due to some delays with the Future State Physical Security Environment project, which was disrupted due to COVID-19 Response work and resulted in delays to completing some phases of the project.
- (d) Other operating expenses is lower than budgeted by \$309.601 million, mainly due to lower expenditure on COVID-19 response and recovery employment-related programmes.

Statement of Financial Position

- (e) Crown receivable is higher than budgeted by \$236.917 million, mainly due to less cash funding required for the COVID-19 response, resulting in a greater Crown receivable balance at year end. This was mainly driven by lower-than-expected numbers of clients and an improving economy which has seen record levels of exits from the system into employment. This has meant less demand for employment subsidies and programmes.
- (f) Provision for non-current employee entitlement is lower than budgeted by \$28.375 million, mainly due to the impact of the review of retirement leave clause that was undertaken in the last financial year.

Statement of Cash Flows

- (g) Receipts from Revenue Crown is lower than budgeted by \$235.162 million, mainly due to the Crown receivable balance of \$236.917 million (refer note (e)).
- (h) Return of operating surplus is higher than budgeted by \$20.853 million, mainly due to delays with some employment-related programmes and historic claims in the 2019/20 year.

23. Expenditures on contractors and consultants

The Ministry uses contractors and consultants to provide backfill for vacant positions or to cover short-term demand where specialist skills or independent external advice are needed (such as for specific programmes or projects), and in periods of peak demand.

A contractor is a person who is not considered an employee but who provides backfill or extra capacity in a role that exists within the Ministry or acts as an additional resource, for a time-limited piece of work.

A consultant is a person or a firm who is not considered a contractor or an employee but who is engaged to provide expertise in a field not readily available from within the Ministry, for a specific piece of work with a clearly defined scope.

Note that reporting has changed from previous year to disclose contractors and consultants operating and capital expenditure separately due to implementing new guidelines from Te Kawa Mataaho Public Service Commission.

For transparency reasons the Ministry has elected to disclose expenditure on contractors and consultants information separately as below:

Actual 2020 \$000		Notes	Actual 2021 \$000
18,264	Contractors and consultants - general	6	15,528
20,259	Contractors and consultants - ICT projects	6	27,070
38,523	Total contractors and consultants - operating		42,598
23,373	Contractors and consultants - capitalised to assets	11	52,222
23,373	Total contractors and consultants - capital		52,222
61,896	Total contractors and consultants		94,820

24. COVID-19 disclosure

During August and September 2020 and February and March 2021, the Auckland region moved into alert levels 3 and 2 and other parts of the country moved into level 2. Towards the end of June 2021, the Wellington region moved into alert level 2 for one week.

Impact on operations

The operations of the department were considered essential and, as such continued to operate through all alert levels. There has been no material impact on the department's contracted services arrangements in place with providers, as a result of the COVID-19 alert levels.

Valuation of land and buildings

The Ministry's land and buildings are held at fair value. A full revaluation of freehold land and buildings was undertaken at 30 June 2021. The Ministry has no evidence that there has been a decline in the value of these assets.

Non-departmental statements and schedules

For the year ended 30 June 2021

The following non-departmental statements and schedules record the revenue, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets, and trust accounts that the Ministry manages on behalf of the Crown.

Schedule of non-departmental revenue

For the year ended 30 June 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000
1	Interest revenue		1	-
105	Maintenance capitalisation		50	450
	Programme Recoveries		14,018	12,800
8,530	Student loan - administration fee	3	9,017	9,734
1,269	Income-related Rent Subsidy recoveries		630	2,459
9,905	Total non-departmental revenue		23,716	25,443

Explanations of significant variances against budget are detailed in Note 5.

For additional details on Student Loan advances, refer to Note 3.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

Schedule of non-departmental capital receipts

For the year ended 30 June 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000
279,918	Benefit recoveries – current debt		309,903	399,823
554	Benefit recoveries – liable parent contributions		466	607
94,010	Benefit recoveries – non-current debt		94,964	103,201
332,811	Overseas pension recoveries		338,471	351,442
101,684	Student loans – repayment of principal	3	132,524	102,650
808,977	Total non-departmental capital receipts		876,328	957,723

Explanations of significant variances against budget are detailed in Note 5.

For additional details on Student Loan advances, refer to Note 3.

Benefit recoveries (current and non-current) represents the amounts collected from clients either by way of regular deductions from the client's benefit payments or repayments from former clients and non-beneficiaries. When a debt is established, it is disclosed as a reduction in social benefit expense.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

Schedule of non-departmental expenses

For the year ended 30 June 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000
232,922	Non-departmental output expenses		347,794	284,142
12,284,370	Non-departmental other expenses	6	1,319,582	117,586
1,823,405	Non-departmental capital expenditure		1,914,437	2,150,482
25,294,969	Benefits or related expenses		28,545,299	30,095,027
35,994	Other operating expenses		82,284	47,722
39,671,660	Total non-departmental expenses		32,209,396	32,694,959

The Other operating expenses of \$82.284 million is mainly GST on grants and subsidies paid under non-departmental output expenses and non-departmental other expenses. An input tax deduction is not claimed in non-departmental expenditure.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

Schedule of non-departmental assets

As at 30 June 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000
Current assets				
4,262,745	Cash and cash equivalents	4	1,218,647	299,298
486,380	Receivables	2	481,942	854,485
2,011	Prepayments - benefits and allowances		33,692	693
4,751,136	Total current assets		1,734,281	1,154,476
Non-current assets				
822,371	Receivables	2	1,007,131	577,607
36	Other advances		35	20
822,407	Total non-current assets		1,007,166	577,627
5,573,543	Total non-departmental assets		2,741,447	1,732,103

Explanations of significant variances against budget are detailed in Note 5.

For additional details on Accounts receivable – benefits and allowances refer to Note 2.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

Schedule of non-departmental liabilities

As at 30 June 2021

Actual 2020 \$000		Notes	Actual 2021 \$000	Unaudited Budget 2021 \$000
Current liabilities				
560,993	Accruals - other than government departments	4	553,331	498,679
133,977	Tax payable		134,468	103,723
2,302	Other current liabilities	4	8,021	1,219
697,272	Total non-departmental liabilities		695,820	603,621

Explanations of significant variances against budget are detailed in Note 5.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

Schedule of non-departmental commitments

As at 30 June 2021

The Ministry on behalf of the Crown has no commitments as at 30 June 2021 (2020: nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

Schedule of non-departmental contingent liabilities and contingent assets

As at 30 June 2021

Unquantifiable contingent liabilities

The Ministry on behalf of the Crown has no unquantifiable contingent liabilities as at 30 June 2021 (2020: nil).

Quantifiable contingent liabilities

There are no quantifiable cases lodged against the Ministry that remain unresolved as at 30 June 2021 (2020: nil).

Unquantifiable contingent assets

The Ministry on behalf of the Crown has no unquantifiable contingent assets as at 30 June 2021 (2020: nil).

Quantifiable contingent assets

The Ministry on behalf of the Crown has no quantifiable contingent assets as at 30 June 2021 (2020: nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

Statement of trust monies

For the year ended 30 June 2021

The Ministry operates trust accounts as the agent under section 66 of the Public Finance Act 1989. The transactions through these accounts and their balances as at 30 June 2021 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2021 were as follows:

Actual 2020 \$000	Actual 2021 \$000
Australian Debt Recoveries	
- Balance at 1 July	-
7 Contributions	4
(7) Distributions	(4)
- Balance at 30 June	-
Australian Embargoed Arrears	
852 Balance at 1 July	750
8,369 Contributions	9,800
(8,478) Distributions	(9,441)
7 Revenue	2
750 Balance at 30 June	1,111
Maintenance	
32 Balance at 1 July	33
432 Contributions	414
(433) Distributions	(243)
2 Revenue	-
33 Balance at 30 June	204
Netherlands Debt	
15 Balance at 1 July	18
207 Contributions	146
(204) Distributions	(152)
18 Balance at 30 June	12
801 Total trust monies	1,327

Australian debt recoveries trust account

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

Australian embargoed arrears trust account

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

Maintenance trust account

The Ministry is responsible for collecting maintenance arrears owing as at 30 June 1992. Amounts are collected from the non-custodial parent and deposited into the trust account. These amounts are then paid into the custodial parent's bank account.

Netherlands debt trust account

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

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

Notes to the non-departmental statements and schedules

1. Statement of Accounting Policies

Reporting entity

These non-departmental statements and schedules present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2021. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, refer to the Financial Statements of the Government for the year ended 30 June 2021.

Basis of preparation

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

Measurement and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with generally accepted accounting practice (Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

Presentation currency and rounding

The non-departmental statements and schedules are presented in New Zealand dollars (NZ dollars) and all values are rounded to the nearest thousand dollars (\$000).

Standards issues and not yet effective and not early adopted

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Ministry has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. The Ministry does not intend to early adopt the amendment.

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Revenue

The Ministry administers revenue on behalf of the Crown. This revenue includes student loan administration fees, interest revenue, maintenance capitalisation, Income-related Rent Subsidy (IRRS) recoveries and miscellaneous revenue.

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

Interest revenue is the interest on Major Repairs Advances, which were advances made for the repairs or maintenance of clients' homes. This programme is no longer current.

Maintenance capitalisation relates to the old child support scheme managed by the Department of Social Welfare before 1 July 1992. Up until that date, a person who had custody of a child could seek financial support (ie, maintenance) from the non-custodial parent. The maintenance capitalisation revenue is the re-establishment of historical maintenance debt previously written off. The current child support scheme is managed by the Inland Revenue Department.

IRRS recoveries relate to the recovery of debt established after income related rent reviews due to rental underpayments by clients.

Miscellaneous revenue is all the other non-departmental revenues received by the Ministry.

Expenses

Expenses are recognised in the period they relate to.

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

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

Wage subsidy

The Government, in response to the COVID-19 pandemic, introduced a wage subsidy scheme to support employers adversely affected by the COVID-19 pandemic, so that they can continue to pay their employees and support workers to ensure they continue to receive an income, and stay connected to their employer, even if they are unable to work their normal hours. To achieve its objectives to enable businesses to remain viable and retain staff for the short term, payments under the scheme need to be facilitated quickly. The internal controls were deliberately designed with that purpose in mind. The resulting 'high-trust' environment means there is little delay between application and payment, and little uncertainty. To ensure payments under the Wage Subsidy Scheme are transparent and that the scheme is accountable to the public, the companies that have received payments are identified at <https://www.workandincome.govt.nz/covid-19/wage-subsidy/index.html>.

Foreign currency transactions

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in transit and funds held in bank accounts administered by the Ministry.

Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at balance date. Information on non-cancellable capital and operating commitments are reported in the schedule of non-departmental commitments.

Cancellable capital commitments that have penalty or exit costs explicit in their agreements on exercising that option to cancel are reported at the lower of the remaining contractual commitment and the value of those penalty or exit costs (i.e. the minimum future payments).

Goods and services tax (GST)

Items in the non-departmental statements and schedules financial statements are stated exclusive of GST, except for receivables and payables, which are stated inclusive of GST. GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense in the schedule of non-departmental expenses, and eliminated against GST revenue at the consolidation of the Financial Statements of the Government.

Critical accounting estimates

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of the measurement of social benefit receivables – refer to Note 2.

Budget figures

The 2021 budget figures are for the year ended 30 June 2021, which are consistent with the best estimate financial information submitted to the Treasury for the BEFU for the year ended 30 June 2021.

2. Receivables

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

The impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, a probability the debtor will enter into bankruptcy and defaults in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rates. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Schedule of Non-Departmental Expenses. When a debt is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (ie, not past due).

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

Social benefit receivables

The Ministry engaged Melville Jessup Weaver to estimate the fair value of the Social Benefit Receivables as at 30 June 2021. Key assumptions used by the actuary in the valuation are explained below:

The nature of the receivables is such that outcomes can be highly correlated and are subject to systemic risks. For example, default frequencies and repayment ability could be significantly impacted by any of:

- unemployment
- insolvency
- mortality
- people moving overseas
- benefit eligibility.

There is ongoing uncertainty about the economic effects that COVID-19 will have on the payment behaviour in the future.

Forecast cash flows are based on the payment rate experience of the portfolio. Payment rate experience is modelled month-by-month for 50 years into the future.

The Treasury risk-free discount rates are adjusted by adding on a margin of 2 percent to obtain risk-adjusted discount rates. This is phased in by duration where the forward rate is set to the minimum of twice the risk-free forward rate and 2 percent on top of the forward rate for that duration. The 2 percent margin was set with reference to credit spread data from investment and speculative grade corporate bond markets. The phasing in by duration is to make the risk-adjustment more realistic in that it is not fully applied to very low short term rates.

The carrying value and the fair value are the same for these amounts. Since there is no market comparison, the fair value is determined by discounting the expected future cash flows by the appropriate interest rates at year-end. The effective interest rates applied at year-end were between 0.38 percent and 4.30 percent (0.22 percent and 4.21 percent at 30 June 2020).

The fair value of the portfolio as at 30 June 2021 is \$1,428 million (\$1,214 million at 30 June 2020).

Social benefit and other receivables

As at 30 June 2021

Actual 2020 \$000		Actual 2021 \$000
Social benefit receivables		
1,997,989	Nominal value of receivables	2,175,960
1,997,989	Gross value of receivables	2,175,960
(784,239)	less provision for impairment	(747,891)
1,213,750	Net social benefit receivables	1,428,069
95,000	Other receivables	61,004
1,308,750	Total receivables	1,489,073
Total receivables are represented by:		
486,380	Current	481,942
822,371	Non-current	1,007,131
1,308,751	Balance at end of the year	1,489,073
Social benefit receivables		
Movements in the carrying value of the loans are as follows:		
1,055,376	Balance at 1 July	1,213,750
523,060	Face value of new receivables during the year	656,001
(374,482)	Receivables repaid during the year	(405,333)
9,796	Subsequent net impairment	(36,349)
1,213,750	Balance at 30 June	1,428,069

Impairment is calculated on a collective basis, not on an individual basis. There was a negative net movement in impairment of \$36.349 million during the 2020/21 year (2020: [positive] \$9.796 million).

The fair value is sensitive to the discount rate and the expected future cash flows. An increase in the discount rate of 1 percent would decrease fair value by approximately \$64.068 million. A decrease in the discount rate of 1 percent would increase fair value by approximately \$71.451 million. Since there are no contractual repayment terms, future cash flows assume that existing cash flow receipts will continue. These are adjusted for likely negative future events such as death.

Interest rate risk is the risk that the fair value will fluctuate due to changes in interest rates. A range of interest rates is used for every duration year up to 50 years. Different interest rates used for various duration years have increased between 0.16 percent and 1.79 percent for the 2020/21 financial year (2020: reduced between 0.29 percent and 1.04 percent).

Credit risk is the risk that a benefit debt is not repaid before the borrower dies. Benefit policy does not require recipients to provide any collateral or security to support advances made. As the total benefit debt is dispersed over a large number of borrowers, there is no material individual concentration of credit risk. The credit risk is reduced by compulsory deductions from benefit and superannuation payments, provided hardship is not caused.

3. Student loan advances

Carrying value of student loans

As at 30 June 2021

Actual 2020 \$000		Actual 2021 \$000
	Student loans	
	- Opening nominal balance	-
1,505,907	New lending	1,554,193
(101,684)	Repayment	(132,524)
(1,412,753)	Loan balance transfer to IRD	(1,430,686)
8,530	Administration fee	9,017
	- Closing nominal balance	-
	- Net carrying value of student loans	-

The Student Loan Scheme is administered by the Ministry in conjunction with the Ministry of Education and the Inland Revenue Department (IRD). The Ministry's role is to assess and make payments to students undertaking tertiary education. Student loans are transferred to IRD on a daily basis for collection. The interest rate risk and the credit risk on student loans are held by IRD.

4. Financial instruments

Financial instrument categories

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

Actual 2020 \$000		Actual 2021 \$000
	Financial assets measured at amortised cost	
4,262,745	Cash and cash equivalents	1,218,647
95,000	Debtors and other receivables	61,003
4,357,745	Total financial assets measured at amortised cost	1,279,650
	Financial liabilities measured at amortised cost	
563,295	Creditors and other payables	561,352

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

Credit risk arises from funds held with banks and receivables.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables. There is no collateral held as security against these financial instruments. Other than Westpac, there are no significant concentrations of credit risk.

The Standard & Poor's credit ratings for cash and cash equivalents held at Westpac is AA-.

Although cash and cash equivalents as at 30 June 2021 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Ministry has no exposure to cash flow interest rate risk because there is no interest on the bank accounts held with the bank.

Liquidity risk

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

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

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Ministry's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Actual 2020 \$000	Actual 2021 \$000
563,295	561,352
563,295	561,352

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2020: nil).

5. Explanation of major variances against budget

Explanations for major variances from the Ministry's non-departmental budget figures are as follows.

Schedule of revenue and expenses

Non-departmental other expenses were higher than budgeted by \$1,201.996 million, mainly due to the impact of COVID-19 and the activation of the Wage Subsidy Scheme during the year (\$1,196.859 million).

Non-departmental capital expenditure was lower than budgeted by \$236.045 million, mainly due to the Recoverable Assistance variance (\$151.949 million) and Student Loan variance (\$93.992 million) against the unaudited budget. This is mainly driven by a lower number of grants and a lower average amount of student loans than previously forecast.

Benefits or related expenses were lower than budgeted by \$1,549.728 million. This is mainly driven by the better performance of the New Zealand economy than previously forecast despite the ongoing impacts of COVID-19 (the number of working-age benefit recipients was much lower than budgeted).

Schedule of assets and liabilities

Cash and cash equivalents are higher than budget by \$919.349 million. This is mainly driven by the lower-than-forecast expenditures on benefit payments, student loans and recoverable assistance.

Current and non-current receivables were higher than budget by \$56.981 million. This is mainly because of a negative net movement in impairment on social benefit receivables of \$36.349 million in 2020/21.

6. COVID-19 disclosure

Non-departmental other expenses include COVID-19 Wage Subsidy expenditure and other expenditure.

Actual 2020 \$000		Actual 2021 \$000
	COVID-19 Wage Subsidy-related expenditure	
12,094,907	Business support Subsidy Covid-19	1,196,859
-	- COVID-19 Apprentice Support	156,221
21,441	COVID-19 Leave Support Scheme	8,205
14,860	Essential Workers Leave Support Scheme	-
39,952	Financial Assistance to Support Worker Self-Isolation	-
12,171,160	Total COVID-19-related expenditure	1,361,285
113,210	Other expenditure	(41,703)
12,284,370	Total non-departmental other expenses	1,319,582

The recipients of COVID-19 Wage Subsidy and Leave Subsidy have the obligation to repay any amount to which they are not entitled, and the Ministry has the right to review any subsidy granted. By 30 June 2021 many businesses had voluntarily refunded subsidies when their eligibility changed, or because revenue was better than expected. As at 30 June 2021, repayments worth \$782.558 million had been identified of which \$741.946 million (more than 95 percent) had been repaid. Wage Subsidy recoveries have been offset against Wage Subsidy-related expenditure.

For more information on the COVID-19 payments, please refer to <https://annualreport2021.msd.govt.nz/achieving-our-outcomes/ensuring-new-zealanders-get-the-support-they-require/we-are-making-income-support-easier-to-access/>, which discloses the number of reviews and refunds completed.

Appropriation statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Ministry for the year ended 30 June 2021. They are prepared on a GST exclusive basis.

In these statements:

- **Remeasurements** are adjustments to departmental output expense appropriations and departmental output expense categories of MCAs relating to movement in the unvested long service leave provision due to changes in discount rates (the non-departmental other expense Debt Write-downs includes \$106.953 million of remeasurement due to changes in interest rates. MSD is appropriated for expenditure excluding remeasurements.)
- **Appropriation voted** figures are from the 2020/21 Supplementary Estimates of Appropriations for Vote Social Development
- **Location of end-of-year performance information** discloses where end-of-year performance information is reported for each appropriation administered by MSD, as detailed below:
 1. Annual Report of the Ministry of Social Development
 2. Annual Report of the Office of the Children's Commissioner
 3. Vote Social Development Non-departmental Appropriations Report
 4. Annual Report of the Social Workers Registration Board
 5. No reporting required due to an exemption obtained under section 15D of the Public Finance Act 1989.

Statement of cost allocation policies

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

The first stage allocates all direct costs to output expenses as and when they are incurred. The second stage accumulates and allocates indirect costs to output expenses based on cost drivers, such as full-time equivalent (FTE) staff and workload information obtained from surveys and/or other data sources, which reflect an appropriate measure of resource consumption/use.

The third stage accumulates and allocates overhead costs to output expenses based on resource consumption/use where possible, such as the FTE staff ratio, or where an appropriate driver cannot be found then in proportion to the cost charges in the previous two stages.

Criteria for direct and indirect costs

Direct costs are costs that vary directly with the level of activity and are causally related, and readily assignable, to an output expense. Overhead costs are costs that do not vary with the level of activity undertaken. Indirect costs are costs other than direct costs or overhead costs.

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

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations

For the year ended 30 June 2021

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2020 \$000	Expenditure including Remeasurements 2021 \$000	Remeasurements 2021 \$000	Expenditure excluding Remeasurements 2021 \$000	Appropriation voted 2021 \$000	Location of end-of-year performance information	
Vote Social Development						
Departmental output expenses						
5,598	Administration of Service Cards	6,231	12	6,243	6,738	1
67,459	Corporate Support Services	56,968	-	56,968	65,876	1
29,425	Data, Analytics and Evidence Services	32,750	30	32,780	37,151	1
2,693	Enhancement and Promotion of SuperGold Cards	1,283	13	1,296	2,000	1
4,156	Establishment of Independent Monitor of the Oranga Tamariki System	3,523	-	3,523	5,760	1
57,452	Income Support and Assistance to Seniors	61,688	150	61,838	63,074	1
835	Independent Monitoring and Assurance of the Oranga Tamariki System	3,960	-	3,960	4,841	1
51,302	Investigation of Overpayments and Fraudulent Payments and Collection of Overpayments	57,631	112	57,743	59,033	1
18,006	Management of Student Loans	22,712	47	22,759	23,373	1
18,014	Management of Student Support	22,722	47	22,769	23,390	1
2,793	Place-Based Initiatives – South Auckland Social Wellbeing Board	-	-	-	-	1
1,819	Place-Based Initiatives – Tairāwhiti Local Leadership	-	-	-	-	1
6,615	Planning, Correspondence and Monitoring	7,731	-	7,731	8,078	1
15,243	Policy Advice	18,024	31	18,055	19,201	1
627	Processing of Veterans' Pensions	559	1	560	684	1
6,145	Promoting Positive Outcomes for Disabled People	6,678	5	6,683	7,598	1

Expenditure including Remeasurements 2020 \$000		Expenditure including Remeasurements 2021 \$000	Remeasurements 2021 \$000	Expenditure excluding Remeasurements 2021 \$000	Appropriation voted 2021 \$000	Location of end-of-year performance information \$000
1,147	Promoting Positive Outcomes for Seniors	1,298	-	1,298	1,527	1
48,855	Services to Support People to Access Accommodation	64,616	105	64,721	69,180	1
338,184	Total departmental output expenses	368,374	553	368,927	397,504	
	Departmental capital expenditure					
89,831	Ministry of Social Development – Capital Expenditure Permanent Legislative Authority under section 24(1) of the Public Finance Act	91,343	-	91,343	250,393	1
89,831	Total departmental capital expenditure	91,343	-	91,343	250,393	
	Non-departmental output expenses					
3,157	Children's Commissioner	4,157	-	4,157	4,157	2
84,225	Community Participation Services	92,257	-	92,257	96,823	3
1,343	Implementation and Operation of the Mandatory Registration of Social Workers	-	-	-	-	
-	- Social Workers Registration Board	1,393	-	1,393	1,393	4
3,336	Student Placement Services	4,286	-	4,286	4,462	5
10,391	Supporting Equitable Pay for Care and Support Workers	11,134	-	11,134	11,332	5
102,452	Total non-departmental output expenses	113,227	-	113,227	118,167	

Expenditure including Remeasurements 2020 \$000	Expenditure including Remeasurements 2021 \$000	Remeasurements 2021 \$000	Expenditure excluding Remeasurements 2021 \$000	Appropriation voted 2021 \$000	Location of end-of-year performance information	
Non-departmental other expenses						
12,094,907	Business Support Subsidy Covid-19	1,196,859	-	1,196,859	2,167,000	5
-	COVID-19 Apprentice Support	156,221	-	156,221	185,545	
21,441	COVID-19 Leave Support Scheme	8,205	-	8,205	51,000	5
26,962	Debt Write-downs	(14,546)	(106,953)	(121,499)	193,581	5
-	Emergency Housing Support	1,394	-	1,394	3,000	5
14,860	Essential Workers Leave Support Scheme	-	-	-	-	
2,133	Extraordinary Care Fund	1,831	-	1,831	2,308	5
39,952	Financial Assistance to Support Worker Self-Isolation	-	-	-	-	
1,694	Housing Support Package	-	-	-	-	
20,996	Out of School Care and Recreation Programmes	21,707	-	21,707	21,939	3
3,875	Reimbursement of Income Related Rent Overpayments	2,281	-	2,281	3,309	5
-	Retrospective Residential Care Subsidy	-	-	-	5,000	5
12,226,820	Total non-departmental other expenses	1,373,592	(106,593)	1,266,999	2,632,682	
Non-departmental capital expenditure						
-	Children's Commissioner Capital Injection	250	-	250	250	2
316,401	Recoverable Assistance	349,098	-	349,098	386,056	5
1,505,907	Student Loans	1,554,193	-	1,554,193	1,608,279	5
1,822,308	Total non-departmental capital expenditure	1,903,541	-	1,903,541	1,994,585	

Expenditure including Remeasurements 2020 \$000	Expenditure including Remeasurements 2021 \$000	Remeasurements 2021 \$000	Expenditure excluding Remeasurements 2021 \$000	Appropriation voted 2021 \$000	Location of end-of-year performance information \$000
Multi-category appropriations					
163,105	Community Support Services MCA	294,777	32	294,809	309,799
Departmental output expenses					
31,435	<i>Developing and Managing Community Services</i>	36,324	32	36,356	39,390 1
Non-departmental output expenses					
26,296	<i>Community Support and Advice</i>	73,428	-	73,428	83,897 1
2,315	<i>Expansion of Kāinga Whānau Ora pilot</i>	2,302	-	2,302	2,292 5
1,648	<i>Improving Children's Participation in Education</i>	1,299	-	1,299	1,550 5
2,817	<i>Participation and Support Services for Seniors</i>	5,668	-	5,668	5,684 1
-	<i>Place-Based Approaches</i>	7,358	-	7,358	7,453
88,672	<i>Supporting Victims and Perpetrators of Family and Sexual Violence</i>	133,533	-	133,533	137,133 1
Non-departmental other expense					
9,922	<i>Community Response to Adverse or Emergency Events</i>	34,865	-	34,865	32,400 1
2,919	Housing Support Assistances MCA	20,359	-	20,359	64,427
Non-departmental output expenses					
-	<i>Provision to better prepare people for private rental programme</i>	205	-	205	200 5
Non-departmental other expenses					
1,822	<i>Non-recoverable Housing Support Products</i>	9,258	-	9,258	6,200 1
Non-departmental capital expenditure					
1,097	<i>Recoverable Housing Support Products</i>	10,896	-	10,896	58,027 5

Expenditure including Remeasurements 2020 \$000		Expenditure including Remeasurements 2021 \$000	Remeasurements 2021 \$000	Expenditure excluding Remeasurements 2021 \$000	Appropriation voted 2021 \$000	Location of end-of-year performance information \$000
751,013	Improved Employment and Social Outcomes Support MCA	986,327	1,179	987,506	1,159,803	
	Departmental output expenses					
353,317	<i>Administering Income Support</i>	421,149	798	421,947	441,835	1
305,411	<i>Improving Employment Outcomes</i>	450,250	353	450,603	564,150	1
92,285	<i>Improving Work Readiness Outcomes</i>	106,468	28	106,496	127,480	1
	Non-Departmental Other Expenses					
-	<i>Flexi-Wage Employment Assistance</i>	8,460	-	8,460	26,338	1
11,783	Partnering for Youth Development MCA	14,705	8	14,713	24,489	
	Departmental output expenses					
3,061	<i>Administering Youth Development</i>	3,931	8	3,939	5,460	1
	Non-departmental output expenses					
8,722	<i>Delivering Youth Development</i>	10,774	-	10,774	19,029	1
928,820	Total multi-category appropriations	1,316,168	1,219	1,317,387	1,558,518	
	Benefits or related expenses					
1,923,001	Accommodation Assistance	2,301,954	-	2,301,954	2,397,198	5
143,818	Childcare Assistance	145,182	-	145,182	169,161	5
14,729	COVID-19 Income Relief Assistance	181,665	-	181,665	184,484	5
394,820	Disability Assistance	409,035	-	409,035	412,164	5
-	- Family Start/NGO Awards	1	-	1	100	5
418,437	Hardship Assistance	478,696	-	478,696	534,792	5
2,285,728	Jobseeker Support and Emergency Benefit	3,223,603	-	3,223,603	3,330,628	5
15,521,475	New Zealand Superannuation	16,568,652	-	16,568,652	16,580,042	5
2,402	NZ Beneficiaries Stranded Overseas	32,791	-	32,791	41,874	5
248,311	Orphan's/Unsupported Child's Benefit	293,203	-	293,203	298,121	5
1,230,931	Sole Parent Support	1,455,220	-	1,455,220	1,487,972	5

Expenditure including Remeasurements 2020 \$000		Expenditure including Remeasurements 2021 \$000	Remeasurements 2021 \$000	Expenditure excluding Remeasurements 2021 \$000	Appropriation voted 2021 \$000	Location of end-of-year performance information \$000
10,773	Special Circumstance Assistance	11,268	-	11,268	12,444	5
567,002	Student Allowances	589,502	-	589,502	634,624	5
15,495	Study Scholarships and Awards	17,482	-	17,482	25,667	5
1,650,543	Supported Living Payment	1,825,735	-	1,825,735	1,846,767	5
10	Transitional Assistance	54	-	54	324	5
144,773	Veterans' Pension	138,770	-	138,770	141,007	5
668,555	Winter Energy Payment	811,630	-	811,630	836,231	5
1,781	Work Assistance	2,362	-	2,362	2,882	5
52,385	Youth Payment and Young Parent Payment	58,494	-	58,494	60,429	5
25,294,969	Total benefits or related expenses	28,545,299	-	28,545,299	28,996,911	
40,803,384	Total annual and permanent appropriations	33,711,904	(105,181)	33,606,723	35,948,760	
	Multi-year appropriations					
	Departmental output expenses					
17,804	Historic Claims MYA	-	-	-	-	
-	Historic Claims Resolution MYA	19,129	-	19,129	27,632	1
17,804	Total multi-year appropriations	19,129	-	19,129	27,632	
40,821,188	Total Vote Social Development	33,731,033	(105,181)	33,625,852	35,976,392	

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

The approved appropriation includes adjustments made in the Supplementary Estimates.
No transfers were made under section 26A of the Public Finance Act.

Statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority

For the year ended 30 June 2021

Nil.

Expenses and capital expenditure approved under section 26B of the Public Finance Act

Nil.

Expenses and capital expenditure incurred in excess of appropriation

Nil.

Expenses and capital expenditure incurred without appropriation or outside scope or period of appropriation

Nil.

Statement of Departmental Capital Injections

For the year ended 30 June 2021

Actual Capital Injection 2020 \$000		Actual Capital Injection 2021 \$000	Approved Appropriation 2021 \$000
11,181	Ministry of Social Development – capital injection – cash	83,910	142,087
11,181	Balance at 30 June	83,910	142,087

Statement of Departmental Capital Injections without, or in excess of, authority

For the year ended 30 June 2021

The Ministry has not received any capital injections during the year without, or in excess of, authority.

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Ministry of Social Development

Te Manatū Whakahiato Ora

Pūrongo ā-tau

Annual Report

2020/21



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Tāpiri | Appendices

I tukuna ki te Whare Paremata i raro i te wāhanga 44(1) o te Public Finance Act 1989

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







Tāpiri Appendices



Appendix 1: Our service catalogue

The following catalogue provides a comprehensive list of services that can be accessed through MSD, categorised by type of service, with a brief description of each.

Income support services

Main benefits

Jobseeker Support	A weekly payment that helps people until they find work
Sole Parent Support	A weekly payment that helps single parents find part-time work or get ready for future work
Supported Living Payment	A weekly payment for people who have, or are caring for someone with, a health condition, injury or disability
New Zealand Superannuation	A fortnightly payment for people aged 65 and over
Veteran's Pension	A fortnightly payment for veterans who have qualifying operational service in the New Zealand Armed Forces
Accommodation Supplement	A weekly payment to help people with their rent, board or the cost of owning a home
Young Parent Payment	A weekly payment to help young parents aged 16 to 19 years
Youth Payment	A weekly payment to help young people aged 16 or 17 who cannot live with their parents or guardian and aren't supported by them or anyone else
Emergency Benefit	A payment for people in hardship who cannot support themselves and do not qualify for another main benefit
Orphan's Benefit	A weekly payment that helps carers supporting a child or young person whose parents have died, cannot be found, or cannot look after them because they have a long-term health condition or incapacity
Unsupported Child's Benefit	A weekly payment that helps carers supporting a child or young person whose parents cannot care for them because of a family breakdown
Emergency Maintenance Allowance	Assistance that may be paid to sole parents who do not qualify for any other payment

Housing assistance

Income Related Rent (IRR)	A subsidised rent scheme for public housing tenants with low incomes, calculated on the basis of a client's assessable income and their household type
Income-related Rent Subsidy	Payment made to Kāinga Ora and registered community housing providers to meet the difference between the value of a tenant's IRR and the market rent for the property

Advance payment of benefit for essential repairs and maintenance costs	People on a benefit may be able to get help (which may be recoverable) for essential repairs and maintenance to their homes
Housing Support Products	
Rent Arrears Assistance	A non-taxable, recoverable payment for clients with overdue rent who are at risk of losing their tenancy due to those arrears
Bond Grant	A non-recoverable payment towards the cost of rental bonds for clients who are considered able to afford and sustain alternative housing
Tenancy costs cover	Payment available to people who would be able to get and stay in private rental housing long-term with additional help - if there are costs owing at the end of a tenancy that amount to more than the bond, these will be paid to the landlord
Transition to alternative housing grant	A one-off payment to support public housing tenants who voluntarily move into private housing
Rent in Advance Assistance	Recoverable assistance to help with bond and advance rent payments when entering a tenancy agreement
Moving Assistance	Recoverable payment to help with the cost of moving household furniture, appliances, and personal effects
Emergency Housing Special Needs Grant	Assistance (paid to the landlord) to get people into emergency housing where there is urgent need
Creating Positive Pathways	A trial in partnership with the Department of Corrections and the Ministry of Housing and Urban Development to provide public housing and a support service for people on their release from prison, with a view to reducing recidivism
Housing Brokers	A service to connect MSD clients with local landlords, property developers and investors to build their confidence and to support the match of suitable clients with appropriate housing opportunities
Housing Navigators	Contracted from community organisations, Navigators work with people living in emergency housing to connect them with the support they need (including from health professionals, social service providers and other agencies) to access and sustain housing
COVID-19 assistance	
COVID-19 Wage Subsidy	A lump sum payment to cover a 12-week period paid to employers or self-employed people whose income had been affected by COVID-19. Paid from 27 March to 9 June 2020
COVID-19 Wage Subsidy extension	A lump sum payment to cover eight weeks from the date of application, as an extension of previous wage subsidies in response to COVID-19. Paid from 10 June to 1 September 2020
COVID-19 Resurgence Wage Subsidy	A lump sum payment to cover two weeks from the date of application, as a resurgence of COVID occurred in Auckland. Paid from 21 August to 3 September 2020

COVID-19-19 Wage Subsidy March 21	A lump sum payment to cover two weeks from the date of application, as a resurgence of COVID occurred in Auckland. Paid from 8 to 21 March 2021
COVID-19 Income Relief Payment	A weekly payment paid up to a period of 12 weeks to support those who have lost employment due to COVID-19. Paid from 8 June 2020 to 11 February 2021
COVID-19 Leave Support Scheme	A lump sum payment to cover a four-week period for people who were required to self-isolate and unable to work from home and gain any income. Paid from 28 April 2020, ongoing
Short-Term-Absence Payment	A lump sum payment of \$350 to cover the period a worker is waiting for a COVID-19 test result

Supplementary assistance

Community Services Card	A service card that allows families to pay less on some health services and prescriptions
Christchurch Mosques Attack Payment	A payment to people and families who were affected by the mosque attacks of 15 March 2019 and cannot earn enough income to pay for the things they need
Temporary Additional Support	A weekly payment that helps people who do not have enough money to cover their essential living costs
Winter Energy Payment	An extra payment to help with the cost of heating a home over the winter months (May to September)
Disability Allowance	A weekly payment for people who have regular, ongoing costs because of a disability, such as visits to the doctor or hospital, medicines, extra clothing or travel
Special Disability Allowance	A weekly payment for people who have a spouse or partner who is in residential care, or has been in a public hospital for over 13 weeks
Residential Care Loan	A payment to help people who are going into residential care and want to keep their home for a while, who may not be able to pay for the cost of care
Residential Care Subsidy	Payment for long-term residential care in a hospital or rest home
Residential Support Subsidy	A payment that helps with the cost of residential support for a person with a physical, sensory, intellectual or psychiatric disability (including drug and alcohol rehabilitation) or disabling chronic health condition who needs residential care as a result
Social Rehabilitation Assistance	A payment that helps people who are in a residential social rehabilitation programme and whose benefit is insufficient to meet the fees
International Custody Dispute Payment	A payment to a parent who is involved in an international custody or access dispute over the care of their child or children and has limited financial support
Community Costs	A weekly payment that helps people in a short-term residential treatment programme meet their essential ongoing costs in the community

Tax credits	
Working for Families	Help from MSD and Inland Revenue (IR) to make it easier to work and raise a family
Hardship assistance	
Advance Payment of Benefit	A one-off payment to help you pay an essential or emergency cost if you cannot pay it another way
Recoverable Assistance Payment	A one-off payment to help you pay an essential or emergency cost if you cannot pay it another way
Special Needs Grant	A one-off payment to help you pay an essential or emergency cost if you cannot pay it another way
Driver's license	Help with the costs of getting a driver's license
Steps to Freedom Grant	A payment to help released prisoners get set up in the community
Re-establishment Grant (Special Needs Grant)	A payment to help people in specific circumstances re-establish themselves in the community
Seasonal Work Assistance	Assistance for seasonal workers who are no longer getting a benefit and have lost wages because of work missed due to bad weather
Special Needs (Travel Costs for Visits to Designated Health Practitioners)	A payment to ensure that people who are referred to a designated health practitioner for assessment are not out of pocket for their actual and reasonable travel expenses
Home Help	A payment to help a parent or carer with the cost of home help to complete household tasks or training in parenting skills
One-off assistance	
Civil Defence payment	A payment to people or families who are affected by an emergency event
Funeral Grant	To help with some of the funeral costs of someone who has died
Rural Assistance Payments	Financial assistance for farming families following an adverse event or natural disaster
Civilian Amputee Assistance	To help amputees, or those born without a limb(s), with some of their costs when they need to go to an Artificial Limb Centre
Hearing Aid Subsidy	Subsidy available once every six years to cover hearing aids

Support for children and youth

Childcare Subsidy	A payment that helps families with the cost of pre-school childcare
Child Disability Allowance	A fortnightly payment to the main carer of a child or young person with a serious disability, in recognition of the extra care and attention needed for that child
Extraordinary Care Fund	A payment to people who are caring for a child, and getting an Orphan's Benefit or Unsupported Child's Benefit for the child
School and Year Start-up Payment	A grant to a person who is caring for someone else's child and needs help with pre-school or school-related costs at the beginning of the year
Away from Home Allowance	A weekly payment that helps carers with living costs for 16- or 17-year-olds who are living away from home while on a tertiary or training course
Clothing Allowance for Orphan's Benefit and Unsupported Child's Benefit	A weekly payment to people getting Orphan's Benefit or Unsupported Child's Benefit for children in their care, to help pay for their clothing.
Early Learning Payment	To help with the costs of early childhood education for children aged 18 months to three years who are from families enrolled in selected Family Start or Early Start Programmes.
Establishment Grant	A one-off payment to carers of someone else's child to help with the costs when the child first comes into their care, eg a bed, bedding and clothing
Guaranteed Childcare Assistance Payment	A payment to assist with the cost of childcare for people who are under 20 years of age and in full-time education, training or work-based learning
Out of School Care and Recreation (OSCAR) Subsidy	A payment that helps families with the costs of before- and after-school care and school holiday programmes

Seniors services

New Zealand Superannuation	A fortnightly payment for people aged 65 and over
Veteran's Pension	A fortnightly payment for veterans who have qualifying operational service in the New Zealand Armed Forces

Student support

Jobseeker Support Student Hardship	A weekly payment to help with living expenses during a study break of more than three weeks
Student Allowances	A weekly payment that can help with living expenses while studying.
Student Loans	A loan to help pay for course fees (the compulsory fees charged by an education provider), study materials (eg, books, computer, travel) and living costs
Study scholarships and awards	StudyLink pays scholarships that are awarded through secondary and tertiary institutions

Sole Parent Support - help with study costs	Non-taxable interest-free loan assistance to help with study costs for courses at Level 4 or above on the NZQA Framework.
Student Placement Services	Funding to support tertiary students into employment
Employment services	
Digital connection for all New Zealanders	
Connected	A website, phonenumber and face-to-face service to connect people to employment, education and training opportunities and supports
Work the Seasons	A digital service that connects seasonal employers with potential employees
Skills for Industry Virtual Reality	An initiative that assesses the soft skills of potential jobseekers by getting them to complete occupational scenarios on a virtual reality headset. Available in Northland, Auckland, Palmerston North, Wellington and Canterbury by invitation
Click to Enrol	A service that allows clients to self-refer to provider services that deliver employment-related training and upskilling opportunities. People can access the service if they are on or have applied for a main benefit
Rapid Return to Work (RRtW)	A phone-based employment service for up to six weeks that supports people who have recently lost employment and are on or have applied for a main benefit to become work-ready. Key activities for the service include work readiness, assessment of transferable skills, job interview preparation, and CV and cover letter support
Work and Income Online Recruitment tool (WIORT)	A website that allows employers to list their job vacancies and connect directly with applicants
Training for reskilling, upskilling and career advancement	
Skills for Industry	Short-term job-focused training for people on income support who require upskilling for specific requirements identified by industry
Construction Accord	3,500 training and employment places nationally for entry-level opportunities in the construction sector
Training for Work	Training to help people at risk of long-term benefit receipt to acquire industry-focused skills that are needed to enter employment.
Work Confidence	Short-term courses designed to provide the skills, motivation and confidence needed to help participants move into employment or undertake further training or education
Activity in the Community	Projects that offer participants on non-work-obligated benefits the opportunity to gain unpaid work experience in a community organisation
Business Training and Advice Grant	Help for a person starting their own business with developing a business plan, training in business skills, advice and project reports

Youth Service	A Service that helps young people find the best option for education, training or work-based learning
Youth Service NEET	A voluntary targeted service for young people who are not engaged in employment, education or training (NEET), or young people who are at risk of becoming NEET
Tailored employment and career support (work-focused case management and programmes)	
Employment case management	Regular meetings with a case manager to assist clients to prepare for and get into employment
Employment Placement or Assistance Initiative	Employment placement and support services for selected participants
Supporting Offenders into Employment	A cross-agency initiative with the Department of Corrections to improve employment and social outcomes for recently released prisoners, aimed at reducing the risk of reoffending by providing wrap-around supports and services through an intensive case management and a multi-disciplinary service
Job placement (wage subsidies, products and programmes)	
Flexi-wage Project in the Community	The programme allows participants to experience project-based work where they can develop work habits and general on-the-job skills
Flexi-wage for self-employment	A subsidy to help with costs while a person starts up their own business. Can include a self-employment start up payment to assist clients with essential business start-up costs
New Employment Transition Grant	A payment that helps people who are no longer on a benefit and who cannot work because of sickness or a breakdown in childcare arrangements
Mainstream Internship Programme	A wage subsidy to help tertiary students with significant disabilities get paid work experience and gain work skills
New Zealand Seasonal Work Scheme	A scheme that helps people in receipt of a benefit to take up fixed-term employment opportunities in regions that have horticulture or viticulture seasonal work available (eg apple harvest or grape pruning)
Enhanced Taskforce Green	A subsidised work experience programme to assist with clean-up after natural disasters
Mainstream Employment Programme	A package of subsidies, training and support to help disabled people, including people with health and mental health conditions, gain paid work experience
Productivity Allowance	A wage subsidy available to an employer while the employee gains skills and establishes the type of support that would be available to anyone starting a new job
Creative Careers Service Pilot	An initiative that provides support, ranging from light-touch support to intensive, one-on-one support, to assist creative jobseekers into sustainable employment in the creative sector. The pilot service supports MSD clients or people who have lost income due to COVID-19 across three regions: Auckland, Waikato, and Nelson

Jobs and Skills Hubs	Three Hubs in Auckland that provide free employment-related support through recruitment and training so people can access long-term work in Auckland's construction and infrastructure sectors. Operated by MSD from 1 July 2021
He Poutama Rangatahi	An initiative that connects youth who are most at risk of long-term unemployment with ongoing support, training and employment. Operated by MSD from 1 July 2021
Education and employment-related training	
Course participation assistance	A payment to assist with costs for a client participating in a short-term (not more than 12 weeks duration) employment-related training course
Training Incentive Allowance	A non-taxable payment to support eligible parents, disabled people and carers with study costs when studying at Levels 1 to 3 on the New Zealand Qualifications Framework (NZQF) in an education or training course. From 1 July 2021, the allowance supports study up to Level 7 on the NZQF
Māori Trades and Training Fund	Supports Māori-led employment and training programmes through partnerships between Māori and the Crown. Includes an emphasis on paid training with support services, such as pastoral care, to overcome barriers to participating in training or apprenticeships. Operated by MSD from 1 July 2021
Training Support Fund	A fund to increase disabled people's participation in open employment-related tertiary education by meeting the additional costs incurred as a direct consequence of disability
Financial work incentives (including cash payments, work bonus, exemptions to debt payments)	
5K to Work	A payment to a person who is on or eligible to receive a main benefit (or is the partner of a person who is on or eligible to receive a main benefit) and needs to move to take up a full-time job
Work Bonus	A payment to a person who is on a benefit and chooses to work even though they do not have work obligations
Employment Transition Grant	A weekly payment that helps some people who have completed a Supported Living Payment Employment Trial
Flexible Childcare Assistance	Assistance with childcare costs for sole parents who work during times when childcare programmes are closed, eg weekends or nights
Transition to Work Grant	A non-taxable non-recoverable payment that can be made to people on or eligible for a main benefit to help meet the additional costs of entering into employment

In-Work Support Service	An inbound and outbound calling service open to anyone who exits a benefit into employment, providing information, advice and referrals to appropriate agencies to help clients stay in employment
In-Work Payment	An incentive payment to motivate clients who have exited a benefit into employment to stay in employment, restricted to clients who frequently cycle on and off benefit and are at a high risk of falling out of employment
In-work services (including for disabled people)	
Vehicle modification funding	Enables people with serious disabilities to purchase or modify a vehicles in order to obtain full-time employment, look after dependent children, or attend study/training
Job Support Fund	A fund to increase disabled people's participation in open employment, by meeting the additional costs incurred as a direct consequence of disability
Modification Grant	A payment that helps people with disabilities pay for workplace changes or equipment that makes it easier for them to stay in or get work
Employment Services	A specialist employment support service that supports disabled people who are work ready to gain paid employment, and provides ongoing support while they are working
Targeted Health Interventions	Programmes for people on health- or disability-related benefits who want to work
Te Heke Mai	A coaching and goal-setting programme to support New Zealanders who are looking for work, are in training or are starting new jobs
Employment and wider wellbeing trials for disabled people and people with health conditions	
Oranga Mahi	A programme of cross-agency trials in partnership with several District Health Boards (DHBs) and Primary Health Organisations (PHOs) to support disabled people and people with health conditions to find and stay in employment and with their wider wellbeing needs
Here Toitū	A service delivered by a dedicated support team that comprises kaimanaaki (health navigators), health practitioners and a dedicated MSD case manager to support people with a health condition or disability to manage their health and wellbeing while taking steps towards sustainable employment
Individual Placement Support (IPS)	An evidence-based practice that integrates employment and mental health services to support people with severe mental health conditions to find and stay in work. Available in Northland, Waitematā, Auckland, Taupō, Taranaki, Whanganui, Wellington and Nelson-Marlborough
Rākau Rangatia	A trial delivering an integrated social and health intervention to people with mild to moderate mental health and substance abuse, in partnership with the with Northland DHB, Manaia Health PHO and Te Hau Āwhiowhio ō Otangarei Trust
REACH	A 12-week programme to support clients to set and achieve their goals using cognitive behaviour techniques with the help of a Key Worker and Living Well Coach, in partnership with the Waikato DHB
Take Charge	A trial to support young people living with common mental health needs or substance addiction to improve their health and wellbeing and find sustainable employment, in partnership with Odyssey House in Canterbury

Puāwaitanga	A phone- and web-based support service provided by Homecare Medical to improve clients' emotional wellbeing and reduce the likelihood of their health conditions developing or becoming worse
Transition from School	Provides young disabled school students with high or very high needs with support to explore employment, training, and community-based options that are available to them when they leave school
Very High Needs Scheme	Community-based individualised activities or employment programmes for disabled people with very high needs when they leave school
Community Participation Services	Community based programmes that provide employment-related activities, community participation opportunities or further education opportunities for disabled people
Employment Service in Schools	A service that helps secondary school students who have a health or mental health condition, are disabled, or are neurodiverse, plan for their future along with their whānau and school by exploring job and career opportunities. The pilot, run in conjunction with the Ministry of Education began on 1 February 2021 and runs to 30 June 2022
Outward Bound	A programme for people of various ages and abilities who are receiving income support, involving a number of outdoor activities

Youth development (including youth services)

Mana in Mahi – Strength in Work	A programme to enable 18- to 24-year-olds to get paid while training
Whitiki Tauā	A virtual mentoring service that provides additional support for Mana in Mahi participants. The service aims to help participants achieve long-term sustainable work outcomes
CadetMax	Job-specific training to place young people in South Auckland into an identified job

Support for individuals, whānau and communities

Building Financial Capability Services	Services to empower people to get control of their money, set goals and achieve long-term financial capability and resilience
Campaign for Action on Family Violence	Grant funding to community projects or initiatives focused on preventing family violence through changing attitudes and social norms
Domestic Violence and Witness Protection (Relocation) Programme	Financial assistance to enable people under threat of serious violence to relocate and reside overseas
Family and sexual violence services	Community-based social services that support victims and perpetrators of family violence and sexual violence, including women's refuges, services for male survivors of sexual abuse and non-mandated perpetrators of family violence and sexual violence, and the 24/7 sexual harm helpline Safe to talk – Kōrero mai, ka ora (0800 044334)

Family Services Directory	Online directory providing access to over 6,000 family and community services
E Tū Whānau	Grant funding to support community action that improves wellbeing and reduces or prevents family violence through the application of E Tū Whānau values
Pasefika Proud	A family violence prevention campaign that works with eight key Pacific nationalities in New Zealand, providing grant funding to support community action grounded in Pacific values
Refugee and Migrant Support	Wrap-around services for former refugees and migrants, aimed at supporting community integration and reducing social harms
Social record development	The social record, similar to an academic record, will help young people demonstrate a wide range of skills and experiences that can reflect their community connectedness and support future learning or employment choices, alongside their educational achievements
SuperGold Card	A discounts and concessions card for seniors and veterans, in recognition of their contribution to New Zealand society
Elder Abuse Response	Community-based services responding to elder abuse, including a free help line (0800 EA NOT OK – 0800 3266865) for older people who have concerns about the way they are being treated
Limited Service Volunteer	An voluntary six-week residential training course in partnership with the New Zealand Defence Force that provides life skills to, and builds work confidence for, unemployed young people aged between 18 and 25 years

Appendix 2: Regional locations and benefit data

In this Appendix, an asterisk ("*") indicates a Heartland Services site hosted by MSD.

Northland						
Regional Commissioner	Eru Lyndon					
Regional Office	2nd Floor, 49-53 James Street, Whangarei 0110 (PO Box 947, Whangārei)					
Site offices located in	Takuira/Dargaville, Kaikohe, Kaitaia, Kamo, Kawakawa, Kerikeri, Whangārei					
Other locations	Fraud and Investigations Unit, Specialised Processing Services (both in Whangārei)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	7,497	45.1%	9,364	46.8%	9,171	46.1%
Female	9,141	54.9%	10,625	53.1%	10,698	53.8%
Gender diverse	-	-	-	-	12	<0.1%
NZ European	4,656	28.0%	5,586	27.9%	5,631	28.3%
Māori	10,269	61.7%	12,215	61.1%	12,117	60.9%
Pacific	266	1.6%	331	1.7%	327	1.6%
Other	1,033	6.2%	1,245	6.2%	1,260	6.3%
Unspecified	414	2.5%	615	3.1%	546	2.7%
Age 24 years and under	2,356	14.2%	3,281	16.4%	3,090	15.5%
One year or less	4,445	26.7%	6,436	32.2%	4,896	24.6%
More than one year	12,193	73.3%	13,556	67.8%	14,985	75.3%
TOTAL	16,638		19,992	+20.1% on June 2019	19,881	-0.5% on June 2020 +19.5% on June 2019

Auckland						
Regional Commissioner	Mark Goldsmith (Auckland Central/East), Lynda Smardon (Auckland South), Tracey Smith (Auckland North)					
Regional Office	Private Bag 68911, Newton, Auckland 1141					
Site offices located in	Ōkahukura/Albany, Te Whau/Avondale, Clendon, Glenfield, Glenmall, Grey Lynn, Te Awaroa/Helensville, Highland Park, Hunters Corner, Māngere, Manukau, Manurewa, Mt Albert ¹ , Maungawhau/Mt Eden, New Lynn, Onehunga, Ōrewa, Ōtāhuhu, Ōtara, Papakura, Papatoetoe, Pukekohe, Queen Street, Takapuna, Tāmaki, Te Tātua-a-Riukiuta/Three Kings, Waiheke Island, Waitākere, Waitākere Outreach (Henderson), Waiuku, Mahurangi/Warkworth, Westgate					
Other locations	Historic Claims Unit (Takapuna), Crown Accounting Services (Waitakere), Regional Training Units (Māngere, Onehunga, Waitakere), Contact Centres (Ellerslie, Waitakerre), Fraud and Investigations Unit (Avondale), Legal Services Unit (Auckland Central), IT Resilience Unit (Auckland Central), Centralised Housing Unit (Ellerslie)					
Working-age benefits being paid	30 June 2019	30 June 2020	30 June 2021			
Male	35,955	42.0%	47,454	44.2%	48,003	43.9%
Female	49,690	58.0%	59,750	55.7%	61,014	55.8%
Gender diverse	-	-	-	-	225	0.2%
NZ European	21,582	25.2%	26,304	24.5%	26,028	23.8%
Māori	26,352	30.8%	31,883	29.7%	32,889	30.1%
Pacific	16,917	19.8%	21,413	20.0%	22,737	20.8%
Other	17,614	20.6%	22,250	20.7%	22,464	20.6%
Unspecified	3,180	3.7%	5,437	5.1%	5,154	4.7%
Age 24 years and under	12,378	14.5%	18,688	17.4%	17,205	15.7%
One year or less	24,482	28.6%	38,627	36.0%	29,262	26.8%
More than one year	61,163	71.4%	68,660	64.0%	80,007	73.2%
TOTAL	85,645		107,287	+25.3% on June 2019	109,272	+1.9% on June 2020 +27.6% on June 2019

¹ The Mt Albert site office is currently closed for seismic strengthening.

Waikato						
Regional Commissioner	Te Rehia Papesch					
Regional Office	9th Floor, Anglesea Tower, cnr Collingwood and Anglesea Streets, Hamilton 3204 (PO Box 19199, Hamilton)					
Site offices located in	Kemureti/Cambridge, Dinsdale, Five Cross Roads, Glenview, Kirikiriroa/Hamilton Central, Hamilton East, Rahui-Pōkeka/Huntly, Matamata, Morrinsville, Ngāruawāhia, Paeroa, Te Awamutu, Hauraki/Thames, Waihi					
Other locations	Centralised Services Unit, Fraud and Investigations Unit (both Hamilton)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	10,925	43.0%	13,803	45.3%	13,404	43.8%
Female	14,467	57.0%	16,657	54.6%	17,130	56.0%
Gender diverse	-	-	-	-	51	0.2%
NZ European	9,691	38.2%	11,402	37.4%	11,259	36.8%
Māori	11,348	44.7%	13,639	44.7%	13,848	51.8%
Pacific	541	2.1%	706	2.3%	741	2.4%
Other	3,018	11.9%	3,500	11.5%	3,537	11.6%
Unspecified	794	3.1%	1,233	4.0%	1,194	3.9%
Age 24 years and under	4,136	16.3%	5,757	18.9%	5,229	17.1%
One year or less	7,203	28.4%	10,263	33.7%	7,674	25.1%
More than one year	18,189	71.6%	20,217	66.3%	22,914	74.9%
TOTAL	25,392		30,480	+20.0% on June 2019	30,585	+0.3% on June 2020 +20.4% on June 2019

Bay of Plenty						
Regional Commissioner	Mike Bryant					
Regional Office	2nd Floor, 1207 Pukuatua Street, Rotorua 3010 (Private Bag 3016, Rotorua)					
Site offices located in	Greerton, Kawerau, Mt Maunganui, Murupara, Ōpōtiki, Rotorua, Taupō*, Tauranga, Te Puke, Tokoroa, Tūrangi, Whakatāne					
Other locations	Regional Training Unit (Tauranga), Heartlands Services (Kawerau, Ōpōtiki), Legal Services, Fraud and Investigations Unit, National Claims Processing Unity, National Accounting Centre (all Rotorua)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	10,715	41.8%	14,401	44.6%	14,124	43.1%
Female	14,947	58.2%	17,893	55.4%	18,642	56.8%
Gender diverse	-	-	-	-	27	<0.1%
NZ European	7,925	30.9%	9,750	30.2%	9,663	29.5%
Māori	14,554	56.7%	18,219	56.4%	18,756	57.2%
Pacific	622	2.4%	809	2.5%	816	2.5%
Other	1,820	7.1%	2,330	7.2%	2,373	7.2%
Unspecified	741	2.9%	1,200	3.7%	1,185	3.6%
Age 24 years and under	3,924	15.3%	5,903	18.3%	5,331	16.3%
One year or less	8,190	31.9%	11,920	36.9%	8,946	27.3%
More than one year	17,472	68.1%	20,388	63.1%	23,847	72.7%
TOTAL	25,662		32,308	+25.9% on June 2019	32,793	+1.5% on June 2020 +27.8% on June 2019

East Coast

Regional Commissioner	Karen Bartlett (Acting) (The former Commissioner, Annie Aranui, passed away on 19 March 2021)					
Regional Office	1st Floor, Vautier House, cnr Dalton and Vautier Streets, Napier 4110 (Private Bag 6015, Napier)					
Site offices located in	Paharakeke/Flaxmere, Tūranga-nui-a-Kiwa/Gisborne, Heretaunga/Hastings, Ahuriri/Napier, Ruatōria*, Taradale, Waipukurau, Wairoa					
Other locations	Fraud and Investigations Unit (Napier), Centralised Services Unit (Hastings)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	7,281	41.6%	9,051	43.3%	8,601	42.4%
Female	10,242	58.4%	11,827	56.6%	11,661	57.5%
Gender diverse	-	-	-	-	27	0.1%
NZ European	5,214	29.8%	6,074	29.1%	5,877	29.0%
Māori	10,364	59.1%	12,393	59.3%	11,997	59.1%
Pacific	409	2.3%	521	2.5%	528	2.6%
Other	1,082	6.2%	1,233	5.9%	1,218	6.0%
Unspecified	454	2.6%	670	3.2%	663	3.3%
Age 24 years and under	2,681	15.3%	3,702	17.7%	3,288	16.2%
One year or less	5,052	28.8%	7,108	34.0%	5,274	26.0%
More than one year	12,471	71.2%	13,783	66.0%	15,009	74.0%
TOTAL	17,523		20,891	+19.2% on June 2019	20,289	-2.9% on June 2020 +15.8% on June 2019

Taranaki, King Country and Whanganui						
Regional Commissioner	Gloria Campbell					
Regional Office	Dawson House, 37 Dawson Street, New Plymouth 4310 (Private Bag 2005, New Plymouth)					
Site offices located in	Hāwera, Tutaenui/Marton, Ngāmotu/New Plymouth, Ohakune, Whakaahurangi/Stratford, Taihape*, Taumarunui*, Te Kuiti, Waitara, Whanganui					
Other locations	Centralised Services Unit (Whanganui), Heartlands Services (Taihape)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	7,644	45.5%	9,108	46.8%	8,802	45.9%
Female	9,163	54.5%	10,335	53.1%	10,350	54.0%
Gender diverse	-	-	-	-	27	0.1%
NZ European	7,711	45.9%	8,795	45.2%	8,637	45.0%
Māori	7,234	43.0%	8,348	42.9%	8,322	43.4%
Pacific	221	1.3%	265	1.4%	243	1.3%
Other	1,115	6.6%	1,323	6.8%	1,299	6.8%
Unspecified	526	3.1%	721	3.7%	675	3.5%
Age 24 years and under	2,714	16.1%	3,312	17.0%	2,958	15.4%
One year or less	4,602	27.4%	6,019	30.9%	4,617	24.1%
More than one year	12,205	72.6%	13,433	69.1%	14,562	75.9%
TOTAL	16,807		19,452	+15.7% on June 2019	19,179	-1.4% on June 2020 +14.1% on June 2019

Central						
Regional Commissioner	Katie Brosnahan					
Regional Office	9th Floor, Anglesea Tower, cnr Collingwood and Anglesea Streets, Hamilton 3204 (PO Box 19199, Hamilton)					
Site offices located in	Taniwaka/Dannevirke, Aorangi/Feilding, Te Awahou/Foxton, Horowhenua/Levin, Kāpiti, Ōtaki, Te Papa-i-Oea/Palmerston North, Waipukurau, Whakaoriori/Masterton					
Other locations	StudyLink Centralised Services, Fraud and Investigations Unit (both Palmerston North), Heartlands Services (Pahiatua)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	8,687	45.2%	10,049	46.5%	9,534	45.2%
Female	10,550	54.8%	11,557	53.5%	11,505	54.6%
Gender diverse	-	-	-	-	36	0.2%
NZ European	9,724	50.5%	10,715	49.6%	10,437	49.5%
Māori	6,459	33.6%	7,259	33.6%	7,125	33.8%
Pacific	449	2.3%	490	2.3%	519	2.5%
Other	2,012	10.5%	2,248	10.4%	2,181	10.3%
Unspecified	593	3.1%	910	4.3%	813	3.9%
Age 24 years and under	3,097	16.1%	3,774	17.5%	3,303	15.7%
One year or less	5,071	26.4%	6,500	30.1%	4,878	23.1%
More than one year	14,166	73.6%	15,122	69.9%	16,200	76.9%
TOTAL	19,237		21,622	+12.4% on June 2019	21,075	-2.5% on June 2020 +9.6% on June 2019

Wellington						
Regional Commissioner	Gagau Annandale-Stone					
Regional Office	Level 8, 186-190 Willis Street, Wellington 6011 (PO Box 27504, Wellington)					
Site offices located in	Johnsonville, Te Awakairangi/Lower Hutt, Naenae, Newtown, Porirua, Te Awakairangi ki Uta/Upper Hutt, Wainuiomata, Te Whanganui-a-Tara/Wellington					
Other locations	Contact Centre, Fraud and Investigations Unit, Integrity Intervention Centre, Crown Accounting Services (all Lower Hutt), Centralised Services Unit, Specialised Processing Centre, Seniors Support Centre, national Office complex (all Wellington)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	10,656	47.5%	13,006	48.7%	12,684	48.1%
Female	11,798	52.5%	13,662	51.1%	13,575	51.5%
Gender diverse	-	-	-	-	114	0.4%
NZ European	8,195	36.5%	9,767	36.6%	9,579	36.3%
Māori	6,999	31.2%	8,036	30.1%	8,142	30.9%
Pacific	2,434	10.8%	2,816	10.5%	2,907	11.0%
Other	3,871	17.2%	4,585	17.2%	4,479	17.0%
Unspecified	955	4.3%	1,506	5.6%	1,272	4.8%
Age 24 years and under	3,730	16.6%	5,263	19.7%	4,851	18.4%
One year or less	5,958	26.5%	8,845	33.1%	6,594	25.0%
More than one year	16,496	73.5%	17,865	66.9%	19,782	75.0%
TOTAL	22,454		26,710	+19.0% on June 2019	26,373	-1.3% on June 2020 +17.5% on June 2019

Nelson, Marlborough and West Coast						
Regional Commissioner	Craig Churchill					
Regional Office	Level 1, 22 Bridge Street, Nelson (Private Bag 24, Nelson)					
Site offices located in	Waiharakeke/Blenheim, Māwhera/Greymouth, Motueka, Whakatū/Nelson, Richmond, Kawatiri/Westport					
Other locations	Regional Training Unit (Nelson), Heartlands Services (Tākaka, Richmond)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	4,663	46.2%	5,776	47.8%	5,451	46.3%
Female	5,424	53.8%	6,288	52.1%	6,303	53.5%
Gender diverse	-	-	-	-	21	0.2%
NZ European	6,518	64.6%	7,582	62.8%	7,437	63.2%
Māori	2,066	20.5%	2,482	20.6%	2,538	21.6%
Pacific	102	1.0%	148	1.2%	114	1.0%
Other	1,084	10.7%	1,319	10.9%	1,227	10.4%
Unspecified	317	3.1%	543	4.5%	462	3.9%
Age 24 years and under	1,274	12.6%	1,833	15.2%	1,404	11.9%
One year or less	2,805	27.8%	4,302	35.6%	3,030	25.7%
More than one year	7,282	72.2%	7,772	64.4%	8,748	74.3%
TOTAL	10,087		12,074	+19.7% on June 2019	11,775	-2.5% on June 2020 +16.7% on June 2019

Canterbury						
Regional Commissioner	Diane McDermott					
Regional Office	Level 4, 161 Cashel Street, Christchurch 8053 (PO Box 249, Christchurch)					
Site offices located in	Hakatere/Ashburton, Hornby*, Linwood, Kaiuau/New Brighton, Papanui, Rangiora, Riccarton, Shirley, Sydenham					
Other locations	Centralised Services Unit, Contact Centre, Collections Unit (all Christchurch)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	12,837	46.0%	16,806	48.1%	16,953	46.7%
Female	15,087	54.0%	18,135	51.9%	19,224	53.0%
Gender diverse	-	-	-	-	93	0.3%
NZ European	16,795	60.1%	20,507	58.6%	21,087	58.1%
Māori	5,654	20.2%	7,111	20.3%	7,512	20.7%
Pacific	878	3.1%	1,094	3.1%	1,170	3.2%
Other	3,585	12.8%	4,545	13.0%	4,788	13.2%
Unspecified	1,012	3.6%	1,712	4.9%	1,713	4.7%
Age 24 years and under	4,291	15.4%	6,298	18.0%	5,832	16.1%
One year or less	7,319	26.2%	11,713	33.5%	9,417	26.0%
More than one year	20,605	73.8%	23,256	66.5%	26,850	74.0%
TOTAL	27,924		34,969	+25.2% on June 2019	36,270	+3.7% on June 2020 +29.9% on June 2019

Southern						
Regional Commissioner	Jason Tibble					
Regional Office	Cnr Castle and St Andrew Streets, Dunedin 9016 (PO Box 297, Dunedin)					
Site offices located in	Manuherikia/Alexandra, Iwikatea/Balclutha, Ōtepoti/Dunedin Central, Dunedin South, Maruawai/Gore, Waihōpai/Invercargill, Te Konika o te Matamata/Mosgiel, Te Oha-a-Maru/Oamaru, Tāhuna/Queenstown, Te Tihi-o-Marū/Timaru					
Other locations	Contact Centre (Dunedin)					
Working-age benefits being paid	30 June 2019		30 June 2020		30 June 2021	
Male	9,131	48.2%	10,778	48.6%	10,494	47.5%
Female	9,822	51.8%	11,366	51.3%	11,553	52.3%
Gender diverse	-	-	-	-	60	0.3%
NZ European	12,450	65.7%	14,205	64.1%	14,169	64.1%
Māori	3,453	18.2%	4,076	18.4%	4,215	19.1%
Pacific	388	2.0%	439	2.0%	474	2.1%
Other	2,030	10.7%	2,457	11.1%	2,361	10.7%
Unspecified	632	3.3%	987	4.5%	888	4.0%
Age 24 years and under	2,839	15.0%	3,862	17.4%	3,489	15.8%
One year or less	5,366	28.3%	7,784	35.1%	6,273	28.4%
More than one year	13,587	71.7%	14,380	64.9%	15,834	71.6%
TOTAL	18,953		22,164	+16.9% on June 2019	22,107	-0.3% on June 2020 +16.6% on June 2019

Appendix 3: Information-sharing agreements

Approved information-sharing agreement between the Ministry of Social Development, the Ministry of Education and Oranga Tamariki – Information sharing to support services for disengaged youth

MSD is the lead agency for the approved information-sharing agreement (AISA) with the Ministry of Education (MoE) and Oranga Tamariki for providing services to help disengaged youth move into education, employment or training, and must report annually on the following information specified by the Privacy Commissioner.

The NEET (Not in Education, Employment or Training) Service was established in 2012 within the Youth Service. Referrals to youth providers are generated by a statistical predictive modelling tool that identifies school leavers who may be at risk of long-term unemployment. The model takes into account the age of a young person, whether their parents are on a benefit, any history of involvement with Oranga Tamariki, and their school history. Only young people with a risk rating of High or Very High are referred to the Service, so that they can receive intensive support.

Participation in the NEET Service is voluntary; the young person is contacted by a youth service provider, but they can choose not to enrol, and they can stop participating at any time without any effect on their other entitlements. NEET clients can remain in the Youth Service for up to three years from the age of 15.

More information about the Service and how the model works can be found at <https://www.youthservice.govt.nz/education-and-work/your-education/>.

Young people can also refer themselves to the NEET Service for support, through a community provider. The AISA does not directly apply to these 'walk-ins', but their needs are calculated using a simplified version of the predictive model.

This is the fourth report on this AISA. It covers the period 1 July 2020 to 30 June 2021.

Scale

2019/20	2020/21
39,106 Total MoE records received by MSD	40,898
37,080 MoE and MSD records combined to make a single profile	40,017
14,639 'Most at risk' individuals identified and referred to external provider	6,157 ¹
Benefits²	
2019/20 ³	2020/21
6,687 Active enrolment count of NEET clients at the beginning of the period	1,494
1,038 <i>Of these, enrolments from referrals using information from MoE</i>	438
2,950 Count of NEET clients enrolled during period	2,920
903 <i>Of these, enrolments from referrals using information from MoE</i>	864
1,494 Active enrolment count of NEET clients at the end of the period	2,272
438 <i>Of these, enrolments from referrals using information from MoE</i>	592
8,191 Individuals re-engaged in education, training or work-based learning ⁴	2,896
1,308 <i>Of these, outcomes from referrals using information from MoE</i>	674

We make sure our model is accurate and its data is protected

We measure model accuracy each time the model is refreshed.

The Youth Service Model was last updated in August 2020. This model was assessed using lift at the top 10 percent threshold, which indicates how much better the model does compared to random decision-making. The model had a lift of 3.22, meaning it correctly ranked the young people in the top 10 percent 3.22 times more often than a random selection.

The model is monitored fortnightly by a team of analysts and is expected to be refreshed again in 2022.

We securely store the model and data outputs within the MSD data warehouse. No security problems have been identified during the reporting year.

1 Referrals now only include individuals with a 'High' or 'Very High' risk score.

2 The results reported as triggered by information from MoE include some enrolments:

- where the trigger was a benefit being declined or cancelled - we are currently unable to separately identify these enrolments
- for clients who transferred between regions and for whom the original trigger may not have been the information from MoE - we are currently unable to determine the original trigger for these enrolments.

3 The information for 2019/20 has been restated to correct data interpretation errors.

4 The number of individuals includes current clients and those who exited the service during the year.

Effectiveness of information-sharing under the agreement

The information sharing itself has not changed this year.

The accuracy of contact information provided under the AISA remains an issue, as providers of the service may be unable to contact young people who have been referred to them. However, since providers generally source their own clients rather than relying on referrals, the overall effect on the Service is not high. Information sharing provides a useful level of assurance that young people who have a significant need for support (and who might not otherwise be identified by providers) will be offered assistance.

Number of complaints

No complaints were received in 2020/21 about any alleged interference with privacy under the agreement (2019/20: no complaints).

Amendments to the AISA

There have been no amendments to the AISA since the last report.

Approved information-sharing agreement between the Ministry of Social Development and the New Zealand Customs Service

MSD is the lead agency for the approved information-sharing agreement (AISA) with the NZ Customs Service (Customs that permits and regulates the sharing of arrivals and departures information to MSD. The information shared under this agreement is used to verify the entitlement or eligibility of any beneficiary travelling overseas to receive a benefit, to avoid overpayments, and to enable recovery of debt. Prior to the AISA coming into force in May 2019, MSD had to provide ten working days' notice to clients before suspending supplementary payments. This meant that many clients incurred a debt that they then had to repay.

The AISA now allows MSD to suspend most payments without prior notice when information shared by Customs shows that a client has been overseas for longer than permitted by the eligibility rules that apply to that payment. The exceptions are payments for New Zealand Superannuation, Veteran's Pension, Student Allowance, and non-beneficiary supplementary assistance where debt is created: for these payments, clients must still receive ten working days' notice.

The report distinguishes between the impact of the match on current clients (who may lose eligibility to some or all of their payments as a result of overseas travel), and that on former clients who owe a debt to MSD and who are identified in Customs data as having returned to New Zealand.

As lead agency, MSD is required to report on the operation of the AISA in its Annual Report. The Privacy Commissioner determines the matters that have to be reported.

This is the second report on this AISA. It covers the period 1 July 2020 to 30 June 2021.

Scale

2019/20 ⁵		
21,345,554	Individuals whose travel movements were shared ⁶	1,236,180
69,253	Positive matches with MSD clients ⁷	21,879

Benefits

Current clients

2019/20		2020/21
59,518	Notices of adverse action sent ⁸ , either prior to suspension ('prior notice') or at time of suspension ('immediate')	12,224
1,900	Immediate suspension of benefit where debt established ⁹	301
23,286	Immediate suspension of benefit where no debt established ¹⁰	2,452
7,013	Suspension of benefit following prior notice that resulted in debt ¹¹	838
9,319	Suspension of benefit following prior notice that resulted in no debt ¹²	792
23	Challenges received ¹³	10
23	Challenges upheld	10
\$1,613,337	Total debt established as a result of information shared under the AISA	\$1,233,624

Former clients

2019/20		2020/21
Actions taken to recover debt owed by former clients who arrive back in New Zealand		
525	Notices of adverse action sent	73
5	Challenges received	0
5	Challenges upheld	0
44	Debtors under arrangement to pay	4
\$441,510	Balance owed under arrangement	\$36,581
\$53,304	Total debt recovered	\$453

5 The information for 2019/20 has been restated as information from a system was not included in last year's report in error.

6 This represents the number of travel movement records shared. Each time someone goes through Customs four times during the period, this is four records.

7 Clients may be included in this count multiple times depending on their movements and the type of payment they receive.

8 A client can potentially receive up to three adverse action letters in relation to one suspension i.e.: for suspension of New Zealand Superannuation, a client may be sent a warning letter, a suspension letter and a debt letter.

9 There are a small number of suspensions classified as following prior notice which were suspended immediately. We currently can't separate these suspensions.

10 Ibid.

11 Ibid.

12 Ibid.

13 A challenge process is available to remedy cases that may be mismatched each year. Discrepancies in matches are generally related to a different date of birth or name(s). The challenges represent less than 1 percent of the overall match programme.

Effectiveness of information-sharing under the agreement

The impacts of COVID-19 mean that the effectiveness of the AISA cannot be fully assessed this year. During 2020/21, 94.2 percent fewer travel movement records were shared than in the previous year, with 68.4 percent fewer matches.

COVID-19 also led to the suspension of proactive debt collection work for most of 2020/21, as staff were diverted to other priority work in response to the pandemic.

Number of complaints

One complaint was received in 2020/21 about an alleged interference with privacy under the agreement. Following an investigation this was determined to be a low-level privacy breach due to staff error (2019/20: no complaints).

Assurance

We have conducted an audit to assess our operation of the AISA. The audit found that the safeguards in the AISA are operating as intended, that they remain sufficient to protect the privacy of individuals, and that no issues have arisen in practice that need to be resolved.

A small number of recommendations were made for improvements to some safeguards; however these do not materially affect the operation of the AISA.

Both NZ Customs and MSD have obligations under the AISA. NZ Customs have confirmed that they have complied with their obligations and that the relevant AISA requirements are being met.

NZ Customs conducted an audit on the management and processes around MSD accessing their system to verify arrivals and departures information under certain circumstances. The audit found that MSD manages the majority of the requirements of the AISA well. Our training, processes and procedures are well established. Because of this, there are no concerns in any of the areas that the audit team looked at.

Amendments to the AISA

There have been no amendments to the AISA since the last report. The Operational Protocol which supports the AISA was updated in December 2020 to facilitate implementation of the New Zealanders Stranded Overseas Support Programme.

Appendix 4: Asset performance indicators

2019/20 Actual Standard	Measure	Indicator	2020/21 Approved Standard	2020/21 Actual Standard
Property assets				
	Work-point density (area per work point [m ²]):	Utilisation		
24.8	· Client-facing service sites ¹		<28	25.1
12.2	· Regional/National Offices ²		<15	10.9
86%	Proportion of leased commercial premises at a moderate or better condition ³	Condition	>82%	83%
85%	Proportion of commercial leased premises with moderate or better site suitability ⁴	Functionality	>82%	82%
Technology assets				
Intangible - internally generated software				
99.82%	Proportion of time core applications are available for use ⁵	Availability	>99%	99.85%
85.46%	Proportion of available CMS licences allocated to staff ⁶	Utilisation	>90%	81.98%
88.90%	Proportion of Tier 1 software applications that are in support ⁷	Condition	>80%	92.9%
Computer equipment				
99.99%	Proportion of time the vendor-managed network is available for use	Availability	>99.96%	99.99%
63.11%	Proportion of IT disk storage capacity utilised	Utilisation	<85%	68.77%
43.22%	Proportion of IT infrastructure hardware assets under five years of age ⁸	Condition	>38%	22.00%

- 1 This measure includes both leased and owned MSD sites that have the primary purpose of delivering face-to-face services to clients. Targets are based on historic averages and take into account proposed changes to operating models.
- 2 This measure includes both leased and owned MSD offices for functions that support the delivery of services direct to clients. Performance under this measure is managed using the utilisation standard as set by the Government Property Group, which indicates that office space utilisation should be between 12m² and 16m² per FTE.
- 3 This measure provides an assessment of office condition calculated from rating several office components: site and building exterior, building design, building systems, and fitout and furniture.
- 4 This measure calculates an overall assessment rating from scoring office components that cannot be improved via capital investment alone, such as site location, size, floor shape, and natural light.
- 5 Core applications are defined as systems the criticality of which is such that any issue that occurs is resolved as a high priority. The result reflects availability of applications during core operational hours (7.30am – 7.30pm Mondays to Fridays and 8am – 2pm Saturdays).
- 6 CMS is our key client case management system. This measure shows that available (purchased) licences are being efficiently utilised.
- 7 This measure is a proxy of the condition of Tier 1 software applications, as the support provided through regular upgrades, defect and security fixes is vital to enabling software applications to function correctly and securely. Remaining in support is also vital to ensure that applications remain fit for purpose. Tier 1 applications are those that are critical for the support of our services.
- 8 The age of hardware is a proxy indicator of condition as the risk of outages in storage, server and network hardware are generally higher as hardware ages and after vendor support is withdrawn. The target manages the areas of highest risk while balancing the funding available.

Appendix 5: a brief history of social welfare administration in Aotearoa New Zealand

The New Zealand colonial government's first attempts to create a system of social security came in 1904 with the establishment of the Pensions Department, which was charged with the administration of the Old Age Pensions Act of 1898. In 1909 the Pensions Department was absorbed into the Post and Telegraph Department, before being re-established as a stand-alone department in 1913.

The social security system was greatly expanded by the first Labour Government with the passage of the first Social Security Act in 1938. As part of this reform the Pensions Department was abolished and replaced by a Social Security Department to administer the new Act.

A new Social Security Act was passed in 1964, and the Social Security Department administered the new legislation until 1972, when it was merged with the Child Welfare Division of the Department of Education to form the Department of Social Welfare (DSW). For the next quarter of a century DSW administered the benefit system and the child welfare system in New Zealand, and in 1992 it was reorganised into five business units under a single Chief Executive: the New Zealand Income Support Service, the New Zealand Children and Young Persons Service, the New Zealand Community Funding Agency, the Social Policy Agency, and an overarching Corporate Office.

In 1998 and 1999 DSW broke into a number of smaller autonomous departments along the lines of the 1992 business groups. These were the Department of Work and Income (DWI; commonly referred to as Work and Income New Zealand, or WINZ), the Department of Child, Youth and Family Services (CYFS), and the Ministry of Social Policy (MSP). Various functions of other departments were merged into the new departments at this time.

To provide a policy arm to DWI, in 2001 it merged with MSP to form the Ministry of Social Development. A number of functional changes to MSD occurred over the next several years, of which the most significant were the merger with CYFS in 2006 and then the establishment of Oranga Tamariki as a Ministry for Children in 2017.

In 2018 the 54-year-old Social Security Act, which had grown cumbersome and inefficient, was replaced by a new and more streamlined Act to bring together the various aspects of social security legislation.

Today MSD continues to administer the benefit system, including New Zealand Superannuation, and manages some public housing functions. It also acts as the Government's main procurer of social services provided by non-government and community organisations, and maintains its role as the principal provider of social policy advice to the Government.

Appendix 6: Ngā whakamāoritanga o ngā tūranga rangatira | MSD senior leadership roles and group titles in the Māori language

Ngā Tūranga	Role
Tumuaki	Chief Executive
Manahautū	Deputy Chief Executive
Amokura Tahua	Group General Manager Finance (and Chief Financial Officer)
Amokura Hangarau	Group General Manager Improvement Systems and Technology
Amokura Whakahaere Pakihi	Group General Manager Commercial Operations
Amokura Kaimahi	Group General Manager Employment
Amokura Kiritaki	Group General Manager Client Experience and Design
Amokura Ratonga Kiritaki	Group General Manager Client Service Delivery
Amokura Hāpai Kiritaki	Group General Manager Client Service Support
Amokura Matawhānui	Group General Manager Insights
Amokura Tangata	Group General Manager People
Aporei	General Manager
Poumatua Ture	Chief Legal Advisor
Poumatua Ōhanga	Chief Economist
Poumatua Pūtaiao	Chief Science Advisor
Kaihautū	Director
Kaihautū Āwhina	Executive Director
Pou Āwhina (Matua)	Executive Assistant (Senior)

Ingoa rōpu	Group names
Tari o te Tumuaki	Office of the Chief Executive
Mahi Kōtuinga	Business Integration
Whakairinga Tūmanako Māori, o Hapori, o Rangapū	Māori, Communities and Partnerships
Tōpūtanga Māia me Whakapā	Organisational Assurance and Communication
Paihere Tangata me Raukaha	People and Capability
Kaupapa Here	Policy
Ratonga Whakahaere	Service Delivery
Rautaki me Matawhānui	Strategy and Insights

Appendix 7: Glossary of terms

Term	Definition
Abatement	Reduction in benefit payments when income is earned above a threshold figure.
Adverse/crisis event	An event that causes hardship and may require financial and other assistance programmes. Recent examples include the Canterbury and Kaikōura earthquakes (2010, 2011 and 2016), the terror attack on Christchurch mosques (2019), the eruption of Whakaari/White Island (2019), and several extreme weather events.
Appropriation	A Parliamentary authorisation for the Government or an Office of Parliament to incur expenses or capital expenditure. Expenditure can only be incurred under an appropriation or other statutory authority.
Approved Information-sharing Agreement (AISA)	A tool that allows government agencies to provide efficient and effective public services through collaborating and sharing information, without intruding on people's rights or exposing agencies to risk. Approved information sharing agreements are listed in Schedule 2 of the Privacy Act 1993. See: https://privacy.org.nz/privacy-for-agencies/information-sharing/
Benefit or related expense	An appropriation used by the Crown to transfer resources (usually to individuals) when it does not expect anything directly in return.
Budget	The annual statement of the Government's spending intentions for the forthcoming financial year. Presented to Parliament by the Minister of Finance, usually in May. Parliament approves the Budget through a series of Appropriation Acts.
Cabinet	The group of Ministers who make the Government's significant decisions. Cabinet is chaired by the Prime Minister.
Check what you might get	Our online guide to services available to individuals and families. See https://check.msd.govt.nz/
Client-centric	Putting our clients at the centre of everything we do. This gives us a better approach to designing new and existing services, and guides us on where to focus effort and resources to help New Zealanders be safe, strong and independent.
Community partners	Organisations, sectors and industries that we work with to ensure that programmes, services and products are available to support New Zealanders.
Contact centre	Centres where our enquiries teams respond to customer requests for information and assistance by phone.
Crown	All Ministers and all departments, the State as a whole.
Debt	A debt may be incurred by a client whose benefit is overpaid because a change in circumstances reduced their entitlement, or they received recoverable assistance or an advance payment of benefit.
Departmental appropriation	An appropriation used by the Crown for the operation of a department or agency.
Economic forecasts	A regular series of statements issued by the Treasury on the expected future performance of the economy.

Emergency housing	Emergency housing is provided to eligible, homeless households while we assess their homelessness and help them move on. It often consists of accommodation in a hotel or homeless hostel.
Essential service	A business or service that is permitted by the Government to continue operating at all COVID-19 Alert Levels.
Estimates of Appropriations	Detailed documents in which the Government sets out its spending plans for the coming financial year. As part of the Budget, the Estimates are presented to Parliament, which then approves them through an Appropriation Act.
Fraud	Fraud occurs when someone knowingly receives benefit payments that they are not entitled to. An allegation of fraud may lead to an investigation and, if proven, prosecution.
Frontline staff	MSD staff who work with clients directly, in service or contact centres, face to face, by phone or digitally.
Heartbeat survey	Regular surveys seeking feedback from clients.
Heartland Services	A network that provides access to government services and information in small communities, and provides people with the opportunity to meet face to face with government agency representatives.
Historical abuse	Abuse suffered by children and young people while in the care of the State, before 1 April 2017.
Integrated Data Infrastructure	A large research database that holds microdata about people and households, hosted by Statistics New Zealand. See https://www.stats.govt.nz/integrated-data/integrated-data-infrastructure/
Joint Venture on Family Violence and Sexual Violence	A group established by the Government in 2018 to bring government agencies together to work in new ways to reduce family violence, sexual violence and violence within whānau. Its role is to lead, integrate and provide support for everyone involved, to ensure an effective, whole-of-government response to family violence and sexual violence. Hosted by the Ministry of Justice.
Multi-category appropriation (MCA)	A single appropriation made up of multiple categories (which can be different types of expenditure, including output expenses, other expenses and non-departmental capital expenditure) that all contribute to the same overarching purpose. Multi-category appropriations allow greater flexibility.
MyMSD	An online service where MSD clients can apply for assistance and manage their information online.
NZ Sign Language	The language of New Zealand's Deaf community, enshrined by the New Zealand Sign Language Act 2006 as an official language of New Zealand.
Non-departmental appropriation	An appropriation used by the Crown for the funding of other organisations to provide services and achieve outcomes.
Oranga Tamariki system	Services provided to children and young people under the Oranga Tamariki Act 1989 at any stage from the point of notification until the cessation of post-care transition.

People capability	The skills, knowledge, experience and attributes required to achieve our outcomes.
Place-based initiative	Long-term commitments to specific jurisdictions (cities, towns, or neighbourhoods) that strive to achieve better results for disadvantaged children, youth, families and seniors.
Public Service	The New Zealand Public Service is defined in section 10 of the New Zealand Public Service Act 2020 as including departments, departmental agencies, interdepartmental executive boards, interdepartmental ventures and Crown agents.
Service centre	An office where clients can meet MSD staff face to face to access information and assistance.
Social cohesion	The creation of a safer, more inclusive society. Social cohesion work in New Zealand is part of the wider response to recommendations from the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain (mosques), and builds on existing government initiatives.
Social development	Working with and through others to take a holistic approach to meeting people's needs, and intervening early to get the best solutions, in order to improve people's outcomes.
Social sector	The group of agencies that work towards achieving improved social outcomes for New Zealanders. They include MSD and the Ministries of Education, Health and Justice.
Social services accreditation	The provision to government and communities of independent assurance that social service providers can deliver safe, quality services to New Zealanders.
Social unemployment insurance	A scheme that would allow workers who lose their jobs to receive a percentage of their previous income for a limited time, following which they could apply for whatever social assistance is applicable if they still need support.
StudyLink	The MSD service arm that provides loans and allowances to students.
Supplementary Estimates of Appropriations	Detailed documents in which the Government sets out amendments to its spending plans for the current financial year. As part of the Budget for the following year, the Supplementary Estimates are presented to Parliament, which then approves them through an Appropriation Act.
Third-party providers	Organisations that receive funding from MSD to provide social services to the community.
Transitional housing	Temporary accommodation and support for individuals or families who are in urgent need of housing. It provides warm, dry, short-term housing for people and families who have an urgent need for a place to stay.
Welfare overhaul	The Government's programme to ensure access to entitlements, remove excessive sanctions and review Working for Families so that everyone has a standard of living and income that enables them to live in dignity and participate in their communities, and children and their families are lifted out of poverty.
Welfare system	The system of government assistance that provides income and other support services to a range of New Zealanders who find themselves in difficult situations.

Work and Income	The MSD service arm that helps New Zealanders financially who are on a low income or not working, supports them into work, and helps them with housing.
Work broker	A specialist MSD role that links people to employers, employment programmes, grants and financial assistance.
Youth development programmes	A programme, funded partly or wholly by the Ministry of Youth Development, that encourages and supports young people aged between 12 and 24 years to develop and use knowledge, skills and experiences to participate confidently in their communities.

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