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Pūrongo ā-Tau
Annual Report

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

2023

FOR THE YEAR ENDED 30 JUNE 2023

Te kaupapa o tēnei Pūrongo ā-Tau

Purpose of this Annual Report

This Annual Report explains how we helped New Zealanders in the year from 1 July 2022 to 30 June 2023. The Annual Report is one of the key means by which the Ministry of Social Development (MSD) fulfils its accountability to Parliament and the public, and compliance with the reporting requirements set out in the Public Finance Act 1989.

This Annual Report includes our service performance results and full financial statements for the year ended 30 June 2023. Some headings and sections in this Annual Report have been translated into te reo Māori by the Department of Internal Affairs' certified Translation Service.

This Annual Report also contains the Annual Report of Whaikaha – Ministry of Disabled People as a departmental agency of MSD. It is included in this document for the purposes of presentation to Parliament and publication.

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Ngā Kaupapa
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Takamua a Te Tumu Whakarae

Chief Executive's foreword

Tēnā koutou katoa,

I urupare anō Te Manatū Whakahiato Ora (MSD) i te pane o te tau 2023, i te pānga o ngā āhuatanga huarere taikaha i Te Ika-a-Māui, otirā i tūkinohia ai ō tātou hapori huhua. Mai i te tīmatanga ake, i reira ā mātou rōpū mahi, e mahi tahi ana ki ngā tari kāwanatanga, ngā hoa rangapū ā-hapori, ngā kaunihera me ngā iwi ki te whakarato tautoko waiwai ki ngā whānau i pā kinotia, tae atu ki te āwhina ā-pūtea ki te hoko kai, ngā wāhi whakamaru, kākahu, paraikete me ētahi atu āhuatanga whaitake.

I te wā o te urupare, i whakaratoa e mātou te āwhina ā-pūtea ki te 105,000 tāngata, mā ngā Utu Rākau Whakamarumaru me te whakahaere i te tahua tautoko hapori $21 miriona a te Kāwanatanga mō ētahi rōpū hapori whānui, ngā iwi me ētahi atu whakahaere e whai wāhi nui ana ki ngā mahi whakarauora. E haere tonu ana ngā mahi a MSD ki te urupare ki ngā āhuatanga huarere, te mahi ki ētahi atu tari hoki hei āwhina i ngā hapori i pā kinotia, ki te whakatū anō, ki te whakaora anō.

I haere tonu ā mātou mahi KOWHEORI-19 mō te roanga o te tau, me te whakahaeretanga o ā mātou pūtea āwhina utu kaimahi, utu tamō me ētahi atu momo āwhinatanga mā ngā whānau, mā te urupare tokoora a te kāwanatanga a Care in the Community.

Engari ahakoa ēnei wero katoa, i kawea tonu ā mātou mahi puta noa i te tau pūtea 2022/23. Ko ētahi o ā mātou whakatutukitanga:

- he āwhina i te 84,100 kainoho o Aotearoa ki te kimi mahi
- te whakarato tonu i ngā ratonga hapori i te taha o ētahi atu kaiwhakarato ā-kirimana
- te tukatuka i ngā tono Pūtea Taurewa me ngā Whiwhinga Pūtea ā-Ākonga 244,400
- te whakautu i te 3,917,000 waea i ngā kiritaki
- te tuku ratonga ki te 883,200 tāngata kei runga i te Penihana Kāwanatanga
- te whakapakari ake i ā mātou tautoko ki ngā whānau e noho tonu ana ki ō rātou ake whare, otirā kāore i te hiahia wāhi noho ohotata
- te kawe tonu i te tūārere hoahoa me te whakatinanatanga o tā mātou hōtaka whakaumu a Te Pae Tawhiti.

Puta noa i te 2022/23, i mau tonu te aronga kaha o MSD ki ngā tūranga mahi. I haere tonu te mahi ngātahi ki ngā kaiwhakarato tūranga mahi kei te hapori, e matatau ana ki te āwhina i te tangata ki te tūraki i ngā tauārai rapu mahi, i te wā hoki e whakaawe ana i ā mātou ake hōtaka whiwhi mahi – te Training Incentive Allowance, te Flexi-wage, te Apprenticeship Boost, a He Poutama Rangatahi me ētahi atu.

I whakatinanahia hoki e mātou ētahi panoni ā-ture hei āwhina i ngā tāngata o Aotearoa kei te hiahia tautoko moniwhiwhi. Ka uru ki ēnei te whakapiki i ngā utu penihana me ngā pūtea tautoko ākonga kia rite ai ki te pikiutu tukipū me te whakamana i te Whakahounga Pire Child Support (Pass On) Acts, otirā neke atu i te 41,000 ngā whānau mātua takitahi ka whai hua, me te hiki i te 14,000 tamariki ki waho ake o te rawakoretanga.

I te mea ko mātou tētahi o ngā tari kāwanatanga horapa nui i te motu, kei tua noa ā mātou haepapa i te whakarato tokoora me ngā ratonga whiwhi mahi; engari ka toro hoki ki te whakarite i te tomopai o ā mātou ratonga waiwai ki ō mātou hapori katoa – ina koa ngā mea e tino whirinaki ana ki a mātou.

I te Maehe 2023, i whakarewaina e mātou a Love Better – he kaupapa whakatairanga, otirā he ratonga pātuhi, waea me te īmēra hei āwhina i te rangatahi i te wā o ngā wehenga o te tokorua me te whāinga tauroa o te aukati i te riri ā-whānau. I tukuna hoki e mātou tētahi mahere taiohi i whakahoutia, i whakawhanaketia hoki i muri i ngā whakawhiti kōrero ki ngā taiohi 1,400, hei whakapakari i te reo o ngā taiohi hei whakaawe i ngā whakataunga e whai pānga ana ki a rātou me ō rātou anamata.

Hei tāpiri ake, ko MSD tētahi o ngā tari o Te Puna Aonui e mahi ana ki te whakatinana i te Mahere Mahi o Te Aorerekura – he rautaki 25 tau e whai ana ki te whakarato tautoko me ngā ratonga tāpiri hei whakatau me te whakakore i te riri ā-whānau me te taitōkai. Hei te mutunga o te 2022, i nui te whakapai a MSD i ā mātou ratonga matihiko mā te hunga i pā kinotia e te riri ā-whānau, otirā he pae tukutuku hou hei tautoko i te panoni ā-whanonga mā te hunga mahi tūkino, he ratonga waea 24/7 mā ngā pārurenga o te riri ā-whānau, me ētahi atu.

I te wā o ngā matapae o ngā whakarerekētanga āhuatanga ōhanga, i whakawhānuitia e mātou ā mātou ratonga Whakapiki Āheinga Ahumoni hei hiki i te mātau ahumoni me te oranga o te tangata me ngā whānau. I whakapiki hoki mātou i te tautoko ki ngā hapori tuawhenua mā te pūtea Kaiwhakarato, Āheinga ā-Hapori hoki, me te hoahoa hou o ngā Ratonga Heartland.

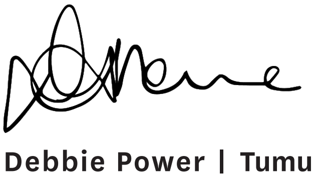
Kei te mahi ngātahi ki ētahi atu tari me ngā kaiwhakarato hapori ki te whakaiti i te popono nui a Aotearoa ki ngā whare ohotata, otirā ka noho hei aronga matua mā MSD. Ko ētahi panoni ko te whakapiki i te nui o te pūtea e wātea ana mā ngā Takuhe Tautoko Whare Noho me te whakapiki i te pūtea hei utu i ngā utu tūtahi (pēnei i te monihere, rēti rānei) mā te hunga kei ngā rēti tūmataiti e noho ana. He mea hoahoa ēnei panoni hei āwhina i ngā whānau ki te noho ki ngā whare tūmataiti, kia kore ai e eke ki te wā e hiahiatia ai he whare ohotata.

Tūturu kua nui ake te aronga ki te whakapakari i te pūnaha tokoora mō te anamata o ngā tāngata katoa o Aotearoa. I te mutunga o 2022/23, i whakaae te Rūnanga Minita kia tīmataria te whakaputanga o Te Pae Tawhiti, he hōtaka whakaumu tau-maha hei whakapai ake i te tere, te reretahi me te tomopai o ngā ratonga a MSD mā ngā kiritaki katoa. Ko ngā panoni tuatahi ka tīmata hei ēnei tau e rua.

Kua miramiratia ngā kōrero mō ā mātou mahi me ngā whakatutukitanga matua, atu ki ngā putanga e toru, me ngā tauākī pānga 10 kei roto i tēnei pūrongo. Koinei tā mātou tau tuatahi o te pūrongo atu ki ngā whakaritenga whakatutukitanga matua (KPI) 15 ka whakamahia ki te whaiwhai me te aromatawai i te kokenga hei ngā tau e tū mai nei.

Kei te hiahia au ki te mihi atu ki ā mātou kaimahi me ngā hoa rangapū mō ā rātou mahi inati me te whai wāhitanga nui ki te tautoko i ngā tāngata o Aotearoa.

Kei roto hoki i tēnei tau ko te pūrongo ā-tau a Whaikaha – Ministry of Disabled People i whakatūria ai i te 1 o Hūrae 2022 hei umanga ā-tari i raro i te maru o MSD.



Debbie Power | Tumu Whakarae | *Te Manatū Whakahiato Ora*

Tēnā koutou katoa,

The Ministry of Social Development (MSD) again responded in early 2023 when the severe weather events struck the North Island and caused damage to many of our communities. From the outset, our teams were on the ground, working with government agencies, community partners, councils and iwi to provide vital support for affected whānau with financial assistance for food, shelter, clothing, bedding and other essentials.

During the response, we provided more than 105,000 people with financial assistance through Civil Defence Payments and managed the Government's $21 million community support package for a wide range of community groups, iwi and other organisations actively involved in the recovery efforts. MSD's role in the response to the weather events is ongoing, working with other agencies to help affected communities rebuild and recover.

Our COVID-19 work also continued for much of the year, with the operation of our wage subsidies, leave payments and other forms of assistance for whānau through the government's Care in the Community welfare response.

Yet, despite all these challenges, we continued to perform and deliver throughout the 2022/23 financial year. Some of our achievements included:

- assisting 84,100 New Zealanders to find work
- continuing to deliver community services in partnership with contracted providers
- processing 244,400 applications for Student Loans and Student Allowances
- answering 3,917,000 calls from clients
- providing services for the 883,200 people receiving New Zealand Superannuation
- strengthening our support for whānau to remain in their own homes, without needing emergency accommodation
- commencing the design and implementation phase of our transformation programme, Te Pae Tawhiti.

Throughout 2022/23, MSD maintained a strong focus on employment. We continued to collaborate closely with community-based employment providers, who specialise in helping individuals overcome barriers to employment, while leveraging our own employment programmes – the Training Incentive Allowance, Flexi-wage, Apprenticeship Boost, He Poutama Rangatahi and others.

We also implemented a number of legislative changes to help New Zealanders in need of income support. These included increases in benefit, superannuation and student support rates in line with inflation, and giving effect to the Child Support (Pass On) Acts Amendment Bill, which is expected to benefit more than 41,000 sole parent families and lift 14,000 children out of poverty.

As one of the most geographically spread government agencies in New Zealand, our responsibility goes beyond just providing welfare and employment services; it extends to ensuring our essential services are accessible to all our communities – particularly those who need us most.

In March 2023, we launched Love Better – a campaign which includes text, phone and email services to help young people get through relationship break-ups with the long-term aim of preventing family violence. We also released a refreshed youth plan, developed in consultation with more than 1,400 young people, to give our young people a stronger voice in decisions which impact them and their futures.

In addition, MSD is one of several Te Puna Aonui agencies working on the implementation of the Action Plan of Te Aorerekura – a 25-year strategy aimed at providing increased support and services to address and eliminate family violence and sexual violence. Towards the end of 2022, MSD significantly improved our digital services for people affected by family violence with a new website to support behaviour change for people who use violence, a 24/7 phone service for family violence victims, and more.

Amid forecasts of changing economic conditions, we expanded our Building Financial Capability services to improve the financial literacy and wellbeing of individuals and whānau. We also boosted support for rural communities with Provider and Community Capability funding and the redesign of Heartland Services.

Working with other agencies and community providers to reduce New Zealand's high demand for emergency housing remains a top priority for MSD. Recent changes include increasing the amount of assistance available through our Housing Support Grants and stepping-up financial assistance for covering one-off costs (such as bond or rent) for people living in private rentals. Together these changes are designed to help whānau to stay in private accommodation, without getting to the point of needing emergency housing.

More than ever, we are focused on future-proofing our welfare system for New Zealanders. The end of 2022/23 saw Cabinet give approval to start the roll-out of Te Pae Tawhiti, a multi-year transformation programme to improve the speed, consistency and accessibility of MSD's services for all our clients. The first changes are set to begin within the next year or two.

Our performance story and key achievements are highlighted against our three outcome areas and 10 impact statements within this report. This is our first year reporting against our 15 new key performance indicators (KPIs), which will be used to track and assess our progress in years to come.

I want to acknowledge our people and trusted partners for their amazing work and the contribution they have made in supporting New Zealanders.

Included in this year is annual reporting for Whaikaha – Ministry of Disabled People which was established on 1 July 2022 as a departmental agency hosted by MSD.

Debbie Power | Chief Executive | *Ministry of Social Development*

Ngā tatauranga matua o te 2022/23
Key stats for 2022/23

Almost every New Zealander, at some point in their lives, will receive support from MSD

In 2022/23
1.3 million
New Zealanders received income support

As at 30 June 2023
351,700
people were receiving a main benefit

As at 30 June 2023
883,200
people were receiving NZ Superannuation

In 2022/23 MSD answered
3,917,000
calls

In 2022/23 MSD processed
244,400
Student Loan and Student Allowance applications

In 2022/23 MSD supported
84,100
working-age people into work and off a benefit

In 2022/23 MSD funded community support services accessed by
138,700
people

In 2022/23 MSD provided support to people to get into housing, which contributed to
2,400
fewer people on the Public Housing Register than the year before

In 2022/23 MSD supported
105,000
people through Civil Defence Payments

In 2022/23 MSD continued to manage Wage Subsidy repayments, with over
24,700
repayments worth over $819.6 million since 30 March 2020

Mō mātou
About us

Our role is leading social development for all New Zealanders. MSD is the lead agency for managing and delivering New Zealand's welfare system on behalf of the Government, contributing positively to the wellbeing of people today and into the future. We are also the lead agency for providing public employment services to New Zealanders, supporting people to obtain and maintain employment. Helping people, whānau, families and communities to be safe, strong and independent is at the centre of what we do.

We support the Government to set priorities across the social sector, co-ordinate the actions of other social sector agencies, develop and implement policy, and measure progress for the social wellbeing of New Zealanders.

We provide policy advice, and deliver social services and assistance to young people, working-age people, disabled people, older people, families, whānau and communities.

As an agency of the Crown, we are committed to upholding the principles of Te Tiriti o Waitangi. We are committed to supporting and enabling Māori, whānau, hapū, iwi and communities to realise their own potential and aspirations.

Our mahi is not done alone. We work closely with many different agencies, organisations and community groups who have the right connections and expertise to make a lasting difference in people's lives.

Together we aim to make a positive impact on the lives of New Zealanders.

What we do

We are responsible for administering Vote Social Development. Over 95 percent of what we spend goes directly to clients, including superannuitants, students and communities.

MSD helps New Zealanders by fulfilling a broad range of responsibilities and functions, including:

- providing income support and superannuation
- providing employment services and support
- designing and delivering community services with others
- allocating funding to community service providers
- administering Student Allowances and Student Loans
- providing public housing assistance and services
- being the primary provider of social policy advice to the Government
- hosting Whaikaha – Ministry of Disabled People
- monitoring three Crown entities and providing advice to the responsible Minister

- ensuring the legislation we administer is effective and fit for purpose
- working with other agencies and the wider social sector to support government priorities and improve the social outcomes of all New Zealanders
- responding to emergencies.

We are responsible to a number of Ministers including the:

- Minister and Associate Ministers for Social Development and Employment
- Minister and Associate Ministers of Housing
- Minister for Disability Issues
- Minister for Seniors
- Minister for Youth
- Minister for the Prevention of Family and Sexual Violence.

MSD has a complex range of responsibilities. In addition to our core functions, MSD is responsible for a range of specialist business units and administrative relationships with other agencies, including those described in Figure 1.

What we do with our funding

Our budgeted spending is approved by Parliament following the Budget announcement each year. The annual Vote Social Development Estimates of Appropriations details the funding allocated, policy initiatives approved, Ministers' spending intentions and how performance will be assessed. These may be amended in Vote Social Development Supplementary Estimates of Appropriations during the year.

MSD also receives funding from some government agencies to provide agreed corporate and accreditation services. Full details of spending in 2022/23 can be found in the Financial statements section commencing on page 138.

Figure 1: MSD's functions and administrative relationships

Ministry of Social Development

Business units within MSD with unique functions

- **Office for Seniors**
- **Ministry of Youth Development**
- **Historic Claims**
- **Te Kāhui Kāhu** (provides social services accreditation to a number of agencies)
- **Independent Children's Monitor** (until 30 April 2023)

Administrative relationships MSD has with other agencies

Providing advice on appointments to a board, as well as two statutory tribunals

- **South Auckland Social Wellbeing Board**
- **Social Security Appeal Authority**
- **Social Workers Complaints and Disciplinary Tribunal**

Monitoring three Crown entities and providing advice to the responsible Minister

- **Office of the Children's Commissioner**
- **Peke Waihanga** (New Zealand Artificial Limb Service)
- **Social Workers Registration Board**

Providing an agreed range of services◆ to other agencies

- **Social Wellbeing Agency**
- **Office of the Children's Commissioner**
- **Ministry of Housing and Urban Development**
- **Oranga Tamariki**

Hosting Whaikaha – Ministry of Disabled People▼

◆ For example, finance, IT, HR, actuarial, information management and privacy.

▼ Whaikaha is a departmental agency hosted by MSD. As part of this arrangement MSD provides corporate services to Whaikaha.

Tō mātou ahunga rautaki
Our strategic direction

As an organisation we want to be trusted and proactive, connecting clients to all the support and services that are right for them, and improving the social and economic wellbeing of New Zealanders.

What we want to achieve

Our purpose, outcomes and strategies are what we want to achieve and are described in Figure 2.

Figure 2: Our strategic framework

Purpose

Our purpose describes why MSD exists.

The te reo Māori version of our purpose statement is a figurative translation. It means caring for people and caring for whānau and families.

Outcomes

Our outcomes are what we will achieve in order to deliver to our purpose.

Strategic direction and shifts

Te Pae Tawhiti presents our strategic direction, describing the three shifts we will make across our organisation in all of our work to achieve our outcomes.

Te Pae Tata and Pacific Prosperity embrace the three shifts and describe how they will be realised for Māori and Pacific peoples.

Manaaki tangata, Manaaki whānau.
We help New Zealanders to be safe, strong and independent

New Zealanders get the support they require

New Zealanders are resilient and live in inclusive and supportive communities

New Zealanders participate positively in society and reach their potential

Mana manaaki
A positive experience every time

Kia takatū tātou
Supporting long-term social and economic development

Kotahitanga
Partnering for greater impact

Te Pae Tata
– Te Rautaki Māori me te Mahere Mahi | Our Māori Strategy and Action Plan

Pacific Prosperity
– Our People, Our Solutions, Our Future | Our Pacific Strategy and Action Plan

Ō mātou uara
Our organisational values

Our four values represent and underpin who we are and what we stand for (see Figure 3). Our values help us to align our daily actions with a common purpose and a shared understanding of what should guide our behaviour. Our people are committed to living our values.

Figure 3: Our organisational values

Manaaki

We care about the wellbeing and success of people

This design is the interconnected relationship of the organisation and the community. The koru are reflections of one another.

Whānau

We are inclusive and build a sense of belonging and place

The koru and puhoro are symbols of the strength of whānau and whakapapa. The mangōpare design in the middle is the common thread that binds us to Papatūānuku.

Mahi tahi

We work together, making a difference for communities

This design comes from rauru, a design that can reflect the separation of Ranginui and Papatūānuku as a result of their children working together.

Tika me te pono

We do the right thing with integrity

This design depicts a maunga, the sense of a higher purpose and responsibility of the organisation to be honest and trustworthy. The bindings of the maunga are the many threads needed to achieve this.

Te tauine i ā mātou mahi

Measuring our performance

Our Outcomes Framework

This year we have done significant work to improve our overall reporting through the development of a new Outcomes Framework (Figure 4), including updated impact statements and a suite of new key performance indicators (KPIs). Our impact statements outline our medium-term focus areas to achieve our outcomes, and capture our contribution to wider social sector priorities. The updated impact statements better reflect MSD's role and show how we intend to realise Te Pae Tawhiti – Our Future.

The visual format of the raranga/weave demonstrates how our three strategic shifts contribute to our three outcomes and how we measure this progress using the 10 updated impact statements.

Figure 4: MSD's Outcomes Framework

Our three strategic shifts	Our three outcomes: New Zealanders get the support they require	New Zealanders are resilient and live in inclusive and supportive communities	New Zealanders participate positively in society and reach their full potential
 **Mana manaaki** A positive experience every time	Improve awareness of and access to support	Improve how we connect and partner	Improve effectiveness of support
 **Kotahitanga** Partnering for greater impact	Improve support to people, whānau and families in hardship or insecure housing	Improve the safety and strength of people, whānau, families and communities	Improve sustainable employment outcomes
 **Kia takatū tātou** Supporting long-term social and economic development			Improve our contribution to business and regional development Improve people's readiness for work, including through training and education
	Improve equity of outcomes, particularly for Māori	Improve people's trust and confidence in the welfare system	

Our key performance indicators

As a result of a review of our Outcomes Framework, we have replaced our six impact indicators with a new suite of 15 KPIs to improve our performance reporting and better demonstrate progress towards our three outcomes. A summary of our performance towards these KPIs can be found in our non-financial performance statements (see pages 71 to 78). We also identified opportunities to improve the KPIs in the future, including through the benefit measures being developed by our Te Pae Tawhiti Programme.

Our new suite of KPIs:

- addresses feedback we have received, including from external agencies such as Audit New Zealand and The Treasury, around making sure we have an appropriate number of impact indicators to monitor our progress against 10 impact statements
- implements recommendations from the Welfare Expert Advisory Group – Kia Piki Ake, particularly around improved outcomes, greater equity for Māori and Pacific peoples, and looking to reduce average debt per person.

More details about our KPIs and their selection are on pages 71 to 78.

Our Estimates measures

Our Estimates measures (presented in our non-financial performance statements see pages 71 to 137) track our delivery of the initiatives and services we are funded for against specific annual targets. Where possible these measures will evaluate achievement of the intended impact or outcome from a client's perspective.

Estimates measures are reviewed annually in preparation for the Vote Social Development Estimates of Appropriation and Supplementary Estimates processes to ensure they continue to reflect the intent of the initiative they are measuring. We try to minimise changes to these measures to maintain trend information over time.

Ā mātau mahi i te 2022/23

Our work in 2022/23

The significant weather events in the North Island (North Island weather events), and the ongoing impact on New Zealand of COVID-19, have challenged the wellbeing of many New Zealanders.

Successes achieved in the past year included delivering on Budget 2022 initiatives focused on the following:

- We supported low-income New Zealanders.
- We invested in training and better employment outcomes for New Zealanders.
- We provided support to community-based providers.
- We progressed work on our future operating and service models – Te Pae Tawhiti Programme.

Everything we do is about achieving better futures for New Zealanders

The next section describes how MSD has delivered on our three outcomes in 2022/23. Under each outcome, the year's progress and achievements are structured according to our updated impact statements. Progress on delivering against our two overarching impact statements is presented afterwards.

Putanga tuatahi: Ka whiwhi ngā tāngata o Aotearoa i te tautoko e tika ana

Outcome one: New Zealanders get the support they require

We want to ensure New Zealanders can understand and access the support services that are available to them, when they need them, including financial and housing assistance.

Our work to ensure New Zealanders got the support they required in 2022/23 included delivering on Budget 2022 initiatives that supported low-income New Zealanders:

- improving the adequacy and accessibility of Special Needs Grants for dental treatment
- permanently increasing hardship assistance income limits
- running a 12-month full and correct entitlement pilot as a baseline study
- passing on child support payments to sole parent beneficiaries.

Improve awareness of and access to support

We implemented increases to benefit rates

Main benefit rates were increased on 1 April 2023 above wage growth, increasing by 7.2 percent in line with inflation. This meant a couple on a benefit with children received $40.86 more a week and a sole parent received $31.83 more a week.

Superannuation and student support rates were also increased in line with inflation. This meant that a single student under the age of 24 without children received $20.21 more Student Allowance per week, while Superannuation increased per fortnight by $102.84 for a couple and $66.86 for a single person living alone.

We progressed the child support pass on

In June 2023, a Bill passed into law that passes child support on to parents and carers getting a sole parent rate of main benefit, which was previously retained by the State. From 1 July 2023, parents on a sole parent rate of benefit could get child support payments paid directly to them by Inland Revenue and the child support passed on will be treated as income for calculating benefits or other assistance.

This change will impact more than 41,000 sole parent families who will be better off with a median gain of $20 a week. It is estimated that the change will help lift as many as 14,000 children out of poverty.

We reviewed accuracy of entitlements

MSD ran a 12-month Full and Correct Entitlement pilot. The findings of the study are still being finalised and will inform improvements to processes, practices and systems in the short term as well as the long term through the Te Pae Tawhiti Programme.

We implemented improved access to childcare assistance

From 3 April 2023, income thresholds for the Childcare Subsidy and Out of School Care and Recreation (OSCAR) Subsidy increased to support more families with childcare costs and reflect wage growth since 2010 when the thresholds were frozen. This change means that a family with two parents both working 40 hours per week on $26 per hour with two children under five are now eligible for a subsidy of $252 per week.

Around 10,000 additional children are estimated to benefit from this support. The change supports people to enter or stay in the workforce by increasing the affordability of childcare.

We implemented increased support for dental treatment

We also implemented changes announced in Budget 2022 designed to increase access to dental care. From 1 December 2022 two changes were implemented:

- the limit for help with dental treatment increased to up to $1,000
- the requirement for dental treatment to arise from an emergency was removed so it could be used for immediate and essential needs.

We provided emergency recovery assistance and supported communities to remain connected

MSD has played a key role in delivering welfare services to people affected by emergencies. We worked with Civil Defence Emergency Management (CDEM) to support the response to the North Island weather events in early 2023.

Our regional teams worked closely with support providers and community groups in impacted areas to ensure funding reached the people and communities most in need as quickly as possible.

MSD led the development of a Social Sector Recovery Plan on behalf of the social sector. This All-of-Government Plan will continue to be implemented through the leadership of Regional Public Service Commissioners over the next two years.

During the response to the North Island weather events MSD approved:

- more than 400 funding applications to support community groups to provide essential goods, shelter and transport, psychosocial support, income support to those in financial hardship and help with clean-up efforts
- more than 350 funding applications to support community providers to respond to increased demand on their services from individuals, whānau and communities, and to support their staff wellbeing.

MSD also supported:

- 391 Community Connectors to meet the immediate welfare needs of individuals and whānau, including those in remote and isolated communities
- more than 200 existing community food providers to refill their stocks and respond to demand in affected communities
- six disability providers through the $0.5 million Disability Support Fund to respond to, and directly support, the needs of disabled people and their whānau impacted by floods and Cyclone Gabrielle
- communities' access to information with accessible communication and translation.

Between 28 January 2023 and 30 June 2023, MSD made more than $66.2 million in Civil Defence Payments, providing more than 105,000 people with financial assistance for food, bedding, clothing, loss of income and costs for those who had to leave home.

A dedicated 0800 line was set up to support New Zealanders impacted by these events, and more than 180,000 calls were answered on this line alone, providing nearly 50,000 hours of phone support.

MSD also deployed staff to the National Crisis Management Centre. As cyclone response and recovery took focus during this time, MSD resources were temporarily reprioritised in impacted areas.

In response to the North Island weather events, MSD enacted the Enhanced Taskforce Green (ETFG) recovery programme that is now operational in five MSD regions: Northland, Auckland, Waikato, East Coast and Central. As at the end of June 2023, there were 14 teams deployed with a total of 89 jobseekers who had come off a main benefit and into work to assist their communities.

In June 2023, Te Tairāwhiti Gisborne experienced more severe weather. MSD again stepped up to support the CDEM sector and started Civil Defence Payments from 26 June 2023.

Improve support to people, whānau and families in hardship or insecure housing

We supported progress towards resetting and redesigning the Emergency Housing System

In 2021 and 2022, MSD and the Ministry of Housing and Urban Development (HUD) undertook a review of the emergency housing system. The review found that challenges have built up over decades and that it will take time to shift to an ideal state where emergency accommodation is rarely needed, and when it is, that stays are brief and non-recurring. The long-term solutions rely on more supply of affordable public housing.

In December 2022, Cabinet agreed to all 10 key actions recommended in the review, with MSD responsible for implementing seven of the 10 actions. The work programme to reset and redesign the emergency housing system is focusing on an initial 12-to-18-month transition period, and then fully implementing all 10 actions.

MSD and HUD will focus on increasing alternatives to emergency housing, setting standards for emergency accommodation, and improving support services to achieve better outcomes for people in urgent need of housing.

We continued to provide housing support

Improvements to Housing Support Products (HSPs) were launched in March 2023. HSPs are grants to help people stay in their private rentals, or to secure private rentals, thereby reducing the need for emergency housing.

Consolidating various one-off housing-related assistance into a single programme and increasing the amount of assistance people can receive has improved the support available to people with one-off housing costs (bonds, rent in advance and rent arrears) who are covered by the Residential Tenancies Act 1986.

We helped people stay in their homes or access suitable accommodation

Over 2022/23, demand for emergency housing decreased. At the end of June 2023, there were 3,513 households (comprising 3,900 adults and 3,501 children) receiving an Emergency Housing Special Needs Grant compared to 4,116 households as at 30 June 2022.

A range of factors may have contributed to the decrease in demand for emergency housing. Recent increases to main benefit levels may have improved the affordability of rental accommodation for MSD clients. Changes to the Residential Tenancies Act have reduced the frequency of rent increases and improved security of tenure for renters. A cooling housing market over much of 2022/23 saw rents plateau or increase more modestly than in recent years.

As at 30 June 2023, there were 29,745 applicants on the Public Housing Register compared to 32,172 applicants as at 30 June 2022. The decline in the number of applications over 2022 is partly attributable to the additional resource and tools dedicated to register management, which has seen MSD increase the frequency of contact with applicants.

Case study

A phone call to MSD leads to life-changing outcomes for whānau

A whānau living in social housing (who were given two weeks' notice to leave) had their lives changed with support from MSD.

Mary (not her real name) got in touch with MSD to request a social housing assessment for herself and her three children. While awaiting this assessment, Mary and her whānau were provided with emergency housing. MSD also encouraged Mary to attend a Ready to Rent Programme, where she was introduced to an MSD housing broker, work broker, and a training provider, EmployNZ.

Mary obtained a range of support after attending the programme, and within two weeks of the whānau moving into emergency housing, Mary was supported to secure a home and find part-time work that will transition into full-time employment.

Mary's teenagers are also making major changes – they've enrolled to sit their driver licences, are studying with EmployNZ, and have interviewed for job vacancies close to their new home. Her youngest child is back at school after not attending for quite some time.

Putanga tuarua: He aumangea ngā tāngata o Aotearoa, otirā e noho ana ki ngā hapori kauawhi, tautoko hoki

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

As the leading social sector agency for all New Zealanders, we recognise and respect the diversity of the people, whānau and families, and the communities we serve, and are committed to improving their wellbeing.

We are improving access to skills, tools and resources to help New Zealanders respond better to challenges in their lives. We also partner with other groups and agencies to support communities to be more inclusive, supportive, safe and well-equipped to meet the needs of individuals, families and whānau.

Our work in 2022/23 included delivering on Budget 2022 initiatives that increased support to community-based partners, including:

- funding for Building Financial Capability (BFC) providers to continue improving people's financial capability and reducing their risk of financial hardship
- supporting Crown-Māori partnerships that seek to realise the aspirations of iwi, hapū and whānau, and iwi and Māori-led wellbeing, for example, Te Hiku o te Ika Iwi and Ngāi Tūhoe relationship agreements.

Improve the safety and strength of people, whānau, families and communities

We prioritised the safety and wellbeing of New Zealanders in their communities

We worked collectively across government as a Te Puna Aonui agency to continue implementing the current Action Plan of Te Aorerekura – the National Strategy to Eliminate Family Violence and Sexual Violence.

MSD is leading five actions in the current Action Plan:

- Action 12: Build tools for communities and informal helpers
- Action 21: Deliver prevention initiatives: Campaign for Action on Family Violence, E Tū Whānau and Pasefika Proud as well as for other population groups including older people
- Action 23: Develop prevention programmes for ethnic communities

- Action 29: Develop a plan to fill the service gaps for family violence
- Action 30: Develop a plan to fill the service gaps for sexual violence.

To support implementation of the Action Plan, MSD:

- launched the youth campaign, Love Better, aimed at fostering safe, positive and equal relationships, and Change is Possible, an approach to mobilising positive change in men
- improved the immediate support available for all people impacted by family violence, including through expanded online help tools and with specialist, child-focused support for children in eight Women's Refuge sites across the country
- supported the delivery of services for adult victims/survivors and perpetrators of sexual violence, including strengthening and improving the accessibility of Kaupapa Māori specialist sexual violence support focused on long-term and sustainable healing.

We helped support the financial capability of people and whānau

We supported the delivery of BFC services to help people and whānau to improve their financial wellbeing. This included investing $3 million to support increased demand on these services in response to cost-of-living pressures.

We strengthened access to government and community services for rural communities

Providers and community groups supporting remote communities were funded through the Provider and Community Capability funding to develop and strengthen their workforce and organisational capability, and to fund leases for office space, vehicles to access remote communities etc.

We worked with providers and communities to redesign and strengthen Heartland Services, so people who live in rural and isolated areas of New Zealand can better access government and community services.

We supported whānau and communities to thrive

We increased investment in E Tū Whānau to support whānau and communities to build capability, wellbeing and resilience. Support focused on healing intergenerational trauma and helping to embed positive actions to support violence-free lives, alongside hui promoting best practice through whanaungatanga and kotahitanga.

We have continued to progress the actions outlined in Pacific Prosperity, our Pacific Strategy and Action Plan.

The Nga Vaka o Kāiga Tapu Online Pacific Cultural Competency Programme was launched in August 2022. It was designed specifically for family violence practitioners working with Pacific families and to help frontline workers understand and apply Pacific cultural concepts in their work.

We are also supporting the Kiribati, Tuvalu, Fiji and Tokelau communities to deliver their ethnic-specific wellbeing plans.

Case study

Supporting rangatahi leadership and action in South Auckland

Ōtara Youth Hub (OYH) is a dedicated youth hub in the centre of the largely Māori and Pasifika South Auckland community it serves. It's a place of connection, advocacy and support to uplift and celebrate the local spirit, resilience and brilliance within Ōtara.

Since opening in 2020, OYH has been supported by MSD's E Tū Whānau programme as part of its priority focus on rangatahi development, and its values of Aroha, Whanaungatanga, Mana manaaki, Tikanga, Kōrero awhi and Whakapapa.

The OYH Manager says they incorporated the E Tū Whānau values in their founding principles and it empowers them to do everything with mana.

OYH connects young people to each other, their aspirations, and real-world opportunities and experiences. OYH also provides a safe space where rangatahi are free to hang out, access technology, make use of the self-directed careers kiosk, or get support writing a CV, gaining a driver licence, and navigating pathways into education or employment.

Other initiatives include the Ōtara Youth Hub Leadership Army – a movement of diverse young people who take action in their community to make it better for themselves and others. They run weekly wānanga, waiata and kapa haka sessions for kuia and kaumātua at a local retirement home, organise sporting and cultural activities, and co-ordinate food sharing schemes.

Picture above shows E Tū Whānau Kaimahi, Swanie Nelson, with OYH rangatahi serving and entertaining the residents at an Ōtara retirement home.

We supported people with disabilities to have their say

In August 2022, the Accessibility for New Zealanders Bill passed its first reading. This Bill provides for an Accessibility Committee to accelerate accessibility by removing the barriers that prevent disabled people, tāngata whaikaha Māori, their families or whānau, and others with accessibility needs from being fully included and participating in society.

MSD helped analyse more than 500 public submissions on the Bill and developed a departmental report on the Bill, before transferring the project lead to Whaikaha – Ministry of Disabled People.

During the Select Committee process we helped the Committee to improve its own processes by making information available in alternate formats, providing New Zealand Sign Language (NZSL) interpreters and extending the length of oral submissions.

MSD also began a review of the New Zealand Sign Language Act 2006 on behalf of Whaikaha – Ministry of Disabled People, using an NZSL-first consultation process. The proposed amendments aim to support the promotion, learning, maintenance and use of NZSL.

We supported community participation and wellbeing services for disabled people

We provided $88 million to organisations that provided community participation services. These services are accessed by around 10,000 disabled people a year to support their community participation and inclusion.

We supported programmes to change the lives of seniors

In early 2023, the Minister for Seniors, supported by the Office for Seniors, launched three programmes which help the implementation of the Better Later Life Strategy:

- Senior Enterprise – a pilot programme supporting people over 50 with business ideas, providing training and mentorship to boost the skills, confidence and market knowledge needed to help start their own businesses and promote financial security.
- Digital Literacy Training – a programme focused on delivering culturally appropriate digital skills training to diverse groups of older people, including a specific focus on older Pacific peoples. Building digital literacy skills helps to reduce the digital exclusion experienced by as many as one in four older people who do not regularly access the Internet.
- Homeshare – a pilot programme for a shared housing option that supports older homeowners to accommodate another adult. Participants can benefit from home support, income assistance and company while being able to maintain independence and remain in their own homes.

We helped young people to thrive

The Ministry of Youth Development (MYD) has funded youth development and youth enterprise programmes to deliver over 82,000 opportunities to young people aged 12–24. This included:

- implementing the (Youth Development) Full-Time Equivalent Youth Worker/ Practitioner Pilot aimed at increasing their one-to-one contact time with young people with more complex and urgent needs
- He Kākano, an MYD partnership with the Prince's Trust Aotearoa New Zealand to provide seed funding, mentoring support, entrepreneurial skill development and shared support services to young people
- the Ākonga Youth Development Community Fund (Ākonga Fund), which supports ākonga (learners) to stay engaged in their education journey.

When MYD surveyed young people on the impact of the youth development and youth enterprise programmes they participated in, 85 percent of respondents reported they had seen an improvement in their outcomes.

We supported young people to lead and have their say

MYD continued to enable key initiatives that supported young people (aged 12–24) to lead and have their voices heard on the issues that mattered most to them. This included:

- refreshing the Youth Plan – MYD, with support from the MYD Youth Advisory Group, engaged with more than 1,400 young people to inform the refresh of the Youth Plan, which focuses on uplifting the whai wāhitanga of young people through two focus areas: voice and leadership
- Youth Parliament 2022 – which supported 139 young people aged 16–23 over a six-month tenure from March to August 2022 to participate in the Youth Parliament programme as Youth MPs, Youth Press Gallery members and a Youth Clerk
- The Hive – an innovative model that aims to increase young people's participation in policy development, including demystifying politics and political processes.

We provided support for youth engagement and crime prevention

MSD continued to work with other agencies to help targeted regions provide holistic wellbeing support for children, young people and their whānau in response to the rise in youth crime (specifically ram raids, fleeing drivers and other serious offences).

The Government announced the Better Pathways package on 6 September 2022 that aims to place more young people in education, training or work to reduce youth crime. Initiatives included further funding for He Poutama Rangatahi and the Ākonga Fund.

Working in collaboration with local councils, we helped distribute $6 million from the Proceeds of Crime Fund to support community crime prevention initiatives and programmes, and youth engagement initiatives.

We developed tools and resources to strengthen social cohesion

Following the Royal Commission of Inquiry into the Terrorist Attack on Christchurch Mosques, and recommendations to improve social cohesion in New Zealand, Te Korowai Whetū Social Cohesion was launched in October 2022. This MSD-led kaupapa is in response to the Report of the Royal Commission of Inquiry, and recommendations to improve social cohesion in New Zealand.

To support the building and maintenance of a society where all people, whānau and communities can connect and feel a sense of belonging, MSD developed a package of tools and resources including a strategic framework, measurement framework, government work programme, information sheets and a time-limited $2 million community grant fund. These tools and resources can be used by anyone – from government agencies and non-government organisations, to individuals, communities, businesses and workplaces.

We supported vulnerable communities through emergency response periods

Throughout the response to COVID-19, Community Connectors and community food providers were at the forefront of the Care in Community (CiC) welfare response.

Community Connectors worked with individuals and whānau to understand their immediate needs, address barriers and connect them to various services available during and in transition from self-isolation. This funding was time limited until 30 June 2023.

Following the North Island weather events, Cabinet agreed to expand the scope of the Community Connectors to support the response and recovery. In the affected regions, Community Connectors are providing support to communities, whānau and individuals, with a focus on welfare and food support, social and mental health services, and employment.

To continue supporting communities, through Budget 2023, funding was provided from 1 July 2023 to retain:

- 100 Community Connectors around the country until 30 June 2025
- an additional 65 Community Connectors in regions impacted by the North Island weather events until June 2024.

Improve how we connect and partner

We are leading Social Sector Commissioning

MSD is leading the implementation of the Social Sector Commissioning Action Plan 2022–2028, which was launched in October 2022. The objective of the Action Plan is to support a move towards using a relational approach to commissioning social services, so that it becomes standard practice across government by 2028.

This year we have:

- engaged widely to identify good practice in relational commissioning in action
- established a cross-government community of practice
- supported government agencies in the development of plans to adopt relational commissioning
- developed a monitoring and learning framework.

We continued to process applications for redress through our Historic Claims service

Historic Claims provides an alternative redress process to the Courts for people who were harmed while in the care or oversight of Child, Youth and Family or its predecessors. We continued to work with claimants to provide options to resolve their claims, offer them the opportunity to tell their story, provide access to support, and offer acknowledgment through a settlement payment and an apology.

In response to the recommendations from the Royal Commission of Inquiry into Abuse in Care, the Government agreed to develop a rapid payment assessment option for use within existing claims processes to address long wait times for claimants, with an initial focus on those who are ill, elderly or have been waiting the longest. Since Rapid Payments were introduced in late 2022, more than 70 percent of claimants offered a Rapid Payment chose this option.

We supported the legislation for the Oversight of the Oranga Tamariki System and Children and Young People's Commission

MSD is the administering agency for the Oversight of Oranga Tamariki System Act 2022 and the Children and Young People's Commission Act 2022. Both Acts are designed to strengthen the oversight of the Oranga Tamariki System (the system that is responsible for providing services or support to children, young people, and their families and whānau under, or in connection with, the Oranga Tamariki Act 1989). This is carried out through independent monitoring and assurance of operations and obligations led by Aroturuki Tamariki – Independent Children's Monitor, oversight and investigation of complaints led by the Ombudsman, and system-level advocacy for all children and young people in New Zealand led by the Children and Young People's Commission.

The Independent Children's Monitor was established as a business unit of MSD in 2019. On 1 May 2023, the Oversight of Oranga Tamariki System Act came into force establishing Aroturuki Tamariki – Independent Children's Monitor as a departmental agency hosted by the Education Review Office.

The Children and Young People's Commission Act established the Children and Young People's Commission on 1 July 2023. It replaces the Office of the Children's Commissioner and is responsible for advocating for the rights of children and young people.

Putanga tuatoru: Ka uru mārika ngā tāngata o Aotearoa ki ngā mahi porihanga, otirā ka whāia te iti kahurangi

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

We work to help New Zealanders to reach their potential, grow and participate positively in society.

We do this by connecting people with employment, education and wellbeing opportunities, as well as support services. We also recognise that the opportunities we provide need to be inclusive, so we work with individuals, families, whānau and communities to understand their aspirations and what is important to them, including their situation, culture and values.

To continue ensuring that all New Zealanders can participate positively in society and reach their potential, our work in 2022/23 included delivering on Budget 2022 initiatives that invested in training and better employment outcomes for New Zealanders including:

- providing access to driver licences for disadvantaged groups
- continuing to support Māori through employment programmes such as Māori Trades and Training
- continuing employment support linked to industry for at-risk jobseekers through Mana in Mahi.

Improve people's readiness for work, including through training and education

We continued to support people into work

Helping New Zealanders move off benefits and into work results in better outcomes for them and their whānau. Across our service centres and contact centres, frontline staff have continued to support New Zealanders to find and secure employment.

We have a range of investments to support people into work, such as employment case management and employment programmes.

As at 30 June 2023, a total of 84,100 people were supported into work.

Employment case managers

Our employment-focused case managers give clients comprehensive, wrap-around support, connecting with products and services that can assist them to work. Our work brokers work closely with employers to connect clients to job opportunities, using their knowledge of the local job market to benefit both clients and employers.

Flexi-wage

The Flexi-wage subsidy is used to support people at risk of long-term benefit receipt or disadvantage in the labour market into jobs where they may not meet requirements for the role. MSD pays a wage subsidy to employers, while participants gain training and develop work skills that support them into lasting employment.

The Flexi-wage expansion, which began in 2021, has supported a broad range of people into work. A total of 27,873 people have taken part in Flexi-wage since its expansion in February 2021, including 10,293 people in 2022/23.

Māori Trades and Training Fund

Māori Trades and Training Fund (MTTF) programmes that support Kaupapa Māori projects offer employment-based training alongside support services, such as pastoral care. The Fund includes funding for organisational development to ensure that communities grow their capability to provide support and services. As at June 2023, 63 projects have been approved and MTTF programmes have supported 858 people.

Mayors Taskforce for Jobs

The Mayors Taskforce for Jobs (MTFJ) is a nationwide network of New Zealand's Mayors working together towards the vision of all young people aged 16–25 engaged in employment, education, training or other positive activity in their community. Since 2020, MSD has had a strategic partnership with MTFJ to deliver employment programmes in rural and provincial New Zealand that has supported more than 5,000 predominantly young people into employment. In 2022/23, the programme delivered 1,706 contracted outcomes across 33 councils.

Jobs and Skills Hubs

Jobs and Skills Hubs are a one-stop construction and infrastructure shop, supporting major projects with their recruitment and training needs and helping local people to take up local jobs. As at June 2023, five hubs are operational: three in Auckland, one in Hawke's Bay and one in Lower Hutt. A pop-up hub is planned for Te Tairāwhiti Gisborne to assist with the response and rebuild following the North Island weather events. As at 30 June 2023, the hubs have produced 1,361 training outcomes, 310 employment placements and 55 apprenticeships.

Driver Licence Support

Gaining a driver licence can significantly reduce barriers to employment. The Driver Licence Support programme ensures there is a strong system in place to assist people to get their licence where barriers are in place. Through a range of partnerships, 11,694 people began a Driver Licence Support programme in the last year, 50 percent being Māori and 17 percent Pacific peoples. Improvements have been made to Driver Licence Support programmes. Contracts across the country have been confirmed to deliver support to 15,000 people in 2023/24.

We progressed work to strengthen the Active Labour Market system

Active Labour Market Programmes (ALMPs) support people who have varying degrees of attachment to the labour market to enter, remain in, or return to, suitable work. Building on the review of the ALMP system with the Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Education in 2021, this year we began to address gaps identified in the review:

- to improve or develop further support for economically displaced workers
- to increase the range and scale of ALMPs for disabled people
- to strengthen consistency of monitoring and evaluation of ALMPs.

We supported disabled people into work

The Oranga Mahi suite of programmes supported disabled people, including those with health conditions, to move closer to the labour market and enter employment. The range of programmes included:

- Individual Placement and Support (IPS) – a health and employment service for people managing severe mental health conditions
- E Ara E Take Charge – an adapted IPS service for young people (aged 18–24) with common mental health and addiction issues
- Here Toitū – a health and employment service to help people recognise their potential, get well, and find meaningful work
- Rākau Rangatira – a Kaupapa Māori health and employment service for people with mild-to-moderate mental health and addiction issues
- virtual services that work alongside other supports (clinical counselling) and a coaching and mentoring service.

During 2022/23, 2,118 people were supported through an Oranga Mahi programme. MSD also funded a coaching programme, Te Heke Mai, to provide wrap-around support to people looking for work, in training or starting new jobs. The programme uses behavioural change models and positive psychology.

In 2022/23, there were 1,196 new participants, and of those, 657 were MSD clients. Fifty-nine percent of people entered employment after successfully participating in Te Heke Mai.

We supported young people into employment

MSD delivered a range of initiatives to help young people into employment, including Mana in Mahi, Apprenticeship Boost and He Poutama Rangatahi.

Mana in Mahi helps people who need additional support to get paid jobs while gaining a formal industry qualification. MSD pays a wage subsidy to the employer and provides participants with incentive payments and ongoing support along the way. As at 30 June 2023, there has been a total of 6,180 placements with 1,002 of these during 2022/23.

The Apprenticeship Boost Initiative supports apprenticeships which are an important component of the education, employment and training system, and participating in one can make a critical difference in the careers of young people. The Apprenticeship Boost Initiative supports employers with retaining and taking on new apprentices as the economy recovers from the impacts of COVID-19. This means employees will be able to continue to work and progress towards their qualifications. As at 30 June 2023, 59,273 apprentices have been paid over the lifetime of the programme. In 2022/23, $67.5 million was paid, $31.3 million of which was paid to first-year apprentices and $36.2 million to second-year apprentices.

He Poutama Rangatahi is a work-readiness and skills initiative for young people (aged 15–24) who are hard to reach and most at risk of long-term unemployment. He Poutama Rangatahi helps with individualised and ongoing support into training and employment. He Poutama Rangatahi also funds the development of community providers to build capacity and ensure a sustainable future of support for rangatahi. As at 30 June 2023, 50 projects have been funded and 1,116 rangatahi supported.

MSD has supported young people in their final years of school to explore vocational career options through the Education to Employment service. This service funds vocational co-ordinators who work with almost 300 schools and kura across the country and employers in their local community, helping students through individual support as well as events.

We published insights to inform future policy work supporting youth employment

MSD, MBIE, the Ministry of Education and the Ministry for Women released the Long-term Insights Briefing: Preparing All Young People for Satisfying and Rewarding Working Lives in June 2023 as required under the Public Service Act 2020.

The briefing identifies opportunities to improve education and employment system responses to support youth employment outcomes in the medium and long term. The possible future directions identified are to assist agencies to focus on delivering more equitable employment outcomes and create more effective pathways into sustainable work for populations such as rangatahi Māori, young Pacific peoples, young disabled people and young mothers. In turn, this could also support young people to achieve better outcomes in other areas such as housing, health, and overall individual and whānau wellbeing.

Improve sustainable employment outcomes

We supported people at risk of displacement from work

We responded early to support people at risk of redundancy or other forms of job loss through the launch of Early Response: Redeployment Support in April 2022. As at June 2023, 800 people were supported into employment or training. We have also helped 4,633 people through the Rapid Return to Work Service and 10,704 through the Direct Career Service as at June 2023.

We supported disabled people to gain sustainable employment

We continued to support disabled people and people with a health condition to gain sustainable employment and move closer to financial independence. Support in 2022/23 included:

- Specialist Employment Service – 4,695 people were supported to gain paid employment and received ongoing support
- Mainstream Programme and Internships (paid directly to employers) – this helped 78 disabled people gain paid work experience
- Support Funds – 745 people were helped to meet any additional costs disabled people may face when undertaking training or employment.

Administration of Support Funds was transferred from Workbridge to MSD in March 2023.

Improve our contribution to business and regional development

We supported the Regional System Leadership Framework

Each region across New Zealand has its own unique combination of strengths and challenges, and we know that New Zealanders are more likely to thrive when they are served by a joined-up Public Service. As the Secretary of Social Development, Debbie Power is designated as the System Lead, Regional Public Service.

The Regional System Leadership Framework was introduced in 2019, with 11 Regional Public Service Commissioners (RPSCs) being appointed to cover 16 regions. In February 2023, a Deputy RPSC was appointed in Te Tairāwhiti Gisborne to support cyclone recovery.

The work of RPSCs was important during COVID-19 and has continued to play a critical role in supporting the response and recovery in areas affected by the North Island weather events in 2023.

RPSC achievements this year include:

- cyclone response
- the launch in Taranaki of a Co-Response Team pilot to address mental health callouts in the community
- the facilitation of a partnership with Murihiku Hapū in Otago, to bring together four local rūnanga on the Murihiku Regeneration project, as part of efforts to build a regenerative economy for future generations
- work in Hawke's Bay with councils, iwi, the Ministry for the Environment and the Department of Conservation on the Build Back Better Strategy.

Case study

Solo mum kicked her career into top gear

Solo mum of two, Sarah Hubbard, has kicked her career into top gear with support from her new employer and MSD's Mana in Mahi initiative.

Previously a business owner hit hard by the pandemic, Sarah was thrilled to learn of the career opportunities in the automotive industry. She started an auto-parts merchandising role in mid-December 2022 with Rouse Motorcycles.

"After selling my business, I struggled to find a role to suit my young family – I had to consider other options. While it's a male-dominated industry and I had no experience, I was met with flexibility, understanding and the opportunity for career progression."

Co-founder of Rouse Motorcycles, Shayn Rouse, says Sarah's potential was evident from the start, and she was shoulder-tapped to complete her Level 3 NZ Certificate in Automotive Parts and Accessories.

"Sarah took to the role quickly, so study was a natural progression that we wanted to support. MSD's Mana in Mahi investment covered the bulk of the training costs including the course fees and a laptop for her online modules."

The 22-month training programme facilitated by the Motor Industry Training Organisation (MITO) includes a mix of practical training and e-learning, allowing students to complete theory elements at their own pace.

Sarah is one of almost 6,180 people who were supported into employment through Mana in Mahi by the end of June 2023.

Ngā pāpātanga ahuwhānui

Overarching impacts

Improve equity of outcomes, particularly for Māori

Over the past year MSD has worked to improve equity of outcomes, particularly for Māori, through a range of initiatives. Below are two examples of our mahi.

We supported the release of a Māori Values Framework

As part of the Government's welfare overhaul work programme, MSD commissioned a Māori Values Framework to embed in the welfare system to guide its design and operation. The Māori Values Framework was produced for MSD by Ngā Mātanga Māori, a group of eight mātauranga Māori experts who have a broad range of knowledge in te ao Māori and the policy and legislative levers required to enact change. The framework was proposed by Ngā Mātanga Māori in their March 2023 advice, He Tūtohu nā Ngā Mātanga Māori.

MSD is currently embedding the framework internally, and is using the framework to give effect to its own strategy, Te Pae Tawhiti. Once this has been achieved, consideration will be given to whether the framework can be embedded into the wider welfare system, beyond MSD.

We supported Māori wellbeing through partnerships and accords

We have effective relationships with iwi and Māori that are fundamental to realising Māori Crown partnerships and a key component for MSD being able to meet the Crown's commitments under Te Tiriti o Waitangi.

MSD leads the following Iwi-Crown relationship agreements (on behalf of the Crown):

- Te Hiku o te Ika Iwi – Crown Social Development and Wellbeing Accord
- He Tapuae – Ngāi Tūhoe Service Management Plan
- Koiora Accord (Waikato-Tainui).

MSD also has other relationship agreements that it supports, including those with:

- Heretaunga Tamatea
- Ngāti Maniapoto
- Ngāti Rangi
- Parihaka
- Tātau Tātau Wairoa
- Taranaki Whānui ki te Upoko o te Ika a Māui
- Te Rūnanganui o Ngāti Porou
- Waikato-Tainui (Kiingitanga).

Improve people's trust and confidence in the welfare system

Over the past year MSD has worked to improve people's trust and confidence in the welfare system through a range of initiatives, including the examples below.

Reducing debt to government

As part of the Debt to Government work programme, MSD continued to work with Inland Revenue to support people who have debt with both agencies. This included increasing staff knowledge and capability on each agency's products and services, to improve the client experience and help ensure they are getting the support they are eligible for.

We also implemented a system change that enables us to auto-correct benefit payments when there is a late income declaration from a client.

As at 30 June 2023, the total debt balance owed to MSD was $2.5 billion (2022: $2.4 billion). While we have a legislative duty to take all reasonable steps to recover debt, our overall approach is to support people to manage their debt in a sustainable way.

Recouping Wage Subsidy overpayments

COVID-19 Economic Supports were established in March 2020, to keep workers and employers connected during elevated COVID-19 alert levels and lockdowns. As at 30 June 2023, over $19.7 billion had been paid out in Wage Subsidy and Leave Support payments, supporting an estimated 1.8 million jobs.

The Wage Subsidy was a high-trust scheme providing rapid payments upfront to businesses affected by COVID-19 restrictions so that employers could continue to pay their employees. The aim was to help prevent job losses and business closures, with employers undertaking to pass payments on to staff in wages.

MSD remains committed to providing assurance that those who received payments were eligible for them. The Wage Subsidy Fraud and Integrity Programme includes investigations, post-payment checks, requests for repayment, civil recovery and, in the more serious cases, prosecutions where there is evidence deliberate fraud was involved.

As at 30 June 2023, $819.6 million was recouped.

By 30 June 2023, MSD had:

- progressed civil recovery action in relation to 31 businesses, of which 10 have been filed in court
- progressed prosecution action in 48 cases, of which criminal charges have been filed in 37 cases involving around $3 million in subsidy payments
- referred 11 more complex or significant cases of alleged fraud to the Serious Fraud Office.

Te anga whakamua
Looking ahead

Te Pae Tawhiti Programme

Navigating towards a future where all New Zealanders can be safe, strong and independent

MSD's multi-year Te Pae Tawhiti Transformation Programme will ensure we meet the current and future needs of New Zealand.

By the end of the Te Pae Tawhiti Programme:

- New Zealanders will get the support they are eligible for every time they interact with MSD
- well-designed and intuitive systems and processes will make it easy for everyone to do the right thing, reducing debt and hardship
- joined-up support for training and employment will help more New Zealanders into sustainable work
- MSD will have the flexibility and agility to respond to unexpected events, government priorities and the changing needs of New Zealanders in the future
- there will be better long-term outcomes for everyone working in partnership with MSD, including equity of outcomes for Māori as tangata whenua, and for Pacific peoples and other priority groups.

Changes will be delivered in three Horizons (or stages) of three years each.

In June 2023, Cabinet approved the Te Pae Tawhiti Horizon One Transformation Detailed Business Case – with $100 million of new funding over two years in Budget 2023 and a contribution from MSD of $83 million over two years.

Horizon One changes include:

- a new technology platform
- a digital employment platform where job seekers can connect with employers
- simpler, more efficient commissioning and reporting processes for MSD's partners
- an easy-to-use online experience for students.

New technology and processes will provide for better engagements to support clients' situations and needs and assist them into employment and independence.

Supporting New Zealanders through Budget 2023

Budget 2023 continues to support our work to achieve and secure better outcomes for all New Zealanders.

Budget 2023 funded key initiatives, including:

- $237.6 million towards training and better employment outcomes for New Zealanders. This includes permanently reinstating the Training Incentive Allowance to support sole parents, disabled people and their carers; funding for Oranga Mahi including six health and employment trials; the continued delivery of the Mayors' Taskforce for Jobs Rural Community Resilience Programme and Auckland Council's Ngā Puna Pūkenga partnership for an additional two years
- $202.6 million towards supporting communities and whānau. This includes funding to enable MSD to resolve around 1,000 claims of historic abuse of people while in the care of Child, Youth and Family (or its predecessors), funding for a further two years of Food Secure Communities for the community food sector and funding to continue the Growing Up in New Zealand longitudinal study
- $36.1 million towards the prevention of family violence and sexual violence ($30 million administered by MSD and $6.1 million administered by Whaikaha – Ministry of Disabled People). This includes ensuring that New Zealanders continue to have access to a family violence Help Portal, expanding the delivery of Kaupapa Māori specialist sexual violence services, and continuing the Child Advocates programme (following a pilot), which supports children in eight Women's Refuge sites across New Zealand
- $594.2 million towards core MSD cost pressures. This includes funding to retain 490 frontline roles to maintain service levels for income support and employment services at MSD, remuneration increases arising from collective bargaining commitments, and funding to address departmental price pressures affecting key aspects of MSD's operations
- $183 million over two years to progress MSD's transformation programme – Te Pae Tawhiti (includes a contribution from MSD of $83 million over two years)
- $93.4 million towards our response to the North Island weather events of early 2023.

Tō mātou whakahaere
Our organisation

On 30 June 2023, MSD had 9,213 employees, with 9,077 permanent and fixed-term full-time equivalent (FTE). The organisation is arranged into an Office of the Chief Executive and seven business groups:

- Service Delivery
- Māori, Communities and Partnerships
- Transformation
- Policy
- People and Capability
- Organisational Assurance and Communication
- Strategy and Insights.

Each business group is led by a Deputy Chief Executive (DCE) who is a member of our Leadership Team.

We have offices and service centres throughout New Zealand. Some services are also provided by phone and digital channels (such as our MyMSD online self-service portal). We also provide our services through Heartland sites in rural and isolated communities.

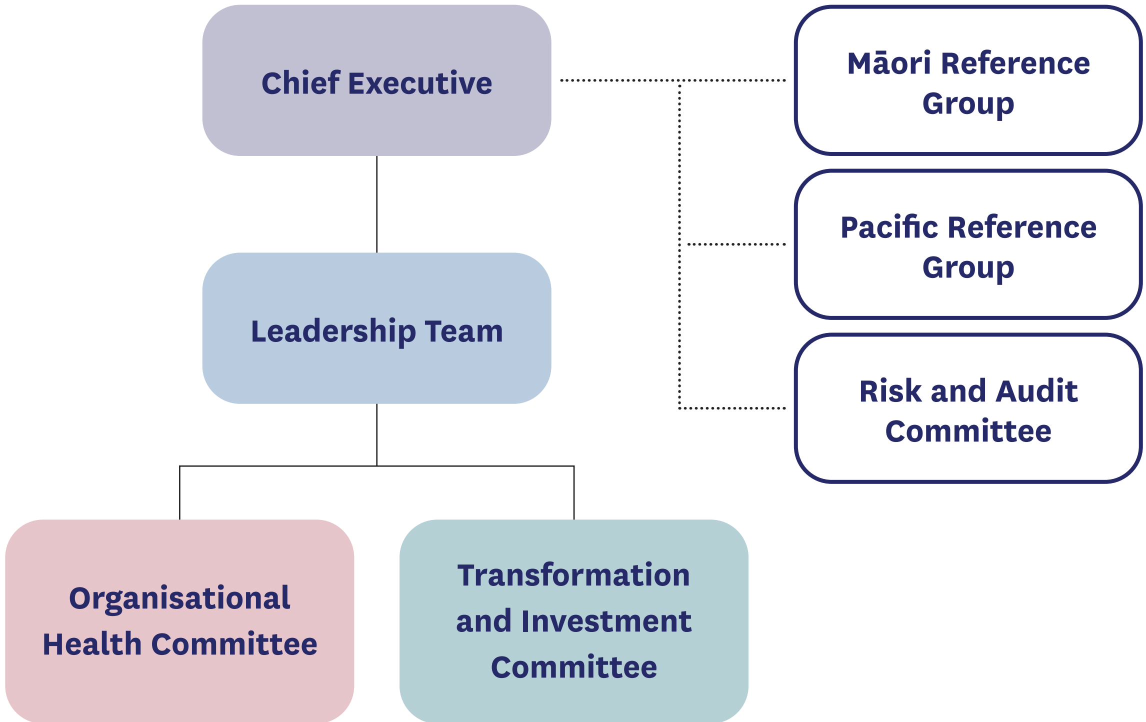
Governance and risk management

Our Leadership Team is responsible for the overall governance and management of MSD. Governance responsibilities include making sound investment decisions that support the long-term social and economic development of New Zealanders, managing risk and ensuring compliance.

The Organisational Health Committee ensures the high-level design and health of our key corporate services, systems, capabilities and infrastructure are aligned, and supports optimal functioning and performance.

The Transformation and Investment Committee ensures MSD's investments are robust, strategic and effective, and that organisational transformation and performance supports delivery of our strategic objectives, purpose and outcomes. The committee also provides governance of the Te Pae Tawhiti Transformation Programme through the Te Pae Tawhiti Transformation and Investment Committee. External advisory roles on this Committee provide independent thought and challenge.

Figure 5: MSD governance framework



Our Chief Executive is supported by three independent advisory groups:

- Māori Reference Group – providing oversight of Te Pae Tata, our Māori Strategy and Action Plan, and advice on the design and implementation of social strategies and policies that impact Māori
- Pacific Reference Group – ensuring the actions and initiatives recommended in Pacific Prosperity: Our Pacific Strategy and Action Plan are effective for Pacific peoples
- Risk and Audit Committee – providing independent advice on risk, assurance and auditing requirements for MSD.

Risk management policy

Our business risk management policy has been reviewed to ensure it is fit for purpose, accessible and supports MSD staff to apply risk management to their day-to-day activities.

Our people

He Korowai Manaaki (Our People Strategy)

He Korowai Manaaki sets out the people-related actions we will take to achieve our key organisational strategies – Te Pae Tawhiti, Te Pae Tata and Pacific Prosperity. The four components of He Korowai Manaaki outline what we need to do to be successful in an ever-changing environment, how we can work in new and different ways, and how we want our people to experience working and leading others at MSD.

This includes:

- client and whānau centred – we design our work, roles and organisation to deliver for our clients and whānau
- capability building – we have the capability to perform to our potential now and in the future
- leading for performance – our leaders develop and nurture people and teams to deliver high levels of performance
- positive experience – our people have an experience at work that enables them to reach their potential and feel included, safe and well.

Workplace relations

Our relationship with our union partners continues to be positive and constructive at both the operational and strategic levels. The Public Service Association (PSA) is the main union that represents our employees. We engage with over 400 of their delegates at local and national levels, including Ngā Kaitūhono representatives (our Māori PSA members) and PSA convenors. We also work constructively with the Work and Income Northland Staff (WINS) union, which has around 100 members based in Northland.

Pay and progression for our people

Managers and Senior Specialists (MSS) pay and progression

This year we agreed the new pay and progression framework for MSS. This, along with a realignment of remuneration bands to market levels, has enabled us to take steps to address recruitment and retention issues for this cohort of employees.

Bargaining

In 2022/23, due to the Public Sector Pay Adjustment (PSPA), we negotiated and settled MSD's four collective agreements (Service Delivery, National Office/MYD, WINS, MSS) and led the bargaining work for Whaikaha – Ministry of Disabled People.

We were able to deliver PSPA, including remuneration increases, to all our employees. We also made changes to bring more consistency to our agreements and implemented a new pay and progression framework for our MSS employees. We also committed to work together on items that were not able to be resolved during the bargaining process.

MSD continues to be the subject of two pay equity claims. One covers administration and clerical employees and is part of the wider Public Service claim. The other is for customer service and contact centre employees and covers around 3,000 MSD people. Te Kawa Mataaho Public Service Commission leads the ongoing work to resolve these.

Ētahi atu herenga tuku pūrongo

Other reporting requirements

In addition to reporting under the Public Finance Act 1989, MSD has other reporting requirements for the Annual Report.

Treaty settlement commitments

Enhancing oversight of Treaty settlements: He Korowai Whakamana

From 2023/24, MSD must report on the status of its Treaty settlement commitments.

In December 2022, Cabinet approved He Korowai Whakamana as a framework for achieving oversight and enhancing accountability for the Crown's Treaty settlement commitments. This requires core Crown agencies to track the status of their commitments using Te Haeata, an online searchable record of Te Tiriti o Waitangi settlement commitments. The purpose of Te Haeata is to raise the visibility of settlement commitments and help organisations keep oversight of them.

In June 2023, MSD completed a review of the status of its Treaty settlement commitments and entered this information in Te Haeata. This identified that MSD had 108 Treaty settlement commitments, comprising 63 property-related commitments and 45 relationship redress-related commitments.

Māori Crown Relations capability

MSD's Whāinga Amorangi plan, was refreshed in the past year and articulates how we go about building the Māori Crown Relations capability of our people.

As part of this plan we support staff to incorporate te ao Māori in their everyday mahi. We do this by offering our staff training, resources and programmes including:

- training in New Zealand history and Te Tiriti o Waitangi, tikanga, kawa and te reo Māori
- Māori Leadership Development programmes – aimed at building the skills and knowledge of Māori staff to empower them into leadership roles
- development of Karangahia te Haeata (MSD's Māori Language Policy and High-Level Strategic Framework) that supports te reo revitalisation, as referenced in the Māori language planning – Te reo Māori revitalisation section of this Annual Report.

Since 2018, over 4,000 MSD employees have completed te ao Māori training and development opportunities and this number is increasing year on year.

Māori language planning – Te reo Māori revitalisation

MSD has incorporated Māori language planning into several streams of our work programmes across MSD. We are currently working to establish regional te reo Māori capability plans.

Our Māori Cultural Capability Work Programme includes the development of Karangahia te Haeata – the Māori Language Policy and High-Level Strategic Framework for MSD which was launched in September 2022. This supports MSD whānau to learn, use and promote te reo Māori through our mahi, and was developed with input from staff across MSD. The name Karangahia te Haeata, or call forth the morning light, is a link back to Pūao Te Atatū, meaning daybreak. Pūao Te Atatū is an important kaupapa for MSD and Māori. Further, through Te Pātaka we have developed resources and learning programmes to encourage our people to develop Māori capability.

Equal employment opportunities

We are committed to Equal Employment Opportunities (EEO), so that our staff cohort reflects the values and composition of the communities we work with.

Our EEO policy is designed to ensure that we support and promote equal employment opportunities. The policy provides the principles that guide this, outlines the responsibilities for managers, human resources and staff, and outlines a commitment to:

- base appointments on merit, while recognising the employment aspirations of Māori, Pacific peoples, ethnic and minority groups, women, disabled people and Rainbow communities, ensuring fairness in employment for all
- purposefully recruit people who reflect and understand the diversity of New Zealand and the communities we serve
- develop Māori and Pacific employees' career aspirations in line with Te Pae Tata and Pacific Prosperity
- employing disabled people and collaborating across government to increase the number of disabled people employed in the public sector
- focus on the capabilities that underpin an openness to diversity, which applies to how we work with our clients, communities and our own people within our workplace
- build confidence in our ability to work with the diverse range of people we serve and support
- work with other agencies to share best EEO practices, policies and procedures.

This policy is part of MSD's Equality and Diversity Commitment, and it adheres to the Te Kawa Mataaho Public Service Commission Model Standards. The Model Standards set out the Public Service Commissioner's minimum expectations for staff and organisations in the Public Service to ensure positive and safe workplaces.

The EEO policy is currently under review as part of the MSD Human Resources Policy cyclical review process. During this, a review of the Model Standards is conducted, and amendments are undertaken when areas of improvement have been identified.

Diversity, equity and inclusion

Diversity, equity and inclusion are key to enabling a positive experience for our people at work. For MSD this means recognising and respecting the differences between people while valuing the contribution everyone can make. It is critical for our success as an organisation that we reflect the people we serve, which means acknowledging and appreciating our own diversity so that we can support our clients' aspirations.

MSD has a comprehensive Diversity and Inclusion work programme, supported by governance structures and leaders, which allows a focus on areas of opportunity to create a safe and supportive work environment for all our people.

Our diversity and inclusion programme

Our diversity and inclusion direction is in line with the Papa Pounamu work programme, led by Te Kawa Mataaho Public Service Commission.

We have an extensive range of training and development programmes and resources that support our staff and managers:

- we rolled out compulsory training to build awareness of unconscious bias in the workplace
- since 2018, MSD has seen over 4,000 participants complete the te ao Māori training and development opportunities offered
- in the past six months we have refreshed Te Pātaka, our storehouse of learning and resources, and released Waiwhetū Marae – A Connection with Culture, an online virtual marae visit
- our capability and development system, Te Ara Piki, focuses on leaders coaching and supporting their people with an emphasis on understanding others outside of the day-to-day operational focus
- we also run a successful mentoring programme in partnership with employee-led networks, regions and business units to promote connection throughout MSD. This programme was a finalist and highly commended in the 2022 Diversity Awards.

Employee-led networks

Our employee-led networks are groups of people who voluntarily come together to promote and support the goals and needs of a particular group of MSD employees. They play an integral part in helping MSD to build a more inclusive workforce.

Networks partner with MSD to raise visibility through supports, days of significance, celebrations and activities, such as language weeks, hui, guest speakers and mentoring. Our networks continue to grow, with over 30 different networks across the motu that focus on Māori, women, disabled, Rainbow, Pan-Asian, Muslim, health and wellbeing, and workplace culture.

Demographic profile and pay gaps

Kia Toipoto – Public Service Pay Gaps Action Plan 2021–24

MSD is working to address occupational division with the guidance provided by Te Kawa Mataaho Public Service Commission through a set of actions to help close gender, Māori, Pacific and ethnic pay gaps in the Public Service.

We have been formally addressing internal Gender Pay Gaps (GPG) since 2017 and tracking Gender-Ethnic Pay Gaps (GEPG) since 2018.

MSD's Gender and Ethnic Pay Gap Action Plan 2022–2023 is available on the MSD website.

Ethnicity

Māori, Pacific and Asian representation in MSD is higher than in the New Zealand Public Service as a whole and is in line with what we have seen in previous years. There are generally no ethnic pay gaps within same or similar roles or across most pay bands.

To address occupational division, several key focus areas and projects are working on the remaining gender and ethnic pay gaps following Kia Toipoto guidance, covering:

- transparency
- equitable pay outcomes
- leadership representation
- effective career and leadership development
- addressing all forms of bias and discrimination
- flexible work by default.

Figure 6: Ethnicity demographic and pay gap data as at 30 June 2023

Ethnicity demographic across the organisation

	Headcount	European	Māori	Pacific	Asian	MELAA (Note 1)	Other	Unknown/ Undisclosed
Total	9,213	5,103	2,153	1,619	1,601	152	73	385
% of entire workforce with ethnicity disclosed (Note 2)	N/A	57.8%	24.4%	18.3%	18.1%	1.7%	0.8%	N/A

Ethnicity demographic breakdown of senior management (Note 3)

	Headcount	European	Māori	Pacific	Asian	MELAA (Note 1)	Other	Unknown/ Undisclosed
Total	76	62	10	6	1	0	1	8
% of senior management with ethnicity disclosed (Note 2)	N/A	91.2%	14.7%	8.8%	1.5%	0%	1.5%	N/A

Note 1: Middle Eastern, Latin American and African.

Note 2: We allow the option to select more than one ethnicity, so the numbers do not match the total headcount and percentages will not equal 100 percent.

Note 3: Senior management is exclusive of the chief executive as they are not employed by MSD.

Ethnicity pay gap (Note 1)

	Māori	Pacific	Asian	MELAA (Note 2)	Other
Pay gap mean (%)	4.5%	9.9%	8.7%	5.9%	8.8%
Pay gap median (%)	0%	2.8%	5.1%	1.4%	5.1%

Note 1: The base calculation for the ethnic pay gap has been revised based on the latest guidance from Te Kawa Mataaho Public Service Commission about the exclusion of employees who have not disclosed/ shared their ethnicity.

Note 2: Middle Eastern, Latin American and African.

Gender

The gender pay gap is the difference between the average salaries for women and men. Over the past year, MSD has continued the effort to reduce the gender pay gap. As at 30 June 2023, the pay gap has increased marginally compared to 30 June 2022 (9.6 percent), and analysis is underway which will feed into our 2023/24 Gender and Ethnic Pay Gap Action Plan.

Over 70 percent of MSD employees are female and a higher proportion work in our lower-paid roles, which impacts on the overall pay gap. This is in line with what we have seen in previous years. There are generally no gender pay gaps within the same or similar roles or across most pay bands.

However, there are some areas in senior levels where minor, but relevant, pay gaps between genders or ethnicities undertaking like-for-like work have been identified. These are being addressed by targeted efforts to increase the pay of lower-paid employees through role reviews and the introduction of a new MSS pay and progression framework.

At this time, MSD does not calculate the gender pay gap between female and another gender, given the low numbers of those who identify as another gender.

Figure 7: Gender demographic and pay gap data as at 30 June 2023

Gender demographic across the organisation

	Male	Female	Gender Diverse	Unknown/ Undisclosed
Total	2,697	6,468	31	17
% of entire workforce	29.3%	70.2%	0.3%	0.2%

Gender demographic breakdown of senior management (Note 1)

	Male	Female	Gender Diverse	Unknown/ Undisclosed
Total	28	48	0	0
% of senior management	36.8%	63.2%	0%	0%

Note 1: Senior management is exclusive of the chief executive as they are not employed by MSD.

Gender pay gap

	Female
Pay gap mean (%)	10%
Pay gap median (%)	7.6%

Disability

MSD does not require people to declare their disability status. We are working on ways to improve our data and understanding of this workforce, which will enable MSD to improve support and decision-making for those with disabilities.

Health and safety

The Health, Safety and Security (HSS) requirements and duties that MSD operates under are set out in the Health and Safety at Work Act 2015 (HSWA) and the Protective Security Requirements (PSRs).

We provide a suite of internal reports on HSS risks and events to a range of stakeholders, including regional managers and the PSA. Our Leadership Team receives regular detailed reports that give them the information required to discharge their due diligence duties as officers under the HSWA. Our HSS policies are reviewed and refreshed every two years in consultation with our National Health and Safety Committee.

Our biennial Worker Participation Agreement with the PSA was last signed in May 2023 and outlines both parties' commitment to staff and PSA representation on our National and Business Groups' Health and Safety Committees. Our Health and Safety Representatives (HSRs) throughout the business are an important asset. HSRs receive training to fulfil their roles under the HSWA and are encouraged to input into HSS risk assessments, policies and processes.

Staff wellbeing

Supporting and investing in the wellbeing of our people is a priority for MSD. Pā Harakeke – our Wellbeing Plan – sets out our approach to caring for the wellbeing of our people via a range of services, help and opportunities.

Our focus this year has been on building the capability of people leaders and strengthening our wellbeing networks. People leaders have been supported with a range of web-based seminars that equip them with the skills to manage and care for their own wellbeing, as well as for the people they are responsible for.

Mental Health First Response training was provided to our poutuarā (peer supporters), and wellbeing champions throughout the business share knowledge of good practice and information. Our approach to workplace mental health and wellbeing is shifting from a tactical response to a more proactive one of prevention, by considering how psychosocial harm can be minimised by managing work differently.

Staff security

The nature of our work carries risk. Our security system is designed around the principles of detect, deter, delay and respond. A strong risk-based approach is taken, and these principles underpin all operational decisions affecting staff safety.

Each year a sample of sites is audited for the ACC Accredited Employers Programme (ACCAEP). The ACCAEP is supplemented by our own Security Assurance Programme that establishes a baseline standard of security for all client-facing sites to ensure that we meet our obligations under the HSWA and the PSRs.

Our HSS training framework is designed to support the training requirements of staff generally (ActSAFE), managers and people leaders (LeadSAFE), and for groups of workers (SiteSAFE). The training programme includes a regular cycle of mandatory safety drills that draw on the experience of actual security events, and that reflect our assessment of security risks.

Service Centres for the Future

Service Centres for the Future is our national programme of work that enhances the security layout in all our service centres and includes incorporating new spaces and technologies. Ninety-two of the 123 sites in scope have now been fitted out with these new security features.

The North Island weather events have impacted this roll-out, with some sites damaged either as a direct result or afterwards by mould. Despite having to repeat work and redirect resources towards fixing these issues, we have made good progress towards completing this work.

By December 2023, we aim to have completed 109 sites and interim security controls are being put in place for the remaining sites. This includes properties that are no longer fit for purpose, for example, due to lack of tenure or physical building constraints. The service centres will be relocated to new permanent sites from early 2024 to mid-2025, at which time the enhanced security features will be put in place.

Carbon Neutral Government Programme reporting

The Government launched its Carbon Neutral Government Programme (CNGP) in December 2020 to accelerate the reduction of emissions within the public sector. We are committed to reducing our emissions and introducing more sustainable practices to support the CNGP.

We chose the 2018/19 financial year as our base year due to the impact of COVID-19 on recent activity patterns. During that year we emitted the equivalent of 6,235 tonnes of carbon dioxide equivalent (tCO_2e). In line with a reduction pathway to limit global warming to 1.5 degrees Celsius, we have set emissions reduction targets of:

- 21 percent reduction in MSD's emissions by 2025 (to no more than 4,926 tCO_2e)
- 42 percent reduction by 2030 (to no more than 3,617 tCO_2e).

MSD's emissions during 2022/23 were 4,907 tCO_2e. This indicates a 13 percent reduction from 2021/22 (5,671 tCO_2e), and a 21 percent reduction compared with the 2018/19 base year. Most of our emissions came from fleet vehicles, air travel and our buildings.

Emissions data from our baseline year 2018/19, 2021/22 and 2022/23 has been independently verified by Toitū Envirocare.

This emissions inventory aligns with CNGP guidance for mandatory reporting. It excludes emissions from staff commuting and includes activities related to Aroturuki Tamariki – Independent Children's Monitor up to 1 May 2023 when it became a separate agency. The inventory does not include activities related to Whaikaha – Ministry of Disabled People, which is exempt from reporting on its emissions profile in the first year following establishment.

Emissions profile

Our key emissions sources are from energy use in buildings, air travel, our vehicle fleet, supply chain activities and staff working from home. See Figure 8 for a full breakdown by scope and source.

The reduction in our emissions of 13 percent compared to the previous year is mainly due to a significant increase in renewable electricity generation from the national grid, which reduced emissions from energy use in buildings.

Emissions from staff travel in 2022/23 increased to a level consistent with pre-COVID-19 travel patterns, while vehicle fleet distance travelled also increased emissions from our fleet. Working from home emissions reduced and the modelling approach has improved. Emissions attributed to our supply chain are in line with previous years.

Figure 8: MSD emissions profile 2022/23

These figures were independently audited by Toitū Envirocare.

Emission source/scope emissions (tCO2e)	
Scope 1	**882.1**
Diesel boiler	18.7
Natural gas	30.5
Petrol use	801.7
Refrigerants	31.2
Scope 2	**850.5**
Electricity	833.9
Postage and freight	16.6
Scope 3	**3,174.5**
Domestic air travel	1,297.4
Electricity transmission and distribution losses	134.3
Freight	24
International air travel	65.7
Mileage	40.7
Natural gas transmission and distribution losses	1.1
Postage and freight	672.3
Rental vehicles	65.4
Taxi	46.5
Waste to landfill	401.7
Domestic accommodation	141.2
International accommodation	3.1
Paper use	69.5

Emission source/scope emissions (tCO2e)	
Postage and freight	22.6
Water supply/wastewater	33.4
Working from home	155.7
Total	**4,907.1**

Reduction initiatives

Our Emissions Reduction Plan, approved in November 2022, focuses on three key sources of emissions. Work underway to reduce emissions across these sources includes:

- energy use in buildings – we started using National Australian Built Environment Rating System (NABERSNZ) ratings and energy efficiency reports focusing on our largest sites. We have also been engaging with landlords to secure improved building systems to reduce energy consumption (for example, LED lights)
- air travel – this is the largest contributor to MSD's travel emissions, and we are investigating options to reduce emissions from staff travel. For example, our Digital Workplace Strategy aims to facilitate efficient online working environments that will reduce the need for some travel
- fleet – we are optimising our fleet and switching to predominantly electric vehicles (EVs) by June 2025 as part of our Fleet Optimisation and Transition Programme. As at June 2023, we had deployed 14 EVs. We have installed enough EV charging infrastructure at our sites to deploy an additional 97 EVs by the end of September 2023, making a total of 111 EVs, about one-quarter of the fleet.

Asset performance

MSD manages about $306 million of departmental assets, made up of property, plant and equipment, and intangible assets.

The following performance measures in Figure 9 allow us to assess how well we are meeting our expectations and objectives, both at an organisational and asset level. We review our measures and targets regularly to ensure they are fit for purpose.

Figure 9: Property and technology asset performance measures

Measure	Indicator	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Property assets					
Client-facing service sites work-point density (Note 1)	Utilisation	<28m^2/WP	24.8m^2/WP	22.8m^2/WP	✓
Regional/National Offices work-point density (Note 1)	Utilisation	<15m^2/WP	11.1m^2/WP	12m^2/WP	✓
Proportion of leased commercial premises at a moderate or better condition	Condition	>82%	83%	82%	✗
Proportion of leased commercial premises with moderate or better site suitability	Functionality	>82%	83%	81%	✗

These two standards have not been met due to higher-than-usual disruptions to our sites from extreme weather events and their consequences. The enduring risks from such events will be factored into our long-term planning.

Measure	Indicator	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Technology assets					
Intangible – internally generated software					
Proportion of time that core applications are available for use (Note 2)	Availability	>99%	99.8%	99.96%	✓
Proportion of Tier 1 software applications that are in support (Note 3)	Condition	>80%	76%	90.28%	✓
Computer equipment					
Proportion of IT disk storage capacity utilised	Utilisation	<85%	72.6%	75.09%	✓

Note 1: Area (m^2) of building floor space per work point.

Note 2: Core applications are defined as systems, the criticality of which is such that any issue that occurs is resolved as a high priority.

Note 3: Tier 1 applications are those that are critical for the support of our services. In-support applications are supported by vendors through regular upgrades, defect and security fixes. This is vital to enabling them to function correctly and securely.

Property assets

MSD's property assets provide 161,855m^2 of office space for our staff. These spaces are key to engaging face-to-face with clients and providing organisational support within 123 service centres across the country. Most space is leased rather than owned. Within the leased spaces, our assets are primarily fit-outs, furniture and security equipment.

Significant changes include reopening our Mt Albert Service Centre in new premises after the previous site had been closed for four years due to seismic concerns. We have also moved our central Hamilton Service Centre into new fit-for-purpose premises, renaming it as the Kirikiriroa Service Centre.

We are continuing to focus on long-term property investment planning, leveraging tenure at strategic sites and improving space utilisation, and working proactively with the Government Property Group and other agencies to optimise office accommodation. We also provide shared service support for smaller agencies.

Technology assets

Maintaining and improving services

MSD delivers services using complex technology, consisting of over 75 core applications, providing over 380 technology services. Some of the systems are more than 30 years old. This environment means our people spend significant time and effort maintaining and strengthening the resilience of these core assets. Despite this complex environment, and while preparing for the future, we have ensured MSD's digital services, frontline systems and applications are available to our clients, staff and partners for over 99 percent of the time during business hours.

In the past year, we have enabled thousands of service and system improvements for clients, staff and partners, from small updates to major projects. An example is the work we have done to make it easier for frontline staff to deliver support to clients through ongoing improvements to our core payments system, SWIFTT.

Preparing for transformation

In 2022/23, we accelerated work to enable MSD to transform its services to New Zealanders. Transformation is more than new technologies and improving IT systems. To support our people and ensure our technology workforce can adapt to new skills and ways of working, we have rolled out the Skills Framework for the Information Age to develop the skills of more than 500 Improvement, Systems and Technology (IST) people. We reviewed our operating model and made decisions to establish practices and leaders with technical expertise to develop our technology workforce.

To empower the MSD workforce with modern tools, we have rolled out Microsoft Teams, collaborative workspaces and upgraded meeting room technology. All MSD email and calendars were upgraded to the secure, cloud-based Exchange Online.

To support MSD's Future Services Model, we partnered with Datacom to accelerate work on our cloud operating model and upskill the IST Team, creating development opportunities for IST people. We now have two established cloud platforms – AWS and Azure.

We continue to modernise MSD's identity management systems and processes, beginning with the all-staff roll-out of the more secure, modern identity technology Windows Hello for Business.

To protect data and services Microsoft Defender was rolled out to all MSD laptops and Windows servers, and we have implemented 24/7 malware and phishing disruption and strengthened passwords to 16-character pass phrases. IT resilience has improved with our Auckland-based IT platform and team able to run recovery and operations.

The floods in early 2023 took out power and networks that impacted MSD's ability to help people in affected regions. As a result, we have procured and distributed additional satellite phones to provide resilience for communications with key contacts in the event of network outages. We have also procured Starlink broadband connectivity devices for key sites and implementation is underway. The Starlink devices will enable the sites to continue to operate during these types of outages.

Delegation of functions or powers under the Public Service Act 2020

Until 20 March 2023, MSD's chief executive delegated various functions and powers to the chief executive and chief operating officer of Workbridge Incorporated to administer Support Funds through the Employment and Work-Readiness Assistance Programme. From this date, Support Funds have been administered by MSD.

Child protection policy

MSD has a Child Protection Policy (2023) as required by the Children's Act 2014.

The purpose of this policy is to:

- protect the safety and promote the wellbeing of all children (tamariki/mokopuna), including disabled tamariki/mokopuna who are receiving services from any staff member of MSD or are associated with adults who are receiving services from any staff member of MSD
- assist staff to respond when child (tamariki/mokopuna) abuse or neglect is suspected or identified
- assist staff to respond to the needs of any child (tamariki/mokopuna) who come to the notice of MSD without the presence of indicators of abuse or neglect.

Under this policy, all staff are required to know that the policy exists and how to access it. The policy is published on the MSD website as required by the Act. MSD is currently reviewing and refreshing existing child protection guidance and information and updating existing training, and will roll-out the training organisation wide.

Where MSD funds a provider to deliver children's services, those providers are required to hold Level 2 or 3 accreditation with Te Kāhui Kāhu. Accreditation requires providers to be compliant with the Act, which also includes having their own child protection policy.

MSD-contracted services for victims

Under section 50A of the Victims' Rights Act 2002 (the Act), MSD is required to report a summary of the services it provides to victims. MSD is also required to report statistical information about the number and type of complaints from victims received under section 49 of the Act, and the disposition of those complaints.

The services MSD provides directly for victims are:

- Are you OK, a website that provides victims/survivors of family violence, and people supporting them, with information on family violence and how to access support around New Zealand
- The Family Violence Intervention Programme, which trains case managers to identify and respond appropriately to people who are living in or leaving violent family situations. It has Family Violence Co-ordinators in each region to provide support to case managers and liaise with local support services.

Figure 10 lists services provided to victims by third party non-government organisations which receive funding from MSD. More information about services available is on MSD's website.

Figure 10: Services provided to victims by third parties

Services	Description
Court Support Services	Court Support Services provide information, advocacy and psychosocial support for victims/survivors of sexual violence going through the criminal justice system. This includes supporting victims/survivors through non-crisis engagement with the Police and through the trial and court.
Elder Abuse Response Services	Elder Abuse Response Services ensure that older people experiencing, at risk of experiencing, or perceived to be experiencing abuse and neglect, have timely access to appropriate local services that respond to ensure their immediate safety, and support them to have greater control over their lives.
Family Violence Response Services	Family Violence Response Services deliver whānau-centred, outcomes-focused and integrated services to people experiencing violence. This includes counselling, social work, support work, family/whānau-centred services and Māori, Pacific and Ethnic services.
Helplines	MSD funds multiple helplines and online support for people experiencing family violence, sexual violence and/or elder abuse. These services include: • Family Violence Information Line • Shine Helpline • 211 Helpline • Safe to Talk • Elder Abuse Helpline • Family Violence National Platform.

Integrated Community-led Responses	Family violence specialists provide Integrated Community-led Responses to ensure safe, effective and appropriate risk assessments, safety plans and referrals are being made at Safety Assessment Meetings.
Services for Male Survivors of Sexual Abuse	This service provides support for male survivors of sexual abuse to enable long-term recovery through peer support, case planning and information for male victims/survivors and their whānau and support networks.
Sexual Harm Crisis Support Services	This service provides psychosocial crisis support to victims/survivors through emergency face-to-face sessions (including crisis counselling), advocacy and support (including call-out) and crisis social work support.
Kaupapa Māori Sexual Violence Services	A small number of providers are funded to deliver Kaupapa Māori sexual violence support services, piloting service guidelines for a Kaupapa Māori/tangata whenua mahi tūkino service.
Sexual Violence Long-Term Recovery	This service includes provision of psychosocial help to victims/survivors post-crisis events, supporting whānau/family and social work.
Whānau Resilience	This service provides long-term healing and recovery for whānau affected by violence.
Women's Refuge	This is a nationwide service which provides safe houses, advocacy and support for women and children experiencing violence.
Child Advocates	This service provides specialist, child-focused support to children who have experienced family violence and is available in eight Women's Refuge sites across New Zealand.

MSD has not, to its knowledge, received any complaints from victims in 2022/23 of the type specified under section 49 of the Act.

Oranga Tamariki Action Plan

The Oranga Tamariki Action Plan, published on 7 July 2022 alongside an associated Implementation Plan, sets out the steps that the chief executives of the children's agencies (including MSD) will take to work together to achieve the outcomes that the strategy sets out for the core populations of interest to Oranga Tamariki.

Responsibilities for MSD under the Oranga Tamariki Action Plan and Implementation Plan, for which work is in progress, include:

- a pathway to employment, education or training for young people transitioning out of Oranga Tamariki care
- supporting Regional Public Service Commissioners to help drive support for and engagement in the Action Plan and actions through regional leadership to enable locally led solutions
- drawing on early insights from the COVID-19 Care in the Community evaluation to identify opportunities to build on successful locally led and regionally enabled approaches.

In accordance with section 11 of the Children's Act 2014, MSD will ensure that a copy of the next implementation report will be included in its Annual Report 2023/24 and made available on the MSD website.

Approved Information Sharing Agreements (AISAs)

Approved information-sharing agreement between the Ministry of Social Development, the Ministry of Education and Oranga Tamariki 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 (OT) 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 considers the age of a young person, whether their parents are on a benefit, any history of involvement with OT and their school history. Only young people with a risk rating of high or very high are referred to the service, so 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 16.

More information about the service and how the model works can be found on the Youth Service website.

Young people can also refer themselves to NEET for support through a Youth Service 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 sixth report on this AISA covering the period 1 July 2022 to 30 June 2023. The information provided in Figure 11 has been expanded to include data from OT.

Figure 11: AISA 1 July 2022 to 30 June 2023

Scale		
2021/22		**2022/23**
45,266	Total MoE records received by MSD (Note 1)	43,916
16,969	Total OT records used by MSD (Note 1)	16,288
44,301	Unique students for whom profiles were created (Note 1)	42,955
44,301	Of these, profiles that included information from MoE	42,955
16,397	Of these, profiles that included information from OT	15,706
33,899	Of these, profiles that included information from MSD	32,617
4,426	'Most at risk' individuals identified and referred to external provider	4,608
4,426	Of these, profiles that included information from MoE	4,608
4,296	Of these, profiles that included information from OT	4,483
4,390	Of these, profiles that included information from MSD	4,571

Benefits		
2021/22		**2022/23**
2,272	Active enrolment count of NEET clients at the beginning of the period	2,301
592	Of these, enrolments from referrals using information combined to make a single profile (Note 2)	527
2,343	Count of NEET clients enrolled during period	3,234
587	Of these, enrolments from referrals using information combined to make a single profile (Note 2)	736
2,306	Active enrolment count of NEET clients at the end of the period	2,752
527	Of these, enrolments from referrals using information combined to make a single profile (Note 2)	560
2,985	Individuals re-engaged in education, training or work-based learning (Note 3)	3,345
584	Of these, outcomes from referrals using information combined to make a single profile	539

Note 1: As the NEET model is dynamic, the information reported for 2022/23 is as at 10 July 2023.

Note 2: The number of enrolments includes some enrolments:

- that were triggered by a benefit being declined or cancelled – we are currently unable to separate these enrolments
- for clients who transferred between regions and for whom the original trigger may not have been the information from the NEET model – we are currently unable to determine the original trigger for these enrolments.

Note 3: The number of individuals includes current clients and those who exited the service during the year.

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 other than some reflection of COVID-19 effects, no issues were detected with either the inputs or results. During the period, 10.2 percent of school leavers were referred to providers, very close to the expected 10 percent. With the number referred close to target, thresholds were not refreshed in 2022. The full model will be updated before 2024.

We securely store the model and data outputs within the MSD data warehouse. No security problems have been identified during the reporting year.

Effectiveness of information sharing under the agreement

Information sharing itself has not changed this year.

The accuracy of contact information provided under the AISA remains an issue, as providers may be unable to contact young people who have been referred to providers of the service. 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 significant need for support (and who might not otherwise be identified by community providers) will be identified.

Number of complaints

No complaints were received in 2022/23 about any alleged interference with privacy under the agreement (2021/22: no complaints).

Amendments to the AISA since the last report

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 New Zealand 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 client travelling overseas to receive a payment, to avoid overpayments and to enable recovery of debt. Before the AISA coming into force in May 2019, MSD had to provide 10 working days' notice to clients before suspending supplementary payments. This meant that many clients incurred a debt they then had to repay.

The AISA 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 10 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 fourth report on this AISA, covering the period 1 July 2022 to 30 June 2023.

Figure 12: Operation of the AISA 1 July 2022 to 30 June 2023

Scale		
2021/22		**2022/23**
3,107,368	Individuals whose travel movements were shared (Note 1)	9,856,090
30,558	Positive matches with MSD clients (Note 2)	94,255

Benefits		
2021/22		**2022/23**
24,454	Notices of adverse action sent (Note 3), either prior to suspension ('prior notice') or at time of suspension ('immediate')	81,455
578	Immediate suspension of benefit where debt established (Note 4)	2,609
5,765	Immediate suspension of benefit where no debt established (Note 4)	31,005
4,614	Suspension of benefit following prior notice that resulted in debt (Note 4)	9,115
4,110	Suspension of benefit following prior notice that resulted in no debt (Note 4)	14,082
11	Challenges received (Note 5)	21
11	Challenges upheld	20
$5,033,380	Total debt established as a result of information shared under the AISA	$4,756,628
	Actions taken to recover debt owed by former clients who arrive back in New Zealand	
95	Notices of adverse action sent	812
0	Challenges received	0
0	Challenges upheld	0
5	Debtors under arrangement to pay	72
$28,893	Balance owed under arrangement	$682,840
$2,590	Total debt recovered	$68,609

Note 1: This represents the number of travel movement records shared. Each time someone goes through Customs represents one record. If someone travels overseas twice, passing through Customs four times during the period, this is four records.

Note 2: Clients may be included in this count multiple times, depending on their movements and the type of payment they receive.

Note 3: A client can potentially receive up to three adverse action letters in relation to one suspension, that is, for suspension of New Zealand Superannuation, a client may be sent a warning letter, a suspension letter and a debt letter.

Note 4: There are a small number of suspensions classified as following prior notice which were suspended immediately. We currently cannot separate these suspensions.

Note 5: A challenge process is available to remedy cases that may be mismatched each year. This year most discrepancies in matches 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 previous impacts of COVID-19 have now fallen away, and the full effectiveness of this AISA should be returning to pre-COVID levels. Travel in the last year has increased. During 2022/23, there were 217.2 percent more travel movements based on the previous year, and there were 208.4 percent more matches than the previous year.

Number of complaints

Through the 2022/23 reporting period, there were six complaints about the match:

- one involved a New Zealand Superannuation client who disagreed with the decision to create an overpayment for the whole 26 weeks they were stuck outside New Zealand due to the border closure when leaving during the Quarantine Free Travel bubble period. With further information provided by the client, this overpayment was dis-established
- the other five were about incorrect matches. All were investigated and corrected, and no privacy breaches were identified (2021/22: one complaint).

Assurance

The planned assurance review to assess the operation of the AISA commenced in the 2022/23 reporting period and will be completed in the coming year. The results of the review will be incorporated into next year's Annual Report.

During the year, Customs completed their two-yearly audit on the management and processes around MSD accessing their system to verify arrivals and departures information under certain circumstances. The final report outlines that there were no concerns identified and all areas of concern raised in the previous audit have been addressed.

Amendments to the AISA

There have been no amendments to the AISA since the last report.

Budget significant initiatives

From 2022/23, Treasury requires Departments to provide information that sets out their Budget significant initiatives from at least the previous three Budgets and where information on them can be found in the Annual Report.

Departments are asked to use their judgement in selecting the most important initiatives. The initiatives in Figure 13 have been selected by MSD as significant using the following criteria:

- we have excluded anything completed before 1 July 2022 as being out of scope for current reporting
- we have applied a threshold of $100 million given the size and number of MSD appropriations

- we have excluded those initiatives where MSD’s role is to administer funding, as performance is covered separately under measures for correct and timely administration, rather than being linked to specific Benefits or Related Expenses (BORE) categories
- we have also excluded Whaikaha – Ministry of Disabled People and technical transfers.

Figure 13: Budget significant initiatives

Budget	Initiative details	Total ($m)	Page
2020	**Title:** Community Services: Ensuring Continued Access to Specialist Services for Victims of Family Violence	**Total ($m):** 142.000	Pages 114 to 119
	This initiative seeks to address personnel-driven cost pressures for refugees and services for victims/survivors of family violence (mainly women and children). This includes services by Māori with Māori. These essential services provide advocacy, safe houses, one-on-one and group therapy, and family-centred services in the crisis and short-to-medium term for victims/survivors of family violence. This initiative is part of a package that supports the delivery of more effective social services by non-government organisations and aligns with Oranga Tamariki’s cost pressure bid.		
2021	No initiatives met the criteria from this Budget cycle		
2022	**Title:** Housing-related hardship assistance – Improving support for homeless, housing insecure and low-income New Zealanders	**Total ($m):** 524.970	Pages 120 to 122
	This initiative creates a new housing-related financial assistance programme (combining Housing Support Products and housing-related Advances/Recoverable Assistance Payments). It targets lower-income households so they can access and sustain housing in the private rental market by increasing housing-related financial assistance (maximum increases and a new payment) and expanding eligibility. Funding is required for the increased number and level of grants, new payments, IT and system changes. The programme will ensure one-off housing-related financial assistance is accessible, equitable, adequate, and easier to understand. This will serve longer-term goals of preventing homelessness and contributing to a reduction in the number of households requiring emergency, transitional and public housing.		
	Title: Extending the Apprenticeship Boost Initiative	**Total ($m):** 229.533	Pages 123 to 128
	This initiative extends the end-date of the Apprenticeship Boost Initiative (ABI) from 4 August 2022 to 31 December 2023. The extension is expected to enable the employers of around 24,000 new apprentices to receive ABI support, and the employers of around 14,000 existing apprentices to keep getting ABI support after 4 August 2022. From 5 August 2022, the ABI subsidy rate will be $500 per month (GST exclusive) for eligible first-and second-year apprentices (a reduction from the current $1,000 per month for first-year apprentices). The initiative is funded by a combination of unspent 2021/22 ABI funding and funding from the COVID-19 Response and Recovery Fund (CRRF).		

Te Tauākī Kawenga

Statement of Responsibility

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

- the preparation of MSD'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 MSD 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 MSD, 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 MSD.
- The financial statements fairly reflect the financial position of MSD as at 30 June 2023 and its operations for the year ended on that date.
- The forecast financial statements fairly reflect the forecast financial position of MSD as at 30 June 2024 and its operations for the year ending on that date.

Debbie Power | Chief Executive | *Ministry of Social Development*
2 October 2023

Te pūrongo kaiōtita motuhake
Independent auditor's report

To the readers of the Ministry of Social Development's annual report for the year ended 30 June 2023

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

- the financial statements of the Ministry on pages 138 to 174, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2023, 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 for the appropriations administered by the Ministry for the year ended 30 June 2023 on pages 71 to 137;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2023 on pages 193 to 204; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 175 to 192 that comprise:
    - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2023;
    - the schedules of expenses; and revenue for the year ended 30 June 2023;
    - the statement of trust monies for the year ended 30 June 2023; and
    - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2023; 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 for the appropriations administered by the Ministry for the year ended 30 June 2023;
  - presents fairly, in all material respects:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry are presented, 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 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 2023; and
  - expenses; and revenue for the year ended 30 June 2023; and
  - the statement of trust monies for the year ended 30 June 2023.

Our audit was completed on 2 October 2023. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Chief Executive for the information to be audited

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

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.

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

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

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

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

Responsibilities of the auditor for the information to be audited

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

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

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Strategic Intentions 2022 to 2026, Estimates and Supplementary Estimates of Appropriations 2022/23 for Vote Social Development, and the 2022/23 forecast financial figures included in the Ministry's 2021/22 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 for the appropriations administered by the Ministry.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 2 to 65 and 205 to 251 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 (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have completed a probity assurance engagement for the Ministry, which is compatible with those independence requirements. Other than the audit and this engagement we have no relationship with, or interests, in the Ministry.

Ajay Sharma | *Audit New Zealand*

On behalf of the Auditor-General

Wellington, New Zealand

Te aromatawai i ā mātou mahi
Assessing our performance

This section reports on our performance against our key performance indicators (KPIs) and Estimates measures on pages 71 to 137. The service performance information included in this section has been prepared in accordance with the PBE FRS 48 Service Performance Reporting standard (unless stated otherwise) and meets our requirements under the Public Finance Act 1989.

Disclosure of judgements

A summary of MSD's strategic direction, values and our outcomes framework is on pages 14 to 17. More detailed information, including our strategies and Tauākī Whakamaunga Atu (Statement of Intent) 2022–2026, is available on our website (www.msd.govt.nz).

The judgements, estimates and assumptions which have the most significant impact on selection of performance measures are disclosed below.

Methodology – our approach to measuring performance

In line with best practice social sector evaluation, MSD measures its strategic performance from a client outcomes perspective. This approach was introduced to MSD through its social services commissioning following the Productivity Commission Report in May 2017 (available on the New Zealand Productivity Commission website). Now known as the 'outcomes' or 'impacts' approach, this is used across all MSD's strategic performance measures, where appropriate.

Describing what we seek to achieve – selection of impact indicators

MSD's Outcomes Framework demonstrates how our three strategic shifts contribute to our three outcomes and how we measure this progress using 10 updated impact statements.

The impact statements were selected on the basis that they unpack our outcomes into more specific medium-term goals, which collectively describe the impact we want to make.

Measuring performance – selection of our KPIs

Our impact statements are measured using a suite of KPIs.

Using an outcomes/impacts approach, these measures cover the dimensions of timeliness, accuracy, client experience and improved client outcomes. These dimensions, together with equity and trust, are relevant to a public audience and were extensively tested with internal stakeholders and external reference groups.

The mapping of these KPIs to our impact statements and a summary of our performance on these KPIs can be found on pages 74 to 78.

Measuring performance – selection of our Estimates measures

Our Estimates measures (see pages 71 to 137) track our delivery of the initiatives and services we are funded to deliver against specific annual targets.

As for our KPIs, where appropriate, Estimates measures reflect improvement in clients' outcomes. For those initiatives that are more project based, confirmation of an output, such as project completion, has been selected.

While these measures are reviewed annually, we aim to minimise changes to maintain comparability over time.

Highlighting critical judgements made in two key areas

Service delivery – the effectiveness and efficiency of service delivery is measured using objective measures such as accuracy, timeliness, and effectiveness of services and programmes. The following judgements are made on key measures:

Accurate and timely completion of benefit entitlements assessments. The main support MSD provides clients is through financial support and benefits clients are eligible for. We have set measures for the accuracy and timeliness of our benefit entitlement processing (elements MSD can control) and end-to-end timeliness to receive financial benefit (outside of MSD control) to support monitoring of the key elements from a client's perspective.

- Due to the complexity of benefit entitlement assessments the 95 percent target presents a challenging yet realistic target.
- The 5 working days target is based on current MSD processes and systems limits and presents a challenging yet realistic target.

Employment outcomes. MSD focuses on supporting clients to access the labour market and into sustainable employment. Therefore, our measures have been selected to monitor both the immediate and longer-term (6-month) effectiveness of our employment interventions.

Housing support. MSD supports clients in urgent need of a home and enables people to stay in a home. Stable housing has been associated with positive outcomes, including improved physical and mental health, lower crime rates and lower welfare dependency. Therefore, our measures monitor the time taken to be placed on the Housing Register and the effectiveness of housing support solutions.

- The 90 days period allows an assessment of how effective the support service has been at supporting the client beyond their immediate issues, and is therefore a sustainable result.

Benefit-related fraud. MSD is committed to providing assurance that those who received payments were eligible to them. Early intervention and working with clients to arrange repayments which are sustainable (based on their situation) are key proactive efforts to reduce fraud and overpayments.

- The 60-day period is expected to provide a reasonable assessment of whether the repayment arrangement is sustainable based on the person's individual situation. Debt repayment takes a long time and impacts client's circumstances. Sustainability of repayments is a key factor in successful debt recovery.

MSD satisfaction surveys – surveys provide important insights into clients' and providers' experiences. They provide valuable qualitative information to supplement other quantitative measures and data.

Surveys and key survey judgements include:

MSD's 'Heartbeat' survey. A pulse survey conducted immediately after clients have had an engagement with MSD and is the source of data for the client experience – overarching service score and Client Net Trust Score KPIs. Designed by in-house research experts, its questions are regularly reviewed for appropriateness. In 2022/23, over 881,700 clients received an invite to participate in the survey with a 10 percent response rate.

Provider surveys of clients. These may be conducted monthly, quarterly, or annually depending upon the nature of the service. A provider survey is a source of the client experience – effectiveness of sexual violence (support) services. These surveys are generally designed by providers and MSD jointly and are regularly reviewed.

Ministerial satisfaction and quality of policy advice. As part of assessing the performance of the advice and ministerial servicing provided, MSD:

- **Surveys the Minister of Social Development and Employment and the Minister for Older Persons (for advice received from the Office for Seniors).** The satisfaction survey contains a common set of questions to assess the Minister's satisfaction with the services provided by the policy advice function. This is a standard survey used across departments who provide policy advice, in line with the Department of the Prime Minister and Cabinet (DPMC) Policy Quality Framework.
- **Commissions an annual technical review of policy advice provided from the New Zealand Institute of Economic Research.** This annual technical review draws on experienced independent reviewers using common standards of what good quality policy advice looks like, in line with the DPMC Policy Quality Framework.

Notes and standards

MSD includes notes for the KPIs and non-financial performance measures where they provide meaningful contextual information to help the reader understand the measure or result. These clarify MSD's services, processes and terminology.

MSD sets standards (targets) for performance based on Business Group service objectives and priorities, balanced against a review of historic performance.

Our key performance indicators

We use 15 KPIs to collectively monitor progress against our 10 impact statements, with each impact statement having at least one KPI associated with it.

These KPIs were launched in line with our Tauākī Whakamaunga Atu (Statement of Intent) 2022–2026. For each indicator:

- we have signalled how we are progressing towards our desired direction, which is either a long-term trend (for example, to increase client's trust) or level of performance (for example, no less than 90 percent of employment programmes are effective)
- explanations for indicators and results where current performance is off track.

Our results against these measures for 2022/23 are provided in Table 1. Last year's results (2021/22) have been determined using consistent methodology and provide relevant, comparable information.

In summary, 10 of our 15 KPIs were judged to be on track. In relation to our overarching equity KPI, equity data was available for nine of the KPIs, with four being on track for Māori and Pacific peoples respectively. This was our first year using the new suite of KPIs. In 2022/23, we made progress, in line with our desired direction or standard of performance for some indicators while there is further work to go on others.

These KPIs measure our progress against our long-term impacts with performance intended to improve over time. We will review our desired direction and expectations regarding the level of performance as our trend data is established.

Table 1: Key performance indicators

Key

On track	✓
Off track	✗

Impact statement	KPIs	Direction	2021/22	2022/23	On track
Improve equity of outcomes, particularly for Māori	**Equity:** Ethnicity data across all KPIs (Māori and Pacific peoples initially)	Increase	Māori and Pacific peoples results included in measures below		Māori: 4/9 ✓ Pacific: 4/9 ✓
	Equity is measured by looking at data for Māori and Pacific peoples across our KPIs.				
Improve people's trust and confidence in the welfare system	**Client trust:** Net trust score (Note 1)	Increase	All clients: 41.2 Māori: 30.8 Pacific: 46.3	All clients: 43.3 Māori: 34.1 Pacific: 45	✓ ✓ ✗
	Client experience: Overall service score (Note 2)	Increase	All clients: 7.8 Māori: 7.6 Pacific: 7.8	All clients: 8 Māori: 7.8 Pacific: 7.9	✓ ✓ ✓
Improve effectiveness of support	**Accuracy:** Accurate benefit entitlement assessments	No less than 95%	All clients: 85.9% Māori: 85.3% Pacific: 82.7%	All clients: 82.7% Māori: 82.4% Pacific: 80.4%	✗ ✗ ✗
	Accuracy is the proportion of benefit entitlement assessments completed accurately. The direction for this KPI was not met due to the need to prioritise responding and providing support following the significant weather events across the country during the year. While the timeliness of our service response remained high there was a decrease in accuracy.				
	Debt: Average overpayment debt (Notes 3 and 4)	Decrease	All clients: $2,732 Māori: $3,060 Pacific: $3,202	All clients: $2,850 Māori: $3,248 Pacific: $3,296	✗ ✗ ✗
	Debt measures the average amount of overpayment debt per client (current and former). The direction for this KPI was not met as more debt was established than recovered. Many overpayment cases occur when a client's circumstances have changed or new client information is received from other Crown agencies. This may happen because the client forgets to tell MSD, may not understand the need to inform MSD, or has not done so before the regular payment cycle has been completed. In November 2022, we completed a system change which uses updated income cycle information to reduce the amount of overpayment debt created.				

Impact statement	KPIs	Direction	2021/22	2022/23	On track
Improve awareness of and access to support	**Timeliness:** End-to-end time to receive financial benefit	Decrease	All clients: 13.4	All clients: 14	✗
			Māori: 12.3	Māori: 12.9	✗
			Pacific: 12.8	Pacific: 14	✗
	Timeliness is the average working days taken to pay working age, main benefit clients from the first date of contact to the first day of payment. This includes both the time taken for clients to provide all relevant information for an application to be processed, which is outside of MSD's control, and the time taken by MSD to process the application. The direction was not tracking as desired as the end-to-end time to receive financial benefit has increased in 2022/23. MSD has continued to achieve its processing timeliness measure with 93% of benefit entitlement assessments completed within five working days of receiving all information (see page 125).				
Improve support to people, whānau and families in hardship or insecure housing	**Effectiveness of housing services:** Housing support resolution (Notes 5 and 6)	No less than 70%	All clients: 78%	All clients: 88%	✓
			Māori: 77.8%	Māori: 70.4%	✓
			Pacific: 69.8%	Pacific: 75.2%	✓
	Timeliness: Time taken to be placed on the Housing Register (Notes 7 and 8)	No more than 30 working days	All clients: 22	All clients: 27	✓
			Māori: 23	Māori: 27	✓
			Pacific: 21	Pacific: 27	✓
Improve the safety and strength of people, whānau, families and communities	**Client experience:** Satisfaction with family violence services (Note 9)	No less than 80%	All clients: 97.4%	All clients: 96.6%	✓
	Client experience: Effectiveness of sexual violence services (Note 10)	No less than 80%	All clients: 87%	All clients: 91.4%	✓
	These two KPIs measure whether people who accessed family violence services were satisfied with the service, and if people who accessed sexual harm crisis services felt the service was effective. Family violence response services include holistic whānau-centred support, and are less prescriptive than other services which has led to a high satisfaction rate. The majority of people who access sexual harm crisis services report that they receive the support they needed when they needed it. The positive results reflect the valuable support provided through these services.				
Improve how we connect and partner	**Partner experience:** Partnering for youth development	No less than 80%	Providers: 91%	Providers: 95%	✓
	Partner experience measures the percentage of providers reporting that interacting with the Ministry of Youth Development was a 'good' or 'very good' experience. The positive result reflects the Ministry of Youth Development's relational approach, which includes good early and consistent communication, timely support and guidance, and understanding of provider perspectives.				

Impact statement	KPIs	Direction	2021/22	2022/23	On track
Improve people's readiness for work, including through training and education	**Effectiveness of programmes:** Exits following work-readiness intervention (Note 11)	No less than 2,000	All clients: 3,525	All clients: 2,919	✓
	Effectiveness of programmes measures the number of exits from the main benefit during the calendar year for reason of employment, following a work-readiness intervention (i.e. external services that help remove barriers to clients to become ready to work). MSD has been successful in maintaining and fully utilising its employment support offerings through a tightening labour market and economic downturn to help clients gain and maintain sustainable employment.				
Improve sustainable employment outcomes	**Client outcome:** Sustainable exits (Notes 4, 12 and 13)	No less than 55%	All clients: 63.1%	All clients: 62.7%	✓
			Māori: 56.5%	Māori: 53.9%	✗
			Pacific: 63.4%	Pacific: 62.1%	✓
	Future reliance: Average future years on a main benefit (Note 4)	Decrease	All clients: 12.8	All clients: 13.6	✗
			Māori: 15.1	Māori: 16.2	✗
			Pacific: 13.8	Pacific: 14.8	✗
	Future reliance measures the average number of future years each working age main benefit client will be supported by main benefit, until age 65. This KPI did not meet the direction because of less favourable economic forecasts (including higher unemployment rates), lower exit rates and changes in our client mix from those requiring support during the COVID-19 pandemic.				
	Programme effectiveness: Effective employment programmes (Notes 4 and 14)	No less than 90%	Programmes: 86.7%	Programmes: 94.5%	✓
Improve our contribution to business and regional development	**To be developed** – we continue to work with key stakeholders within the Ministry to identify our approach to measuring progress over time.				

Note 1: We ask clients in our regular 'Heartbeat' survey: "How much trust do you have in the Ministry of Social Development, including Work and Income and Senior Services?" – scored from -100 to +100.

Note 2: We ask our clients in our regular 'Heartbeat' survey: "How was your experience of the overall service you received on the day?" – scored from 0 to 10.

Note 3: Overpayment debt is established when a person has received payments to which they were not entitled. Additionally, in some cases, overpayments are identified as a result of receiving new client information from other Crown agencies. When MSD identifies an overpayment, it is reviewed to determine whether the debt is recoverable as set out in regulation 208 of the Social Security Regulations 2018.

Note 4: This is an annual point in time measure.

Note 5: The percentage of people who are not on the Housing Register or have not received an Emergency Housing Special Needs Grant, 90 calendar days after receipt of a Housing Support Product.

Note 6: Housing Support Products provide financial assistance to vulnerable households to help them obtain or maintain a tenancy.

Note 7: The average time (days) to have a live application placed on the Public Housing Register from first requesting assistance with emergency housing.

Note 8: The Housing Register contains applicants not currently in public housing who have been assessed as eligible and who are ready to be matched to a suitable property.

Note 9: The percentage of victims of family violence who reported they are satisfied or very satisfied with the family violence response services.

Note 10: The percentage of victims of sexual violence who reported that they received the support they needed, when they needed it.

Note 11: This result is for the calendar year.

Note 12: Of those clients who have exited the main benefit during the calendar year for reason of employment, following an employment intervention, the proportion that did not access the main benefit again in the following six months.

Note 13: Employment intervention refers to employment-related case management, vacancy placement, contracted services (including wage subsidies) and external work-readiness services.

Note 14: The percentage of Employment Assistance Programmes rated 'effective' or 'promising'.

Non-financial performance statements

This section reports on what we achieved against our Estimates measures and standards, as outlined in **The Estimates of Appropriations** and amended by **The Supplementary Estimates of Appropriations**, for the 2022/23 financial year. These documents are available on the Treasury's website (see Note 1).

We review our measures and standards each year to ensure they continue to reflect the services MSD provides and are updated for changes in the environment we operate in. These changes include:

- inclusion of measures for new appropriations or new initiatives
- changes to methodology and/or standard
- updating or removal of time-bound measures.

We have provided variance explanations for measures where our standards have not been met or were significantly exceeded.

The 2022/23 results and actuals in this section are audited. Results for 2021/22 have been included, where available, for comparison. Non-financial performance summaries and contextual information is provided to support the reader to understand our performance. The Expenditure appropriated, reconciled to operating expenses table on page 174 of the Financial Statements provides reconciliation between the expenses in the financial statements and the total goods and services costs reported in this section.

Status indicators

Met or exceeded standard	✓
Did not meet the standard	✗
Not available/not assessed	**N/A**

Note 1: Vote Social Development – Social Services and Community Sector – Estimates of Appropriations 2022/23 | The Treasury New Zealand and Vote Social Development – Supplementary Estimates of Appropriations 2022/23 | The Treasury New Zealand.

Output expense: Administration of Service Cards

Appropriation Minister: Minister for Social Development and Employment

Scope statement: 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.

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of card entitlement assessments completed accurately will be no less than (Note 1)	95%	97.2%	97.2%	✓
The percentage of card entitlement assessments completed within five working days (Note 2) will be no less than	90%	99.2%	99%	✓
The standard was exceeded due to additional temporary resources being available to support the processing of entitlement assessments.				

Note 1: 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 in respect of the following appropriations: Income Support and Assistance to Seniors, Management of Student Loans, Management of Student Support, Processing of Veterans' Pensions, Services to Support People to Access Accommodation, Improved Employment and Social Outcomes Support.

Note 2: 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 in respect of the following appropriations: Income Support and Assistance to Seniors, Management of Student Loans, Management of Student Support, Processing of Veterans' Pensions, Improved Employment and Social Outcomes Support.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	6,939	7,449	8,070	8,070
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**6,939**	**7,449**	**8,070**	**8,070**
Total Expense	**6,904**	**7,449**	**8,070**	**7,418**
Net Surplus/(Deficit)	**35**	**-**	**-**	**652**

Output expense: Corporate Support Services

Appropriation Minister: Minister for Social Development and Employment

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

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

Summary of non-financial performance

We provide a range of corporate support services to a number of other agencies including Whaikaha – Ministry of Disabled People, the Social Wellbeing Agency, the Ministry for Housing and Urban Development, Aroturuki Tamariki – Independent Children's Monitor and the Office of the Children's Commissioner. Services provided vary by agency and can include services such as information technology, finance, human resources, legal, property and facilities, information privacy and security, and health and safety, and security. These arrangements have ensured the provision of quality and efficient corporate support services to these agencies.

In 2018, MSD and Oranga Tamariki agreed a plan to progressively move these services into Oranga Tamariki. During the 2022/23 financial year this transfer of services was completed. Residual information sharing will continue to be managed by a fit-for-purpose Information Agreement. Other operational co-operation may continue or evolve as a normal part of business.

An exemption to reporting was granted under section 15D(1) of the Public Finance Act 1989 (PFA) as this appropriation relates exclusively to outputs supplied by MSD to other departments.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	-	-	-	-
Department	20,756	23,265	20,626	16,956
Other	-	-	-	-
Total Revenue	**20,756**	**23,265**	**20,626**	**16,956**
Total Expense	**20,756**	**23,265**	**20,626**	**16,956**
Net Surplus/(Deficit)	**-**	**-**	**-**	**-**

Output expense: Data, Analytics and Evidence Services

Appropriation Minister: Minister for Social Development and Employment

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

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of products and services provided that consistently reflect the Quality Framework principles will be no less than (Note 1)	90%	98.3%	98.6%	
The standard was exceeded. A high proportion of our products and services reflected our Quality Framework principles this year.				
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 will be no less than (Note 2)	80%	95.3%	93%	
The standard was exceeded due to the positive responses received across our small number of pulse-check survey responses. This measure has been amended for 2023/24 to broaden the way we can obtain responses for this measure beyond surveys. It will now include retrospectives, email feedback, and face-to-face conversations with recorded notes.				
Average forecast variances for Vote Social Development Benefits or Related Expenses (BoREs) in the 12 months to June will be within the range of (Note 3)	+/-2%	1.25%	0.39%	

Note 1: The Quality Framework principles are: well commissioned, methodologically sound, client-focused, builds knowledge and capability, and ethical.

Note 2: Internal and external stakeholders are surveyed every quarter using pulse-check survey results.

Note 3: This reflects forecasting accuracy. The percentage is the average variance between forecast and actual monthly spend.

The following information is provided for context:

	2021/22	2022/23
Key publication documents on MSD's external website (Note 1)	107	101
Number of data requests	2,202	2,574

Note 1: 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 MSD website (www.msd.govt.nz). This consists of:

- government statistics
- reports about the benefit system or labour market
- reports about research
- reports that evaluate the effectiveness of our services.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	43,505	33,766	40,010	40,010
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**43,505**	**33,766**	**40,010**	**40,010**
Total Expense	**37,917**	**33,766**	**40,010**	**39,765**
Net Surplus/(Deficit)	**5,588**	**-**	**-**	**245**

Output expense: Enhancement and Promotion of SuperGold Cards

Appropriation Minister: Minister for Seniors

Scope statement: 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.

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The number of new businesses joining the SuperGold Card programme will be no less than	375	541	501	✓
The standard was exceeded due to two successful SuperGold business recruitment campaigns, in October/November 2022 and April/May 2023, which together resulted in 350 new business listings. This coupled with supplementary recruitment activity over the other months ensured that the standard was met.				

The following information is provided for context:

	2021/22	2022/23
Providers offering concessions/discounts on SuperGold Cards (at 30 June 2023)	5,632	5,904

Summary of non-financial performance

In 2022/23, there were 5,904 participating businesses, operating from 10,118 business outlets. Over the financial year we had 501 new businesses joining the SuperGold Card programme.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	1,700	1,700	1,705	1,705
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**1,700**	**1,700**	**1,705**	**1,705**
Total Expense	**1,534**	**1,700**	**1,705**	**1,506**
Net Surplus/(Deficit)	**166**	**-**	**-**	**199**

Output expense: Establishing a Ministry for Disabled People

Appropriation Minister: Minister for Disability Issues

Scope statement: This appropriation is limited to establishing, and managing the transition to, a Ministry for Disabled People.

Intention statement: This appropriation is intended to achieve the establishment of a Ministry for Disabled People to provide leadership, stewardship, and co-ordination of the cross-government disability system.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The Ministry for Disabled People establishment unit will have transferred all work programmes to the Ministry for Disabled People by 30 June 2023.	Achieved	N/A (Note 1)	Achieved	✓

Note 1: This was a new time-bound measure for 2022/23 in line with the establishment and transition to Whaikaha – Ministry of Disabled People.

Summary of non-financial performance

In October 2021, the Government announced a new Ministry for Disabled People (Whaikaha – Ministry of Disabled People) would be established as a departmental agency hosted by MSD. Throughout 2021/22, MSD led the Establishment Unit to set up the Ministry for Disabled People which was successfully launched on 1 July 2022.

In 2022/23, we delivered a range of transitional services to support the early Whaikaha operation, such as health and safety, communications, ministerial and executive services and legal services. These will transfer to Whaikaha progressively over the 2023/24 year. As the host agency, we also provide corporate support services such as finance, human resources, information technology and management, workplace services, commercial and emergency management support to Whaikaha on an ongoing basis.

All work programmes were transferred to Whaikaha by 30 June 2023.

More information can be found in the Whaikaha – Ministry of Disabled People Annual Report 2022/23 which is appended to this report.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	6,500	1,353	4,113	4,113
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**6,500**	**1,353**	**4,113**	**4,113**
Total Expense	**3,740**	**1,353**	**4,113**	**1,980**
Net Surplus/(Deficit)	**2,760**	**-**	**-**	**2,133**

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, and expires on 30 June 2024.

Scope statement: 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.

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The number of assessments completed during the year will be no less than (Note 1)	500	335	707	✓
The average time taken for 95% of claimants to receive a settlement offer following their decision to choose a rapid payment is no more than (Note 2)	3 months	N/A (Note 3)	3 weeks and 1 day	✓
The standards for the above two measures were exceeded, see the summary of non-financial performance on page 90.				
The percentage of claimants who report that they agree or strongly agree that they felt respected in their interactions with Historic Claims, and that their options were clearly communicated to them, should be no less than (Note 4)	Baseline to be established	N/A	67%	N/A
A new survey was rolled out in early 2023 and only a small number of responses have been received since the launch. As the new survey has only been in place for less than half the reporting period, more time is needed to establish an appropriate baseline.				

Note 1: There has been a change to the wording for this measure for 2022/23. The previous target of 1,864 was a multi-year target commencing 1 July 2019 and was cumulative. The new target is an annual measure which will more clearly identify progress made within a specific year.

Note 2: This measures the length of time from when a claimant chooses to have their claim assessed through the rapid payment option to the date they receive a final rapid payment offer.

Note 3: This is a new measure for 2022/23 reflecting the implementation of the new rapid payment option from February 2023.

Note 4: This is a new measure for 2022/23 which focuses on the engagement that staff have with claimants about their assessment options (such as whether to choose a rapid payment or individualised assessment) and the importance of ensuring claimants have the information they need to make the decision that is right for them.

The following information is provided for context:

	2021/22	2022/23
Claims received	485	598
Claims closed	160	503
Claims in process at 30 June	3,005	3,154

Summary of 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.

A rapid payment framework was developed by Crown agencies and approved by Cabinet in late 2022. Claimants are given the option of having their claim assessed under the rapid payment framework or receiving an individualised assessment. We streamlined processes and built staff capability in early 2023 meaning that more rapid payment assessments could be processed this year. This has allowed staff to engage with even more claimants and ensure they have the information they need to consider which option would best suit them.

Financial performance

Financial performance (Figures are GST exclusive)	**2021/22 Actual $000**	**2022/23 Budgeted $000**	**2022/23 Revised $000**	**2022/23 Actual $000**
Revenue				
Crown	19,950	43,523	30,319	23,602
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**19,950**	**43,523**	**30,319**	**23,602**
Total Expense	**19,950**	**43,523**	**30,319**	**23,602**
Net Surplus/(Deficit)	**-**	**-**	**-**	**-**

Output expense: Income Support and Assistance to Seniors

Appropriation Minister: Minister for Social Development and Employment

Scope statement: 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.

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

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of entitlement assessments for payment of entitlements to older people completed accurately will be no less than	95%	96%	92.5%	⊗
The percentage of entitlement assessments for payment of entitlements to older people finalised within standard timeframes will be no less than	90%	86.6%	78.5%	⊗

Both entitlement accuracy and timeliness measures did not meet the standard due to high volumes of client queries. In March 2023 the Straight to Processing Tool (S2P) was introduced to improve processing accuracy and timeliness. Since its introduction, client query queues have halved, however, for the year, the results were below standard.

The following information is provided for context:

	2021/22	2022/23
Total number of New Zealand Superannuation applications processed	59,202	64,362

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	53,233	63,064	59,147	59,147
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**53,233**	**63,064**	**59,147**	**59,147**
Total Expense	**52,739**	**63,064**	**59,147**	**57,014**
Net Surplus/(Deficit)	**494**	**-**	**-**	**2,133**

Output expense: Independent Monitoring and Assurance of the Oranga Tamariki System

Appropriation Minister: Minister for Social Development and Employment

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

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

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Completion and publication of the 2021/22 report on agency compliance with the National Care Standards (NCS) and Related Matters Regulations by February 2023	Achieved	N/A (Note 1)	Achieved	✓
Successful transfer of the Independent Children's Monitor (ICM) from MSD to a departmental agency hosted by the Education Review Office (ERO) by May 2023	Achieved	N/A (Note 1)	Achieved	✓

Note 1: These are new time-bound measures for 2022/23 in line with regulatory compliance and transfer of functions.

Summary of non-financial performance

Independent monitoring of the Oranga Tamariki system began on 1 July 2019, with an initial focus on monitoring compliance with regulations 69/85 of the Oranga Tamariki (National Care Standards and Related Matters) Regulations 2018.

In 2022/23, Aroturuki Tamariki – the Independent Children's Monitor continued to strengthen the independent monitoring and assurance function to provide oversight of the Oranga Tamariki system. The second report on agency compliance with the NCS Regulations, Experiences of Care in Aotearoa (2021/2022) was published in February 2023.

From 1 July 2019 to 30 April 2023, Aroturuki Tamariki was a business unit of MSD. On 1 May 2023, the Oversight of the Oranga Tamariki System Act 2022 formally established the wider role of Independent Monitor of the Oranga Tamariki system and Aroturuki Tamariki became an operationally independent departmental agency. It is hosted by the Education Review Office (ERO).

As the Aroturuki Tamariki will be hosted by ERO from 2023/24 onwards, there will be no further MSD measures from 1 May 2023.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	12,034	11,413	10,213	10,213
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**12,034**	**11,413**	**10,213**	**10,213**
Total Expense	**7,700**	**11,413**	**10,213**	**8,320**
Net Surplus/(Deficit)	**4,334**	**-**	**-**	**1,893**

Output expense: Investigating and Responding to Alleged Social Work Offending

Appropriation Minister: Minister for Social Development and Employment

Scope statement: This appropriation is limited to services to investigate and respond to alleged offending under the Social Workers Registration Act 2003.

Intention statement: This appropriation is intended to achieve protection for the public from harm caused by people practising as a social worker who may not be qualified or competent to practice as one.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of stakeholders surveyed who rate the action taken by MSD to prevent people practising as social workers, who are not registered, as effective will be no less than (Note 1)	75%	No result (Note 2)	76%	✓

Note 1: Stakeholders were deemed to be represented by the Social Workers Registration Board. Future stakeholders may also include selected Ministers, the Aotearoa New Zealand Association of Social Workers, educators, employers and those who alleged that offending occurred.

Note 2: There was no survey conducted in 2021/22, as six complaints were currently under investigation, which meant that conducting a survey of effectiveness was not appropriate.

Summary of non-financial performance

Te Kāhui Kāhu is responsible for responding to notifications about non-registered persons practising/presenting themselves as social workers. The Social Worker Registration Board is responsible for social worker registration and responding to complaints about registered social workers.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	300	200	360	360
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**300**	**200**	**360**	**360**
Total Expense	**-**	**200**	**360**	**113**
Net Surplus/(Deficit)	**300**	**-**	**-**	**247**

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

Appropriation Minister: Minister for Social Development and Employment

Scope statement: 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.

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of cases of suspected fraud that are resolved through non-investigative intervention (Note 1) will be no less than	60%	89%	79.5%	✓
The standard was exceeded due to the diversion of investigative staff and resources to support Wage Subsidy investigations, meaning non-investigative staff made up a greater proportion of benefit-related interventions overall.				
The percentage of fraud cases (Note 2) responded to through an investigations process that result in an entitlement change will be no less than	55%	55.6%	54.6%	✗
The standard was not met due to the ongoing impacts of Wage Subsidy investigations which required rebalancing staff and resources across investigative functions. We continue to prioritise the most serious allegations of fraud for investigation, which by nature may not result in an entitlement change for a current client (for example, supplier fraud).				
The percentage of non-current debt arrangements that remain in place for at least 60 days (Note 3) will be no less than	66%	61.4%	62.5%	✗
The standard was not met due to wider economic impacts, such as housing costs and the rising cost of living, which have continued to impact the ability of clients who are not receiving a main benefit, to sustain their debt repayment arrangements.				

Note 1: Non-investigative interventions are made up of:

- early intervention – engaging with clients early to discuss any integrity issues raised, confirm obligations and adjust entitlements where appropriate
- facilitation – working more intensively with a client to assess their situation against their entitlements and adjust their entitlements where necessary. This could mean an overpayment for a client in some situations.

Note 2: This refers to the number of people that are subject to an investigation by specialist fraud staff. One investigation can involve multiple people.

Note 3: We work with clients to arrange a rate of repayment that they can sustain based on their income levels and situation.

The following information is provided for context:

	2021/22	2022/23
Integrity intervention cases	146,811	208,945
Cases completed by Fraud Intervention Services	4,695	4,226
Non-current debtors	236,235	240,887
Completed prosecutions	36	31

Financial performance

Financial performance (Figures are GST exclusive)	**2021/22 Actual $000**	**2022/23 Budgeted $000**	**2022/23 Revised $000**	**2022/23 Actual $000**
Revenue				
Crown	49,327	55,871	54,622	54,622
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**49,327**	**55,871**	**54,622**	**54,622**
Total Expense	**48,956**	**55,871**	**54,622**	**53,444**
Net Surplus/(Deficit)	**371**	**-**	**-**	**1,178**

Output expense: Management of Student Loans

Appropriation Minister: Minister of Revenue

Scope statement: 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.

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

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of entitlement assessments for a Student Loan completed accurately (Note 1) will be no less than	95%	100%	99.9%	✓
The percentage of initial entitlement assessments for a Student Loan completed within five working days (Note 2) will be no less than	95%	100%	100%	✓

Note 1: This refers to the assessment that advised the student of a finalised outcome of the application (whether it was approved or declined).

Note 2: The initial entitlement assessment is the first assessment to occur on the application. It does not include any subsequent action required, for example, 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:

	2021/22	2022/23
Student Loan applications received	175,698	163,333

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	24,887	20,884	23,817	23,817
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**24,887**	**20,884**	**23,817**	**23,817**
Total Expense	**24,523**	**20,884**	**23,817**	**23,639**
Net Surplus/(Deficit)	**364**	**-**	**-**	**178**

Output expense: Management of Student Support

Appropriation Minister: Minister for Social Development and Employment

Scope statement: 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.

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of entitlement assessments for a Student Allowance completed accurately (Note 1) will be no less than	95%	99%	99.3%	✓
The percentage of initial entitlement assessments for a Student Allowance completed within five working days (Note 2) will be no less than	95%	99.7%	100%	✓

Note 1: This refers to the assessment that advised the student of a finalised outcome of the application (whether it was approved or declined).

Note 2: The initial entitlement assessment is the first assessment to occur on the application. It does not include any subsequent action required, for example, 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:

	2021/22	2022/23
Student Allowances applications processed	91,071	81,093

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	25,009	21,008	23,841	23,841
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**25,009**	**21,008**	**23,841**	**23,841**
Total Expense	**24,532**	**21,008**	**23,841**	**23,644**
Net Surplus/(Deficit)	**477**	**-**	**-**	**197**

Output expense: Planning, Correspondence and Monitoring

Appropriation Minister: Minister for Social Development and Employment

Scope statement: 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 Ministers (Note 1) to discharge their portfolio responsibilities.

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

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Crown Entity Monitoring				
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%	92%	✗
The standard was not met due to resourcing constraints, which meant that some advice was deferred in order to prioritise the appointments process for the new Board of the Children and Young People's Commission.				
Ministerial and Executive Services				
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 (Note 2) will be no less than	95%	99.8%	99.3%	✓

Note 1: Excluding the Minister for Seniors, whose ministerial services are provided under the Promoting Positive Outcomes for Seniors appropriation.

Note 2: 2,654 out of 2,672 draft responses were provided to responsible Ministers within agreed timeframes. The quality standard is that a draft provided for the Minister's signature is factually accurate, meets all 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 days prior to the statutory time limit, unless otherwise agreed.

The following information is provided for context:

	2021/22	2022/23
Crown Entity Monitoring		
Crown entities monitored	3	3
Ministerial and Executive Services		
Ministerial correspondence replies drafted	800	590
Written Parliamentary questions replies drafted	2,713	2,006
Official Information Act replies drafted	128	76
Information requests from Ministers' Offices completed	2,212	2,102
On behalf of MSD's Chief Executive		
Official Information Act request replies	867	841
Letters (including electronic)	1,164	851

Summary of non-financial performance

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

Crown Entity Monitoring

Our role is to advise and support Ministers with responsibility for appointing and monitoring social sector statutory bodies and Crown entities – such as the Office of the Children's Commissioner (Note 1), the Social Worker's Registration Board, and Peke Waihanga – Artificial Limb Service.

Ministerial and Executive Services

Our Ministerial and Executive Services team covers three areas of work: Official and Parliamentary Information, Correspondence and the Client Advocacy and Review (CAR). In 2022/2023, we:

- received 5,119 Review of Decision applications
- resolved 5,024 review applications of which 79 percent of cases were resolved prior to progressing to a formal Benefits Review Committee
- held 997 Benefits Review Committee hearings in which 87 percent cases were upheld, 4 percent were partially upheld and 8 percent were overturned.

The team is also responsible for the co-ordination of MSD's responses to complaints received through the Office of the Ombudsman and the Office of the Privacy Commissioner.

In 2022/23, MSD received 86 notifications of complaints through the Office of the Ombudsman, 57 of which were under the Ombudsmen Act 1975 while 29 were under the Official Information Act 1982.

The Ombudsman formed an adverse opinion of MSD's actions in six cases. In 10 cases, MSD's actions were upheld, while in 34 cases the matter was not investigated by the Ombudsman.

In 2022/23, we received nine notifications of complaints through the Office of the Privacy Commissioner.

The Office of the Privacy Commissioner closed four cases in 2022/23, with one settlement agreed.

Note 1: The Children and Young People's Commission Act 2022 established the Children and Young People's Commission on 1 July 2023. It replaces the Office of the Children's Commissioner and is responsible for advocating for the rights of children and young people.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	5,723	6,229	5,285	5,285
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**5,723**	**6,229**	**5,285**	**5,285**
Total Expense	**5,269**	**6,229**	**5,285**	**4,423**
Net Surplus/(Deficit)	**454**	**-**	**-**	**862**

Output expense: Policy Advice

Appropriation Minister: Minister for Social Development and Employment

Scope statement: 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.

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

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
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	4.6	4.79	✓
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	3.64	3.54	✗
In relation to the quality of policy advice, the distribution of scores for policy papers assessed using the common Policy Quality Framework				
• Score 4 or higher, no less than	55%	43%	33%	✗
• Score 3 or higher, no less than	90%	95%	100%	✓
• Score 2.5 or lower, no more than	10%	5%	0%	✓
This explanation relates to the quality of policy advice score measures above where the standard has not been met. The overall consistency of papers has improved this year, with 100 percent of papers meeting the standard of 3 or higher and no papers scoring 2.5 or lower. However as there were fewer high-scoring papers, this has resulted in a decrease in the overall average score.				

The following information is provided for context:

	2021/22	2022/23
Cabinet papers, briefings and aide memoires provided by the MSD	544	356

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	23,363	15,365	22,591	22,591
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**23,363**	**15,365**	**22,591**	**22,591**
Total Expense	**22,039**	**15,365**	**22,591**	**20,398**
Net Surplus/(Deficit)	**1,324**	**-**	**-**	**2,193**

Output expense: Processing of Veterans' Pensions

Appropriation Minister: Minister for Veterans

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

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

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of Veterans' Pension entitlement assessments completed accurately will be no less than	95%	97.7%	96.8%	✓
The percentage of Veterans' Pension entitlement assessments completed within timeframes (Note 1) will be no less than	90%	97%	90.8%	✓

Note 1: 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:

	2021/22	2022/23
Applications for Veterans' Pension	213	204
Veterans' Pension clients at 30 June	5,577	3,606

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	734	684	772	772
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**734**	**684**	**772**	**772**
Total Expense	**687**	**684**	**772**	**714**
Net Surplus/(Deficit)	**47**	**-**	**-**	**58**

Output expense: Promoting Positive Outcomes for Seniors

Appropriation Minister: Minister for Seniors

Scope statement: 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.

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The average service quality rating for support provided to the Minister for Seniors (Note 1) will be at least	3.5	3.75	4.5	✓
The percentage of stakeholders who report being 'satisfied' or 'very satisfied' with the level of engagement of the Office for Seniors (Note 2) will be no less than	75%	75%	56%	✗
The standard was not met because this year our stakeholder survey went to a wider audience than previous years and reached respondents who were not necessarily aware of the Office for Seniors and its work. This led to a higher level of neutral (22 percent) and not applicable (10 percent) responses being observed. The approach to conducting the survey will be reviewed for 2023/24.				
A draft of the two-yearly report on the Better Later Life He Oranga Kaumātua 2021-2034 Action Plan and outcomes will be completed by 30 June 2023 (Note 3)	Achieved	N/A (Note 4)	Not achieved	✗
The standard was not met during the 2022/23 reporting period following ministerial agreement to postpone the mandated report-back until after the 2023 General Election. In the interim Officials prepared a summary report on progress implementing the Strategy for the July 2023 meeting of the Better Later Life Ministerial Steering Group.				

Note 1: 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 service quality rating was changed from a 10-point scale to a five-point scale in 2021/22.

Note 2: 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'.

Note 3: This measure was revised in 2022/23 due to the complexity of the report. Completing a draft report rather than a final report by 30 June 2023 was considered prudent. This aligns with the Cabinet-mandated requirement to report back during the 2023 calendar year.

Note 4: There is no applicable result for 2021/22 as this is a two-yearly report.

The following information is provided for context:

	2021/22	2022/23
Number of Office for Senior stakeholders who provided feedback on their engagement with the Office for Seniors	53	241

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	2,292	2,600	2,722	2,722
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**2,292**	**2,600**	**2,722**	**2,722**
Total Expense	**1,822**	**2,600**	**2,722**	**2,699**
Net Surplus/(Deficit)	**470**	**-**	**-**	**23**

Output expense: Services to Support People to Access Accommodation

Appropriation Minister: Minister of Housing

Scope statement: 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.

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of Income Related Rent assessments (for tenants with verified income) that are calculated accurately will be no less than	95%	98.4%	97%	✓
The average time 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	22 working days	27 working days	✓

The following information is provided for context:

	2021/22	2022/23
Applications on the Public Housing Register at 30 June	32,172	29,745

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	69,350	75,959	75,139	75,139
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**69,350**	**75,959**	**75,139**	**75,139**
Total Expense	**63,300**	**75,959**	**75,139**	**71,470**
Net Surplus/(Deficit)	**6,050**	**-**	**-**	**3,669**

Output expense: Te Pae Tawhiti Transformation Programme

Appropriation Minister: Minister for Social Development and Employment

Scope statement: This appropriation is limited to the design and implementation of a modern system for administering welfare and related support interventions.

Intention statement: This appropriation is intended to lay the foundations that enable the transformation of MSD's operating and service models.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Completion of Te Pae Tawhiti transformation detailed business case by 30 June 2023	Achieved	New measure	Achieved	✓
The standard was achieved. Te Pae Tawhiti Horizon One Transformation Detailed Business Case was completed and approved on 8 June 2023 by the Government Administration and Expenditure Review Cabinet Committee and the outcome/decision confirmed by Cabinet on 12 June 2023.				
Complete the design of Horizon One for Te Pae Tawhiti Transformation Programme by 30 June 2023	Achieved	New measure	Achieved	✓
The standard was achieved. Governance (Te Pae Tawhiti Transformation and Investment Committee) approved Version 1 of the Horizon One delivery plan on 1 June 2023.				

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Revenue				
Crown	-	35,660	63,425	63,425
Department	-	-	-	-
Other	-	-	-	-
Total Revenue	**-**	**35,660**	**63,425**	**63,425**
Total Expense	**-**	**35,660**	**63,425**	**49,372**
Net Surplus/(Deficit)	**-**	**-**	**-**	**14,053**

Capital expense: Ministry of Social Development – Capital Expenditure PLA

Appropriation Minister: Minister for Social Development and Employment

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

Intention statement: This appropriation is intended to achieve the replacement or upgrade of assets in support of the delivery of MSD's services.

Summary of 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 (page 139).

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. Page 54 in this Annual Report contains results for our major asset performance indicators.

We achieved the replacement or upgrade of assets in support of the service we deliver in accordance with our long-term capital plan. We have a complex and ageing Information and Technology infrastructure, increasing the potential for service failures which could risk harm to clients and partners. Simplifying and improving resilience is a continuous focus for our critical IT assets.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Capital Expenditure (PLA)	49,428	155,341	155,341	77,238

Multi-Category Expenses Appropriation: Community Support Services

Appropriation Minister: Minister for Social Development and Employment

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

Intention statement: 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 Expenses:

Developing and Managing Community Services

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

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

Non-Departmental Output Expenses:

Community Support and Advice

Scope statement: 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.

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

Expansion of Kāinga Whānau Ora pilot

Scope statement: This category is limited to the expansion and continuation of the Kāinga Whānau Ora pilot.

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

Improving Children's Participation in Education

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

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

Participation and Support Services for Seniors

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

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

Place-Based Approaches

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

Intention statement: 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.

Supporting Victims and Perpetrators of Family and Sexual Violence

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

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

Community Response to Adverse or Emergency Events

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

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

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Overarching measure				
The number of people accessing Community Support Services will be no less than (Note 1)	84,100	90,111	138,780	✓
The standard has been exceeded due to increasing demand for these services.				
Departmental output expenses				
Developing and managing community services				
Te Kāhui Kāhu (formerly Social Services Accreditation) The percentage of providers who rate their accreditation as a fair and professional service will be no less than	80%	95%	86%	✓

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
The percentage of assessments completed within the specified timeframe (Note 2) will be no less than	80%	80%	62%	✗
This standard was not met due to the impacts of extreme weather events including Cyclone Gabrielle, staff illness due to COVID-19 and transitioning to a new IT system. To improve results for the coming year, data and digital capabilities have been strengthened, and a project to understand the drivers that impact timeliness has commenced.				
Result measurement framework The percentage of all contracted services that achieved or exceeded the target for their primary contracted measure will be no less than (Note 3)	75%	79%	75.8%	✓
Non-departmental output expenses				
Community support and advice				
Building financial capability The percentage of clients who report progress towards achieving their financial capability goals will be no less than	80%	92%	94.4%	✓
This standard was exceeded due to the ongoing success of the new Building Financial Capability (BFC) Client-led outcomes framework which helps clients achieve their financial capability goals.				
Sector umbrella groups (Note 4) The percentage of member agencies who report that they are better able to deliver their services as a result of the support offered by the umbrella organisation will be no less than	90%	98%	97.7%	✓
This standard was exceeded reflecting the ongoing valuable support the umbrella organisations provided their member agencies.				
Microfinance Partnership The percentage of loans approved during the reporting period will be no less than	25%	21%	65%	✓
This standard was exceeded because providers delivering microfinance services experienced high numbers of client enquiries. The change from low-interest to exclusively no-interest lending in 2022/23, and a process review at one provider, have led to better client experiences and more lending through an improved conversion rate of applications to loans. This measure and standard has been revised for the 2023/24 year to be more in line with demand.				
Expansion of Kāinga Whānau Ora pilot An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of this 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.				

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Participation and support services for seniors				
Elder Abuse Response Service The percentage of clients who indicate they have greater control over their lives after receiving the Elder Abuse Response service will be no less than (Note 5)	80%	90%	77.4%	✗
The standard was not met. Not all clients choose 'greater control over their lives' as a goal and therefore do not provide feedback on the achievement of this element to providers. Work will continue with providers to refine reporting of outcomes achieved through the Elder Abuse Response Service.				
Place-based approaches				
By 30 June 2023 the Manaaki Navigator approach has progressed to producing case studies citing evidence from Manaaki navigators for systemic change to be considered by the Manaaki Tairāwhiti Governance Group and/or to leaders with appropriate delegations to take action	At least 5 case studies completed	N/A (Note 6)	Achieved	✓
In 2022/23, eight case studies were produced. These case studies included data, analysis and insights and recommendations for change.				
By 30 June 2023 Change and Implementation Leads (or equivalent) roles (Note 7) will be embedded in key agencies, and evidence will be provided of demonstrable system change in each agency at the local level	Achieved	N/A (Note 6)	Achieved	✓
Five agencies have employed a Change & Implementation Lead role during 2022/23. These Change and Implementation Lead roles have driven collective action within the home agency and across agencies.				
Supporting victims and perpetrators of family and sexual violence				
The number of people accessing family and sexual violence services will be no less than	30,500	37,702	56,627	✓
The percentage of victims of family violence who reported they are satisfied or very satisfied with family violence response services will be no less than (Note 8)	80%	97.4%	96.6%	✓
The percentage of victims of sexual violence who reported they received the support they needed, when they needed it, will be no less than (Note 9)	80%	87%	91.4%	✓
The percentage of non-mandated harmful sexual behaviour clients who show a decrease in risk factors will be no less than (Note 10)	80%	100%	97%	✓
This explanation relates to the four supporting victims and perpetrators of family and sexual violence measures above. The standards for all four measures have been exceeded, reflecting the valuable support provided through these services and the increasing demand.				

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Non-departmental other expense				
Community response to adverse or emergency events				
The number of providers supported to participate in building food secure communities will be no less than	125	376	401	✓
The standard was exceeded due to continued support for community food services with the extension of Care in the Community (CIC) self-isolation supports, and in response to the North Island weather events.				

Note 1: The words 'no less than' have been added to the measure in 2022/23 to improve the understanding.

Note 2: The Service Level Agreement states that the specified timeframe is 30 working days following a site visit, except for multi-site providers, for which the specified timeframe is 50 working days following the last site visit.

Note 3: Provider-administered client surveys are undertaken every quarter (results are aggregated by the provider and reported to MSD as per contractual requirements). The year-end result is an average of total surveys within the financial year.

Note 4: Provider-administered client surveys (where the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken annually.

Note 5: Provider-administered client surveys (where 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.

Note 6: These are new time-bound measures for 2022/23.

Note 7: These roles will drive collective action and a co-ordinated approach to prototyping initiatives within the home agency and across the sector.

Note 8: Provider-administered client surveys (where 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. This measure definition was changed in 2022/23 to better reflect current processes for Supporting Victims and Perpetrators of Family and Sexual Violence interventions. There has been no change to the methodology.

Note 9: Provider-administered client surveys (where 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.

Note 10: This measure reports on the percentage of clients showing a decrease in risk factors after completing Harmful Sexual Behaviour Services. Risk factors are measured through internationally recognised clinical assessment tools. These results suggest that people engaging with Harmful Sexual Behaviour Services receive effective support in reducing their risk factors and harmful behaviours. This measure definition was changed in 2022/23 to better reflect current processes for Supporting Victims and Perpetrators of Family and Sexual Violence interventions. There has been no change to the methodology.

The following information is provided for context:

	2021/22	2022/23
Developing and managing community services		
Social services accreditation		
Accredited providers	1,921	1,933
Assessments completed	1,345	1,265

	2021/22	2022/23
Community support and advice		
Building Financial Capability sessions offered	133,007	131,940
Microfinance partnership		
Loan applications received by calendar year	1,417	2,776
Participation and support services for seniors		
Elder abuse response services		
People accessing elder abuse response services by calendar year	2,881	3,221

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Departmental Output Expenses				
Revenue from Crown				
Developing and Managing Community Services	32,787	51,626	53,416	53,416
Revenue from Departmental				
Developing and Managing Community Services	-	-	-	-
Revenue from Others				
Developing and Managing Community Services	-	-	-	-
Total Revenue	**32,787**	**51,626**	**53,416**	**53,416**
Total Expense	**31,899**	**51,626**	**53,416**	**51,753**
Net Surplus/(Deficit)	**888**	**-**	**-**	**1,663**

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Non-Departmental Output Expenses				
Community Support and Advice	153,720	116,708	171,267	162,236
Expansion of Kainga Whanau Ora Pilot	2,250	2,400	2,400	2,400
Improving Children's Participation in Education	1,616	1,616	1,643	1,642
Participation and Support Services for Seniors	7,393	9,895	9,895	9,880
Place-Based Approaches	6,534	6,414	6,414	6,174
Supporting Victims and Perpetrators of Family and Sexual Violence	143,672	165,545	165,045	158,003
Non-Departmental Other Expenses				
Community response to adverse or emergency events	146,433	44,400	79,774	68,643
Total Expense	**461,618**	**346,978**	**436,438**	**408,978**

Multi-Category Expense Appropriation: Housing Support Assistances

Appropriation Minister: Minister of Housing

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

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

This appropriation contains three non-departmental expense categories

Non-Departmental Output Expenses:

Provision to better prepare people to access and sustain private rentals

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

Intention statement: 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-Recoverable Housing Support Assistances

Scope statement: 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.

Intention statement: 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.

Recoverable Housing Support Assistances

Scope statement: 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.

Intention statement: 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.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Overarching measure				
The percentage of people who are not on the Housing Register or have not received an Emergency Housing Special Needs Grant, 90 calendar days after receipt of a Housing Support Product (HSP) will be no less than (Note 1)	70%	78.0%	88%	✓
There was a change to the methodology for 2022/23 with people in public housing being removed from this measure. The standard has been exceeded because, from 13 March 2023, being placed into public housing 90 days after a HSP is considered an effective outcome.				
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				
The percentage of people who are not on the Housing Register, or who have not received an Emergency Housing Special Needs Grant, 90 calendar days after receipt of a non-recoverable Housing Support Product (HSP) (Note 2) will be no less than	70%	81.8%	85.4%	✓
There was a change to the methodology for this measure for 2022/23 with people in public housing being removed from this measure. The standard has been exceeded due to all HSPs becoming recoverable from 13 March 2023.				
Non-departmental capital expenditure				
Recoverable Housing Support Assistances				
An exemption was granted under section 15D(2)(b)(iii) of the PFA as the amount of this annual appropriation for a non-departmental capital expense is less than $15 million.				

Note 1: 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.

Note 2: The wording of the measure has changed to better reflect the nature of the services. 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.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Non-Departmental Output Expenses				
Provision to better prepare people to access and sustain private rentals	836	763	763	445
Non-Departmental Other Expenses				
Non-Recoverable Housing Support Assistances	8,031	12,859	13,874	5,971
Non-Departmental Capital Expenditure				
Recoverable Housing Support Assistances	2,709	46,914	59,736	32,994
Total Expense	**11,576**	**60,536**	**74,373**	**39,410**

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

Appropriation Minister: Minister for Social Development and Employment

Scope statement: 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.

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

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

Departmental Output Expense:

Administering Income Support

Scope statement: This category is limited to assessing, paying and 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.

Intention statement: 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.

Improving Employment Outcomes

Scope statement: This category is limited to providing assistance, services and other interventions, including associated administrative expenses, either in accordance with delegated legislation made under the Social Security Act 2018, or as approved by Cabinet or the appropriation Minister, or consistent with strategic direction set by Cabinet or the appropriation Minister, to eligible people to help them move into and retain employment.

Intention statement: 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.

Improving Work Readiness Outcomes

Scope statement: This category is limited to providing assistance, services and other interventions, including associated administrative expenses, either in accordance with delegated legislation made under the Social Security Act 2018, or as approved by Cabinet or the appropriation Minister, or consistent with strategic direction set by Cabinet or the appropriation Minister, to eligible people to address barriers to employment to help them become work ready.

Intention statement: 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.

Jobs and Skills Hub

Scope statement: This category is limited to expenses incurred in establishing, operating and administrating jobs and skills hubs to work with employers to facilitate job brokerage and training.

Intention statement: This category is intended to support large-scale construction and infrastructure projects by building community workforce capability and capacity.

Non-Departmental Output Expense:

Drivers Licence Employment Assistance

Scope statement: This category is limited to providing services to support eligible people at risk of long term benefit receipt to obtain drivers licences, in accordance with criteria set out by Cabinet or approved by the Minister or in delegated legislation made under the Social Security Act 2018.

Intention statement: This category is intended to achieve equitable access to driver licences to improve employment, wellbeing and safety outcomes.

He Poutama Rangatahi

Scope statement: This category is limited to supporting training and employment programmes for young people not in education, employment or training and at risk of poor labour market outcomes in the long-term.

Intention statement: This category is intended to achieve support for communities to link rangatahi directly to employers and support those employers willing to invest in employing them.

Māori Trades and Training Programmes

Scope statement: This category is limited to expenses incurred on programmes that support Māori through Trades and Training.

Intention statement: This category is intended to achieve the selection and funding of programmes that support Māori through Trades and Training.

Flexi-Wage Employment Assistance

Scope statement: 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.

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

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Overarching measure				
The percentage of Employment Assistance programmes rated 'effective' or 'promising' will be no less than (Note 1)	90%	86.7%	94.5%	✓
The number of exits from the main benefit during the calendar year for reason of employment following an employment intervention will be no less than (Notes 2, 3 and 6)	18,000	26,913	22,596 (Note 7)	✓
Of those clients who have exited the main benefit during the calendar year for reason of employment, following an employment intervention, the proportion that did not access the main benefit again in the following six months will be no less than (Notes 3 and 6)	55%	63.1%	62.7% (Note 7)	✓
Departmental output expense				
Administering income support The proportion of benefit entitlement assessments completed accurately will be no less than	95%	85.9%	82.7%	✗
The standard was not met due to the need to prioritise responding and providing support following the significant weather events across the country during the year. While the timeliness of our service response remained high, at 93 percent, there was a decrease in accuracy.				
The proportion of benefit entitlement assessments completed within five working days will be no less than	90%	92.1%	93%	✓
Improving employment outcomes The number of exits from the main benefit during the calendar year for reason of employment, following an employment outcomes intervention will be no less than (Note 6)	17,000	25,218	21,153 (Note 7)	✓
Of those clients who have exited the main benefit during the calendar year for reason of employment, following an employment outcomes intervention (Note 3), the proportion that did not access the main benefit again in the following six months will be no less than (Notes 4 and 6)	55%	62.8%	62% (Note 7)	✓

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Improving work readiness outcomes				
The number of exits from the main benefit during the calendar year for reason of employment following a work-readiness (Note 4) intervention will be no less than (Note 5 and 6)	2,000	3,525	2,919 (Note 7)	✓
Of those clients who have exited the main benefit during the calendar year 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 (Note 6)	55%	66.6%	65.2% (Note 7)	✓
Jobs and Skills Hub				
The number of training interventions completed in large-scale construction and infrastructure projects will be no less than	1,500	639	1,361	✗
The standard was not met despite a new operating model being implemented in late 2021. This model looked to reduce duplication of services, enable better collaboration with stakeholders, and strengthen relationships with employers and the community. Although the target was not met, there has been a steady and significant increase in outcomes, which has contributed to the overall number of programmes rated effective or promising more than doubling this year.				
Non-departmental output expenses				
Drivers Licence Employment Assistance (Note 8)				
Driver licence support are sustained for 12 months, ensuring contracted provision is consistent with 2020/2021 coverage and will be no less than	50 contracts	N/A	90 contracts	✓
This standard was exceeded due to the increase in contracts. 79 providers managed 90 contracts in the 2022/23 financial year.				
MSD Contracted DL provision, in addition to further provision available in other regions as a component of existing wrap around programmes (consistent with 2021 coverage), will be available in no less than	10 regions	N/A	13 regions	✓
This standard was exceeded as a result of a Budget 2022 initiative to provide support across all of New Zealand.				
He Poutama Rangatahi				
The number of young people supported onto education, training or employment pathways by programmes funded through the appropriation will be no less than	2,000	2,174	2,922	✓
The standard was exceeded due to the increase in contracted programmes for rangatahi.				
Māori Trades and Training Programmes				
The number of people supported onto trades and training pathways by programmes funded through the appropriation will be no less than	Baseline to be established	468	414	N/A
The status for this measure could not be evaluated for the 2022/23 financial year as the annual baseline was still being established. Since 1 July 2022, 48 new programmes have been developed and contracted, taking the number of Māori Trades and Training Fund (MTTF) programmes from 17 to 65. As of 30 June 2023, the MTTF has had 882 participants enrol in training across the two years of operation.				

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Non-departmental other expenses				
Flexi-wage employment assistance The percentage of clients who remain off benefit for at least six months following the completing of a Flexi-wage contract will be no less than	60%	72.3%	68.4% (Note 7)	✓

Note 1: Of the programmes that MSD is able to evaluate. '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 the intervention is expected to have a significant positive overall impact over the medium-to-long term. Effectiveness of both work-readiness and employment intervention are measured against up to five outcome domains: net income earned, time in employment, highest qualification gained, time in corrections services, and income support expenditure.

Note 2: Clients are counted multiple times if they exit the main benefit system multiple times and are assessed for pre-exit activity each time.

Note 3: 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 a benefit, including both work-readiness and employment-related case management, resulting in a significant positive overall impact over the medium-to-long term.

Note 4: 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.

Note 5: Work-readiness intervention refers to an external service.

Note 6: Eligible clients can receive multiple interventions while receiving benefits, including from both work-readiness and employment assistance categories.

Note 7: The high results for the year for these measures can be attributed to a number of factors. MSD has been successful in maintaining and fully utilising its employment support offerings through a tightening labour market and economic downturn. Products such as Flexi-wage and Mana in Mahi continue to support people to participate in the labour market. We have focused on working with multi-priority cohorts and user programmes such as Oranga Mahi to help those furthest away from the labour market to gain and maintain sustainable employment.

Note 8: This was a new category in 2022/23 and therefore there are no applicable results for 2021/22.

The following information is provided for context:

	2021/22	2022/23
Improving employment outcomes		
Number of working-age main benefit clients in service	55,638	64,077
People attending employment programmes	37,377	125,889
People exiting a main benefit and going into work	113,424	84,144
People attending work-readiness programmes	7,695	13,962

For more information see the Benefit Fact Sheets on the Ministry of Social Development website (www.msd.govt.nz).

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Departmental Output Expenses				
Revenue from Crown				
Administering Income Support	485,059	488,474	484,867	484,867
Improving Employment Outcomes	608,152	533,816	572,622	572,622
Improving Work Readiness	112,974	115,215	122,985	122,985
Jobs and Skills Hubs	4,250	6,250	6,306	6,306
Revenue from Departmental				
Administering Income Support	834	1,600	1,600	633
Revenue from Others				
Administering Income Support	3,887	2,000	2,000	2,087
Total Revenue	**1,215,156**	**1,147,355**	**1,190,380**	**1,189,500**
Total Expense	**1,181,553**	**1,147,355**	**1,190,380**	**1,142,030**
Net Surplus/(Deficit)	**33,603**	**-**	**-**	**47,470**

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Non-Departmental Output Expenses				
Drivers Licence Employment Assistance	-	10,000	10,000	9,756
He Poutama Rangatahi	20,456	43,803	53,283	52,553
Maori Trades & Training Programme	11,566	41,302	41,302	40,983
Non-Departmental Other Expenses				
Flexi-Wage Employment Assistance	58,652	142,302	94,088	52,279
Total Expense	**90,674**	**237,407**	**198,673**	**155,571**

Multi-Category Expense Appropriation: Partnering for Youth Development

Appropriation Minister: Minister for Youth

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

Intention statement: 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 category

Departmental Output Expense:

Administering Youth Development

Scope statement: 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.

Intention statement: 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.

Non-Departmental Output Expense:

Delivering Youth Development

Scope statement: This category is limited to purchasing youth development outcomes.

Intention statement: 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, youth sectors and other government organisations), an improvement in young people's preparedness for the future work environment through enterprise education and skills development.

Performance information

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Overarching measures				
The percentage of participants who report they have seen an improvement in their outcomes (Note 1) through participation in a Ministry of Youth Development-funded initiative (Note 2) will be no less than (Note 3)	85%	86%	85%	✓
Departmental output expenses				
Administering youth development The percentage of total funding for youth development opportunities targeted at young people from the priority cohorts will be no less than (Note 4)	50%	67%	71%	✓
The standard has been exceeded. Recent funding criteria, which emphasised the Ministry of Youth Development's (MYD) priority cohorts, alongside successful applications reflecting the demand from these communities to provide early intervention and preventative youth development opportunities means the standard has been exceeded.				
The percentage of providers reporting that interacting with the Ministry of Youth Development (MYD) was a 'good' or 'very good' experience will be no less than (Note 5)	80%	91%	95%	✓
The standard has been exceeded. The positive rating reflects MYD's relational approach, which includes good early and consistent communication, timely support and guidance, and understanding of provider perspectives.				
The percentage of partners (Note 6) 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%	86%	100%	✓
The standard has been exceeded. The positive rating reflects MYD's relational approach, which includes open and transparent communication, timely support and a strong partnering approach.				
Non-departmental output expense				
Delivering youth development The percentage of participants who report they have seen an improvement in their wellbeing through participation in a MYD funded youth development service will be no less than	85%	86%	85%	✓
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%	87%	86%	✓

Note 1: The core outcome that MYD seeks for young people is increased wellbeing which 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, and optimistic about the future, believing that they have choices about their future and are prepared for the future work environment.

Note 2: 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.

Note 3: Data for this measure is collected from the two surveys used for the Delivering Youth Development category of the MCA.

Note 4: Data for this measure is collected through information provided when providers are contracted to deliver a programme or service.

Note 5: Data for this measure is collected through annual provider reporting. The ratings are ‘very bad’, ‘bad’, ‘neither bad nor good’, ‘good’ and ‘very good’.

Note 6: ‘Partners’ refers to those parties who are contributing funds and resources (either in cash or in kind) alongside MYD to support youth development initiatives. Providers (those actually delivering the youth development projects) are not considered partners regarding 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’.

The following information is provided for context:

	2021/22	2022/23
Delivering youth development (Note 1)		
Totals for all funded opportunities (Note 2)		
Providers funded	119	161
Opportunities funded	72,247	82,526

Note 1: Within the Delivering Youth Development non-departmental output expense, there are three 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 focused on funding opportunities to prepare young people for the future work environment
- Partnership Fund, which is focused on funding opportunities in partnership with business, philanthropics, iwi and other government agencies.

Note 2: The number of providers and opportunities funded will fluctuate between financial years based on how MYD responds to community needs and/or changing priorities each year. Recent procurement activities have resulted in new providers and programmes funded by MYD during 2022/23.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Departmental Output Expenses				
Revenue from Crown				
Administering Youth Development	5,312	3,650	4,602	4,602
Revenue from Departmental				
Administering Youth Development	-	-	-	-
Revenue from Others				
Administering Youth Development	-	-	-	-
Total Revenue	**5,312**	**3,650**	**4,602**	**4,602**
Total Expense	**4,493**	**3,650**	**4,602**	**4,096**
Net Surplus/(Deficit)	**819**	**-**	**-**	**506**

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Non-Departmental Output Expenses				
Delivering Youth Development	13,311	15,440	18,351	18,349
Total Expense	**13,311**	**15,440**	**18,351**	**18,349**

Output expense: Supporting tāngata whaikaha Māori and disabled people

Appropriation Minister: Minister for Disability Issues

Overarching Purpose Statement: The single overarching purpose of this appropriation is to support tāngata whaikaha Māori and disabled people and their families to create good lives for themselves.

Intention statement: The intention of this appropriation is to support tāngata whaikaha Māori and disabled people and their families to create good lives for themselves. That support should be delivered in ways that align with the Enabling Good Lives principles: self-determination, beginning early, person-centred, ordinary life outcomes, mainstream first, mana enhancing, easy to use, and relationship building. Support in this context is broad and includes work to support the networks that disabled people and their whānau belong to.

This appropriation contains two departmental and five non-departmental output expense categories

Departmental Output Expense:

Connecting people with supports and communities

Scope statement: This category is limited to the provision, purchase, and support of services to connect disabled people and their whānau to supports, information, and their communities.

Intention statement: This category is intended to support tāngata whaikaha Māori and disabled people, and their whānau, to be connected to supports and information, and with their communities through connecting services.

Stewardship of the Disability System

Scope statement: This category is limited to stewardship of the cross-government disability system and to provide advice and support to Ministers to discharge their portfolio responsibilities.

Intention statement: This category is intended to support the leadership of the cross-government disability system by providing insights and advice through partnership, and the governance and management of disability support services.

Non-Departmental Output Expense:

Community-based support services

Scope statement: This category is limited to the provision, purchase, and support of services for disabled people living in a community-based setting.

Intention statement: This category is intended to enable community-based tāngata whaikaha Māori and disabled people to live good lives through the payment and/or provision of supports such as person directed budgets, supported independent living, personal care, household management, respite care, carer-support, and behavioural supports.

Connecting and strengthening disability communities

Scope statement: This category is limited to the provision, purchase, and support of services that connect disabled people and their whānau to supports and information and strengthen their communities.

Intention statement: This category is intended to support tāngata whaikaha Māori and disabled, and their whānau people to access services and information by investing in provider and workforce capability, Needs Assessment and Service Coordination agencies (NASCs), and Disability Information and Advice Services (DIAS).

Early intervention support services

Scope statement: This category is limited to the provision, purchase, and support of services for disabled people who are early in life, in life transitions, or in vulnerable situations.

Intention statement: This category is intended to achieve early intervention supports for tāngata whaikaha Māori and disabled people who are early in life, in life transitions, or in vulnerable situations, to enable them to live good lives.

Environmental support services

Scope statement: This category is limited to the provision, purchase, and support of environmental support services for disabled people.

Intention statement: This category is intended to enable tāngata whaikaha Māori and disabled people to live good lives by providing supports to minimise the negative impacts of environmental barriers.

Residential-based support services

Scope statement: This category is limited to the provision, purchase, and support of services for disabled people living in a residential-based setting.

Intention statement: This category is intended to enable residential-based tāngata whaikaha Māori and disabled people to live good lives through the payment and/or provision of accommodation costs, living costs, support costs (including Sleepovers), behavioural supports, and the cost of day services and vocational services.

Performance information

Whaikaha – Ministry for Disabled People is a new departmental agency (hosted by MSD) which was launched on 1 July 2022. Therefore, there are no applicable results for 2021/22.

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Departmental output expenses				
Connecting people with supports and communities				
Enabling Good Lives (EGL) Christchurch Demonstration				
The EGL approach (access to an EGL connector and a flexible, personalised budget) is made available to 98% of eligible Ongoing Resourcing Scheme (ORS) verified students in Christchurch (Note 1)	Achieved	N/A	Achieved	✓
Mana Whaikaha				
Access to Enabling Good Lives budgets (Personal Budget, Early Investment and Immediate Resourcing) and support are made available to 99% of eligible disabled people who submit an Enabling Good Lives Proposal to Mana Whaikaha	99%	N/A	100%	✓
Stewardship of the Disability System				
The Ministry procurement process is in line with government standards	Achieved	N/A	Achieved	✓
This standard has been achieved. The Whaikaha procurement policies and process adhere to the government standards, which includes a formal assurance process to ensure compliance.				
The percentage of complaints in regards to Disability Support Services (DSS) that receive either a resolution notification or progress update within 20 days of DSS receiving the complaint	95%	N/A	94.5%	✗
The standard was not met. There were 111 complaints across the year. Six were not managed within the 20 working day timeframe. Timeframes have been impacted by a mix of isolated issues, including some information management issues, team capacity, and in some cases difficulties in contacting the complainant. We have resolved these issues on a case-by-case basis and continue to ensure complaints are managed appropriately and within the 20 working day timeframe.				
Average score attained from a sample of the Ministry's written policy advice as assessed using the agreed Department of the Prime Minister and Cabinet (DPMC) Framework	Greater than 3.2 out of 5	N/A	N/A	N/A
Whaikaha was established on 1 July 2022. In its first year of operation, it did not produce sufficient policy work to provide an accurate measurement.				
Ministerial satisfaction with the policy advice service	Equal to or greater than 4 out of 5	N/A	4.2	✓

Measure	Standard 2022/23	Actual 2021/22	Actual 2022/23	Status
Non-departmental output expenses				
Community-based support services				
The percentage of self-directed funding arrangements to improve the person's choice, control and flexibility, (for example Choices in Community Living, Individualised Funding, Enhanced Individualised Funding, Flexible Disability Supports, Personal Budgets and Enabling Good Lives) within the total client population is greater than or equal to	10%	N/A	28.5%	✓
This standard was exceeded as increased numbers of tāngata whaikaha Māori and disabled people are seeking more choice and control over the resources available to them. Additional flexibility in the purchasing guidelines (enabling people to purchase 'things' as well as services) has increased utilisation, particularly around Individualised Funding respite.				
Connecting and strengthening disability communities				
All new eligible Disability Support Services clients are assessed within 20 days of referral is equal to or greater than	80%	N/A	82.5%	✓
All new clients assessed as being eligible for Ministry-funded support are provided with their support options within 20 days of assessment is equal to or greater than	85%	N/A	91.6%	✓
Early intervention support services				
The percentage of those disabled people who were referred to a Behaviour Support Treatment Programme and completed it is greater than or equal to	75%	N/A	69.5%	✗
The standard was not met because of an increase in the number of people referred to Behaviour Support and extended waiting times. Reviewing our Behaviour Support response will be a priority for Whaikaha in 2023/24.				
Environmental support services				
The percentage of equipment available and supplied from the Ministry of Health's standardised equipment list to ensure value for money is greater than or equal to	75%	N/A	74.9%	✗
The standard was not met because of the severe flooding in the Tairāwhiti and Gisborne region impacting the availability of Te Whatu Ora Staff to undertake the usual number of assessments and requests for standardised equipment list. As a consequence, assessors prioritised people with greater needs resulting in non-standardised equipment being utilised to support their disability related needs.				
Residential-based support services				
Percentage of Disability Support Service clients moving from mainstream residential service to community support services increases over time so that the percentage receiving community support services is greater than or equal to	77%	N/A	83.6%	✓
The standard was exceeded as 37,764 out of 45,180 Disability Support Service clients received community support during the last year. When people enter the Disability Support system they are more likely to be allocated community based support as supports are increasingly flexible to keep people living well at home and in their community.				

Note 1: Currently ORS verified students aged 14+ are eligible for the EGL approach in the Christchurch demonstration.

Financial performance

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Departmental Output Expenses				
Revenue from Crown				
Connecting People with Supports and Communities	-	5,098	8,543	8,543
Stewardship of the Disability System	-	46,524	51,170	51,170
Revenue from Departmental				
Connecting People with Supports and Communities	-	-	-	-
Stewardship of the Disability System		-	-	-
Revenue from Others				
Connecting People with Supports and Communities	-	-	-	-
Stewardship of the Disability System	-	-	-	-
Total Revenue	**-**	**51,622**	**59,713**	**59,713**
Total Expense	**-**	**51,622**	**59,713**	**49,196**
Net Surplus/(Deficit)	**-**	**-**	**-**	**10,517**

Financial performance (Figures are GST exclusive)	2021/22 Actual $000	2022/23 Budgeted $000	2022/23 Revised $000	2022/23 Actual $000
Non-Departmental Output Expenses				
Community-Based Support Services	-	639,335	699,950	710,777
Connecting and Strengthening Disability Communities	-	64,997	68,482	58,553
Early Intervention Support Services	-	41,294	38,099	37,343
Environmental Support Services	-	198,307	214,026	213,366
Residential-Based Support Services	-	1,012,836	993,524	989,567
Total Expense	**-**	**1,956,769**	**2,014,081**	**2,009,606**

Ngā Tauākī Pūtea
Financial statements

Ministry of Social Development

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000	Unaudited Forecast 2024 $000
	Revenue				
1,601,069	Revenue Crown		1,723,945	1,655,016	1,654,687
27,617	Revenue other	2	19,614	28,965	23,456
17	Gain on disposal of property, plant and equipment	3	62	-	-
1,628,703	**Total revenue**		**1,743,621**	**1,683,981**	**1,678,143**
	Expenses				
761,126	Personnel costs	4	811,245	740,885	787,437
74,703	Depreciation and amortisation expenses	10,11	70,808	106,281	47,390
15,691	Capital charge	5	17,631	15,655	16,344
713,683	Other operating expenses	6	752,932	821,160	826,972
-	Loss on disposal of property, plant and equipment	3	2	-	-
-	Loss on foreign exchange and non-fixed assets	24	116	-	-
1,565,203	**Total expenses**		**1,652,734**	**1,683,981**	**1,678,143**
63,500	**Net surplus/(deficit)**		**90,887**	**-**	**-**
	Other comprehensive revenue and expense				
	Item that will not be reclassified to net surplus/ (deficit)				
-	Gain on property revaluations	10	-	-	-
63,500	**Total comprehensive revenue and expense**		**90,887**	**-**	**-**

Explanations of significant variances against the original 2022/23 budget are set out in Note 22. The accompanying notes form part of these financial statements.

Ministry of Social Development

Statement of Financial Position

As at 30 June 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000	Unaudited Forecast 2024 $000
	Equity				
319,138	Taxpayers' funds	17	337,509	342,187	349,419
33,945	Property revaluation reserves	17	33,945	33,945	33,945
353,083	**Total equity**		**371,454**	**376,132**	**383,364**
	Assets				
	Current assets				
290,380	Cash and cash equivalents		179,188	158,917	138,131
5,511	Receivables	7	1,101	111	730
12,703	Prepayments		16,746	31,912	16,743
62,764	Crown receivable	8	240,801	23,160	129,914
371,358	**Total current assets**		**437,836**	**214,100**	**285,518**
	Non-current assets				
123,273	Property, plant and equipment	10	128,814	195,643	181,089
178,106	Intangible assets	11	177,229	205,555	197,926
301,379	**Total non-current assets**		**306,043**	**401,198**	**379,015**
672,737	**Total assets**		**743,879**	**615,298**	**664,533**
	Liabilities				
	Current liabilities				
132,892	Payables and accruals	12	146,004	147,345	168,635
63,500	Return of operating surplus to the Crown	13	90,887	-	-
79,373	Provision for employee entitlements	15	91,394	52,304	68,394
18,101	Provisions	14	18,737	18,124	18,737
293,866	**Total current liabilities**		**347,022**	**217,773**	**255,766**
	Non-current liabilities				
25,788	Provision for employee entitlements	15	25,403	21,393	25,403
25,788	**Total non-current liabilities**		**25,403**	**21,393**	**25,403**
319,654	**Total liabilities**		**372,425**	**239,166**	**281,169**
353,083	**Net assets**		**371,454**	**376,132**	**383,364**

Explanations of significant variances against the original 2022/23 budget are set out 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 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000	Unaudited Forecast 2024 $000
313,871	**Balance at 1 July**		**353,083**	**350,078**	**371,454**
63,500	Total comprehensive revenue and expense		90,887	-	-
	Owner transactions				
(63,500)	Return of operating surplus to the Crown	13	(90,887)	-	-
76,447	Capital injections – cash	17	80,720	26,997	15,842
102	Capital injections – non cash	17	143	-	-
(37,221)	Capital withdrawal – cash	17	(61,726)	(943)	(3,932)
(115)	Capital withdrawal – non cash	17	(765)	-	-
(1)	Other Movements		(1)	-	-
353,083	**Balance at 30 June**		**371,454**	**376,132**	**383,364**

Explanations of significant variances against the original 2022/23 budget are set out 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 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000	Unaudited Forecast 2024 $000
	Cash flows from operating activities				
1,775,222	Receipts from Revenue Crown		1,545,908	1,700,136	1,765,574
25,245	Receipts from other revenue		23,952	28,965	23,456
(685,595)	Payments to suppliers		(766,358)	(821,160)	(826,972)
(754,446)	Payments to employees		(797,341)	(740,885)	(787,437)
(15,691)	Payments for capital charge		(17,631)	(15,655)	(16,344)
(2,206)	Goods and services tax (net)		29,125	-	(62)
380	Inter-departmental cash flow with Oranga Tamariki – Ministry for Children		(6,541)	-	-
342,909	**Net cash flow from operating activities**	**18**	**11,114**	**151,401**	**158,215**
	Cash flows from investing activities				
197	Receipts from sale of property, plant and equipment		60	294	356
(20,407)	Purchase of property, plant and equipment		(30,190)	(71,070)	(71,184)
(29,022)	Purchase of intangible assets		(47,048)	(84,271)	(49,467)
(49,232)	**Net cash flow from investing activities**		**(77,178)**	**(155,047)**	**(120,295)**
	Cash flows from financing activities				
76,447	Capital injections		80,863	26,997	15,842
(37,221)	Capital withdrawal from the Crown		(62,491)	(943)	(3,932)
(177,917)	Return of operating surplus		(63,500)	-	(90,887)
(138,691)	**Net cash flow from financing activities**		**(45,128)**	**26,054**	**(78,977)**
154,986	Net increase/(decrease) in cash		(111,192)	22,408	(41,057)
135,394	Cash at the beginning of the year		290,380	136,509	179,188
290,380	**Cash at the end of the year**		**179,188**	**158,917**	**138,131**

Explanations of significant variances against the original 2022/23 budget are set out in Note 22. Refer to Note 18 for reconciliation of net surplus/(deficit) to net cash from operating activities. The accompanying notes form part of these financial statements.

Ministry of Social Development

Statement of Commitments

As at 30 June 2023

Capital commitments

The Ministry has no capital commitments at balance date (2022: 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 expects to receive sub-lease rental recoveries of $1.292 million in 2023/24. Refer to Note 2 for actual sub-lease rental recoveries for 2022/23.

Actual 2022 $000		Actual 2023 $000
	Operating commitments	
	The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	
44,343	Not later than one year	48,032
112,492	Later than one year and not later than five years	125,749
100,726	Later than five years	98,349
257,561	**Total non-cancellable operating lease commitments**	**272,130**
257,561	**Total commitments**	**272,130**

The accompanying notes form part of these financial statements.

Ministry of Social Development

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2023

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 2022 $000		Actual 2023 $000
5	Personal grievances	115
125	Legal proceedings and disputes	300
130	**Total contingent liabilities**	**415**

Personal grievances

Personal grievances claims represent amounts claimed by employees for personal grievances cases. There were four personal grievance claims (2022: one).

Legal proceedings and disputes

Other claims are represented by grievances claims from our clients for unpaid benefit entitlements and other disputes. Altogether there were nine claims in this category (2022: six).

Contingent assets

The Ministry has no contingent assets (2022: nil).

The accompanying notes form part of these financial statements.

Ministry of Social Development

Notes to the Financial Statements

For the year ended 30 June 2023

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 Social Security Act 2018. The Ministry's ultimate parent is the New Zealand Crown. Whaikaha – Ministry of Disabled People is a departmental agency as defined by section 2 of the PFA, which is hosted within the Ministry. Unless explicitly stated references to the Ministry covers both the Ministry and Whaikaha.

The Ministry has also reported on Crown activities and trust monies that it administers in the non-departmental statements and schedules on pages 175 to 183.

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 2023 and were approved for issue by the Chief Executive on 2 October 2023.

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 1989, which includes the requirements to comply with 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 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.

New or amended standards adopted

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Ministry has adopted PBE IPSAS 41 for the first time this year. There has been little change as a result of adopting the new standard because the requirements are similar to those contained in PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

This Standard establishes new requirements for the selection and presentation of service performance information. The Ministry has adopted PBE FRS 48. The main change between PBE FRS 48 and PBE IPSAS 1 Presentation of Financial Statements is that PBE FRS 48 requires additional information to be disclosed on the judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information. This is disclosed on pages 71 to 73 of the service performance information.

Other changes in accounting policies

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

Standards issued and not yet effective and not early adopted

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

2022 Omnibus Amendment to PBE Standards

This Standard has been issued to amend the relevant Tier 1 and Tier 2 PBE Standards as a result of:

- PBE IPSAS 16 Investment Property: The amendments clarify that fair value measurement of self-constructed investment property could begin before the construction is completed.
- PBE IPSAS 17 Property, Plant and Equipment: The amendments change the accounting for any net proceeds earned while bringing an asset into use by requiring the proceeds and relevant costs to be recognised in surplus or deficit rather than being deducted from the asset cost recognised.
- PBE IPSAS 30 Financial Instruments: Disclosures: The amendment specifically refers to disclosing the circumstances that result in fair value of financial guaranteed contracts not being determinable.
- PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets: The amendments clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised).

The changes are for financial statements covering periods beginning on or after 1 January 2023.

PBE IFRS 17 Insurance Contracts

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026.

The Ministry has not yet assessed in detail the impact of these amendments and the new standard. These amendments and the new standard are not expected to have a significant impact.

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 New Zealand dollars (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 the financial results.

Cash and cash equivalents

Cash and cash equivalents include cash on hand.

The Ministry is only permitted to spend its cash and cash equivalents 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, Inland Revenue (IR) is included as part of the receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from IR, 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. No provision has been made for income tax.

Crown payables

Crown payables are accounted for at amortised cost. Initially and subsequently recorded at carrying value as being a reasonable approximation to amortised costs as they are typically short term in nature.

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 carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land and buildings – refer to Note 10
- Assessing the useful lives of software – refer to Note 11
- Measuring long service leave and retirement leave – refer to Note 15.

Critical judgements in applying accounting policies

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

- Classification of leases – refer to Note 16.

Budget and forecast figures

Basis of the budget and forecast figures

The 2023 budget figures are for the year ended 30 June 2023 and were published in the 2021/22 Annual Report. They are consistent with the Ministry’s best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ended 30 June 2023.

The 2024 forecast figures are for the year ending 30 June 2024 and are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Pre-Election Economic and Fiscal Update (PREFU) for the year ending 30 June 2024.

The forecast financial statements have been prepared, as required by the PFA 1989, 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 2024 forecast figures have been prepared in accordance with PBE FRS 42 Prospective Financial Statements and comply with PBE FRS 42.

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 2024 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 assumptions about what may occur during the 2023/24 year. The forecast figures have been compiled based on existing government policies and ministerial expectations at the time the PREFU were finalised.

The main assumptions were:

- 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 9,329 full-time-equivalent (FTE) staff positions. Remuneration rates are based on current salary costs, adjusted for anticipated remuneration changes.
- 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.
- 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 2022/23 was used as the opening position for the 2023/24 forecasts.

The actual financial results achieved for 30 June 2024 are likely to vary from the forecast information presented, and the variations may be material.

Since the approval of the forecasts, no significant change or event has occurred that would have a material impact on the forecasts.

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 includes 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 funding from the Crown, but, the Ministry can only incur expenses 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 sub-lease is recognised as revenue on a straight-line basis over the lease term.

Breakdown of other revenue and further information

Actual 2022 $000		Actual 2023 $000
1,721	Sub-lease rental recoveries	1,911
25,896	Other recoveries	17,703
27,617	**Total revenue other**	**19,614**

The Ministry received other revenue for corporate support services from Oranga Tamariki – Ministry for Children (OT) and the Social Wellbeing Agency ($16.530 million). Other revenue ($1.173 million). The Ministry also received revenue from sub-leased premises ($1.911 million).

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

Actual 2022 $000		Actual 2023 $000
17	Gain on disposal of property, plant and equipment	62
-	(Loss) on disposal of property, plant and equipment	(2)
17	**Total gains/(losses)**	**60**

During the year the Ministry disposed of assets including motor vehicles that reached a predetermined mileage and/or life. The net gain on vehicles disposals was $0.060 million (2022: $0.017 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 2022 $000		Actual 2023 $000
715,308	Salaries and wages	**768,563**
13,993	Increase/(decrease) in employee entitlements	**6,857**
138	Increase/(decrease) in restructuring and relocation costs	**1,135**
22,231	Defined superannuation contribution scheme	**23,611**
9,456	Other personnel expenses	**11,079**
761,126	**Total personnel costs**	**811,245**

5. Capital charge

The capital charge is recognised as an expense in the financial year that the charge relates to. 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 2023 was 5 percent (2022: 5 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.

Operating expenses

Other expenses are recognised as goods and services are received.

Actual 2022 $000		Actual 2023 $000
866	Audit fees	1,057
11	Other services provided by our Auditors	19
72,777	Rental, leasing and occupancy costs	78,140
686	Impairment loss on receivables	(630)
287,137	Employment support and subsidies	273,425
42,637	Office operating expenses	48,379
46,446	Software as a service - reclassification	-
138,871	IT related operating expenses	134,302
-	Intangible asset impairment	12,155
3,146	Travel expenses	8,166
65,807	Consultancy and contractors' fees	108,904
11,615	Professional fees	16,840
43,684	Other operating expenses	72,175
713,683	**Total operating expenses**	**752,932**

Audit fees include statutory audit fees only.

Refer to Note 23 expenditure on contractors and consultants.

7. Accounts receivables

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 expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Actual 2022 $000		Actual 2023 $000
7,231	Gross receivables	2,191
(1,720)	Less: allowance for credit losses	(1,090)
5,511	**Net receivables**	**1,101**
	Receivables consist of	
5,511	Trade and other receivables	1,101
5,511	**Total receivables**	**1,101**

The expected credit loss rates for receivables as at 30 June 2023 and 30 June 2022 are based on the payment profile of receivables 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 2022				as at 30 June 2023		
Gross $000	Impairment $000	Net $000		Gross $000	Impairment $000	Net $000
(80)	-	(80)	Not past due	-	-	-
2,420	-	2,420	Past due 1–30 days	845	-	845
786	-	786	Past due 31–60 days	78	-	78
368	-	368	Past due 61–90 days	16	-	16
3,737	(1,720)	2,017	Past due >91 days	1,252	(1,090)	162
7,231	**(1,720)**	**5,511**		**2,191**	**(1,090)**	**1,101**

The movement in the allowance for credit losses:

Actual 2022 $000		Actual 2023 $000
1,077	**Balance as at 1 July**	**1,720**
643	Increase (decrease) in loss allowance made during the year	(630)
1,720	**Balance as at 30 June**	**1,090**

8. Crown receivable

Crown receivable represents cash not yet drawn down from the Treasury. As at 30 June 2023 Crown receivable was $240.801 million (2022: $62.764 million).

Actual 2022 $000		Actual 2023 $000
62,764	Crown receivable	240,801
62,764	**Total crown receivable**	**240,801**

9. Non-current assets held for sale

Non-current assets are considered held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued 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 2023 (2022: 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 the 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 the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the 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 the surplus or deficit.

Estimating the fair value of land and buildings

Valuation

A market valuation of land and buildings owned by the Ministry was completed by an independent registered valuer, Quotable Value Limited, as at 30 June 2023.

The valuation involved a desktop review of all of 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.

No significant change was noted between the fair value and the carrying value of the Ministry's land and buildings from this valuation.

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 & Fittings $000	Computer Equipment $000	Motor Vehicles $000	Plant & Equipment $000	Total $000
Cost or revaluation							
Balance as at 1 July 2021	**9,661**	**26,477**	**125,710**	**94,830**	**13,121**	**4,007**	**273,806**
Additions by purchase	-	29	15,069	14,890	427	602	31,017
Revaluation increase/ (decrease)	-	-	-	-	-	-	-
Work in progress movement	-	-	5,062	(15,259)	-	(414)	(10,611)
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	(1)	-	(2,000)	-	1	(2,000)
Disposals	-	-	(1,269)	(12,249)	(288)	-	(13,806)
Balance as at 30 June 2022	**9,661**	**26,505**	**144,572**	**80,212**	**13,260**	**4,196**	**278,406**
Balance as at 1 July 2022	**9,661**	**26,505**	**144,572**	**80,212**	**13,260**	**4,196**	**278,406**
Additions by purchase	-	138	3,613	2,947	320	-	7,018
Revaluation increase/ (decrease)	-	-	-	-	-	-	-
Work in progress movement	-	1,765	22,974	(2,892)	1,480	(156)	23,171
Asset transfers	-	4	54	(869)	-	-	(811)
Other asset movement	-	(9,280)	9,278	-	-	-	(2)
Disposals	-	-	(123)	(26,503)	(386)	-	(27,012)
Balance as at 30 June 2023	**9,661**	**19,132**	**180,368**	**52,895**	**14,674**	**4,040**	**280,770**
Accumulated depreciation and impairment losses							
Balance as at 1 July 2021	**-**	**-**	**68,732**	**61,453**	**3,315**	**1,770**	**135,270**
Depreciation expense	-	951	14,401	7,541	1,870	1,059	25,822
Eliminate on disposal	-	(1)	(359)	(5,419)	(180)	-	(5,959)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Balance as at 30 June 2022	**-**	**950**	**82,774**	**63,575**	**5,005**	**2,829**	**155,133**
Balance as at 1 July 2022	**-**	**950**	**82,774**	**63,575**	**5,005**	**2,829**	**155,133**
Depreciation expense	-	958	12,639	5,698	1,682	1,097	22,074
Eliminate on disposal	-	-	(85)	(24,862)	(246)	-	(25,193)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	(58)	-	-	(58)
Other asset movement	-	-	(1)	-	(1)	2	-
Balance as at 30 June 2023	**-**	**1,908**	**95,327**	**44,353**	**6,440**	**3,928**	**151,956**
Carrying amounts							
At 1 July 2021	**9,661**	**26,477**	**56,978**	**33,377**	**9,806**	**2,237**	**138,536**
At 30 June and 1 July 2022	**9,661**	**25,555**	**61,798**	**16,637**	**8,255**	**1,367**	**123,273**
At 30 June 2023	**9,661**	**17,224**	**85,041**	**8,542**	**8,234**	**112**	**128,814**
Unaudited forecast carrying amount at 30 June 2024	9,661	16,266	121,745	20,696	12,585	136	181,089

Work in progress

The total amount of property, plant and equipment under construction and work in progress is $41.580 million (2022: $18.409 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.

11. Intangible assets

Software acquisition and development

Acquired computer software and licences 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.

The costs associated with the specific configuration and customisation costs of Software as a Service (SaaS) arrangements where there is no control of the supplier's software by the Ministry 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 2021	**574,786**	**574,786**
Additions by purchase and internally generated	77,984	77,984
Work in progress movement	5,272	5,272
Asset transfers	2,000	2,000
Other asset movement	-	-
Software as a service - reclassification	(46,446)	(46,446)
Disposals	(34,547)	(34,547)
Balance as at 30 June 2022	**579,049**	**579,049**
Balance as at 1 July 2022	**579,049**	**579,049**
Additions by purchase and internally generated	79,624	79,624
Work in progress movement	(22,195)	(22,195)
Asset transfers	812	812
Other asset movement	-	-
Software as a service - reclassification	-	-
Disposals	(21,510)	(21,510)
Balance as at 30 June 2023	**615,780**	**615,780**
		-
Accumulated amortisation and impairment losses		-
Balance as at 1 July 2021	**386,702**	**386,702**
Amortisation expense	48,881	48,881
Disposals	(34,640)	(34,640)
Asset transfers	-	-
Other asset movement	-	-
Impairment losses	-	-
Balance as at 30 June 2022	**400,943**	**400,943**
Balance as at 1 July 2022	**400,943**	**400,943**
Amortisation expense	48,734	48,734
Disposals	(11,184)	(11,184)
Asset transfers	59	59
Other asset movement	(1)	(1)
Impairment losses	-	-
Balance as at 30 June 2023	**438,551**	**438,551**
		-
Carrying amounts		-
At 1 July 2021	**188,084**	**188,084**
At 30 June and 1 July 2022	**178,106**	**178,106**
At 30 June 2023	**177,229**	**177,229**
Unaudited forecast carrying amount at 30 June 2024	197,926	197,926

Work in progress

The total amount of intangibles in the course of construction is $45.797 million (2022: $67.992 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 had recognised an impairment loss of $12.155 million on work in progress intangible assets (2022: nil) for internally generated software.

12. Accounts payables and accruals

Breakdown of payables and further information

Actual 2022 $000		Actual 2023 $000
	Payables and deferred revenue under exchange transactions	
16,544	Creditors	12,084
96,991	Accrued expenses	85,439
113,535	**Total payables and deferred revenue under exchange transactions**	**97,523**
	Payables and deferred revenue under non-exchange transactions	
19,357	GST payable	48,481
19,357	**Total payables and deferred revenue under non-exchange transactions**	**48,481**
132,892	**Total payables and deferred revenue**	**146,004**

Short-term payables are measured at the amount payable.

13. Return of operating surplus

Actual 2022 $000		Actual 2023 $000
63,500	Net surplus	90,887
	Add:	
-	Retained Surplus	-
63,500	**Total repayment of surplus**	**90,887**

The operating surplus must be repaid to the Crown by 31 October 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.

Breakdown of provisions and further information

Actual 2022 $000		Actual 2023 $000
6,941	ACC Partnership programme	6,308
157	Restructuring provision	1,000
1,255	Lease reinstatement	1,206
9,748	Other provisions	10,223
18,101	**Total provisions**	**18,737**

Movements for each class of provision are as follows:

	ACC Partnership programme $000	Lease Rein-statement $000	Restructuring Provision $000	Operating Lease Incentive $000	Holidays Act $000	Total $000
2022						
Balance as at 1 July 2021	**6,190**	**1,589**	**178**	**7,669**	**2,498**	**18,124**
Additional provisions made	4,281	-	-	-	167	4,448
Amounts used	(1,649)	-	-	(586)	-	(2,235)
Unused amounts reversed	-	-	(21)	-	-	(21)
Discount unwind	-	(334)	-	-	-	(334)
Transfer to OT	(1,881)	-	-	-	-	(1,881)
Balance as at 30 June 2022	**6,941**	**1,255**	**157**	**7,083**	**2,665**	**18,101**
2023						
Balance as at 1 July 2022	**6,941**	**1,255**	**157**	**7,083**	**2,665**	**18,101**
Additional provisions made	1,785	-	1,000	-	1,062	3,847
Amounts used	(1,960)	-	-	(586)	-	(2,546)
Unused amounts reversed	-	-	(157)	-	-	(157)
Discount unwind	-	(49)	-	-	-	(49)
Transfer to OT	(459)	-	-	-	-	(459)
Balance as at 30 June 2023	**6,307**	**1,206**	**1,000**	**6,497**	**3,727**	**18,737**

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.

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 are generally the result of an isolated event to an individual employee. An external independent actuarial valuer, Melville Jessup Weaver, has calculated the Ministry's liability. The valuation is effective as at 30 June 2023. 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 $1.206 million (2022: one site with a value of $1.255 million). The timing of any future lease reinstatement work is currently up to 12 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 history of lease reinstatement work.

An asset to the value of $2.000 million (2022: $2.000 million) was established for the lease reinstatement costs. This is being depreciated on a straight-line basis for each lease term.

Restructuring provision

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.

The restructuring provision for redundancies is $1.000 million (2022: $0.157 million). This is for staff members affected by a restructure in 2023 in the Transformation Group.

The total restructuring provision as at 30 June 2023 is $1.000 million (2022: $0.157 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 GAAP.

Holidays Act provision

The Holidays Act 2003 provision accounts for any Ministry payroll compliance issues associated with the Act. This mainly relates 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 $3.727 million (2022: $2.665 million) is based on a professional assessment by the Ministry's People and Capability 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 liabilities.

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 supplied and published by the Treasury.

Discount rates and salary inflation applied:

as at 30 June 2022				as at 30 June 2023		
2023 %	2024 %	2025 %	Employee Entitlement Variables	2024 %	2025 %	2026 %
3.34	3.70	4.29	Discount rates	5.43	4.85	4.84
3.01	3.01	3.01	Salary inflation	3.35	3.35	3.35

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

Movements	Actual 2023 $000	Salary inflation + 1% 2023 $000	Salary inflation - 1% 2023 $000	Discount + 1% 2023 $000	Discount - 1% 2023 %
Current	12,702	12,745	12,659	12,674	12,730
Non-current	25,403	27,130	23,810	23,974	26,977
Total	**38,105**	**39,875**	**36,469**	**36,648**	**39,707**

Breakdown of employee entitlements

Actual 2022 $000		Actual 2023 $000
	Current liabilities	
11,105	Retirement gratuities and long service leave	12,702
47,791	Annual leave	52,578
17,348	Salary accrual	23,000
3,129	Sick leave	3,114
79,373	**Total current liabilities**	**91,394**
	Non-current liabilities	
25,788	Retirement gratuities and long service leave	25,403
25,788	**Total non-current liabilities**	**25,403**
105,161	**Total employment entitlements**	**116,797**

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 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.

Lease 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 2023 (2022: 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

Actual 2022 $000		Actual 2023 $000
	Taxpayers' funds	
279,926	**Balance at 1 July**	**319,138**
63,500	Surplus/(deficit)	90,887
76,447	Capital injection - cash	80,720
102	Capital injection - non-cash	143
(37,221)	Capital withdrawal - cash	(61,726)
(115)	Capital withdrawal - non cash	(765)
(63,500)	Repayment of surplus	(90,887)
(1)	Other movements	(1)
319,138	**Balance at 30 June**	**337,509**
	Revaluation reserves	
33,945	**Balance at 1 July**	**33,945**
-	Revaluation gains	-
-	Other movements	-
33,945	**Balance at 30 June**	**33,945**
353,083	**Total Equity**	**371,454**

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

Actual 2022 $000		Actual 2023 $000
63,500	**Net surplus/(deficit)**	**90,887**
	Add/(less) non-cash items	
25,822	Depreciation	22,074
48,881	Amortisation	48,734
74,703	**Total non-cash items**	**70,808**
	Add/(less) items classified as investing or financing activities	
(17)	(Gains)/losses on disposal property, plant and equipment	(60)
(17)	**Total items classified as investing or financing activities**	**(60)**
	Add/(less) working capital movements	
172,899	(Increase)/decrease in accounts receivable	(173,623)
19,209	(Increase)/decrease in prepayments	(4,043)
(4,671)	Increase/(decrease) in accounts payable	14,873
12,914	Increase/(decrease) in provision for employee entitlements	12,021
(23)	Increase/(decrease) other provisions	636
200,328	**Net movements in working capital items**	**(150,136)**
	Add/(less) movements in non-current liabilities	
4,395	Increase/(decrease) in provision for employee entitlements	(385)
4,395	**Net movements in non-current liabilities**	**(385)**
342,909	**Net cash inflow from operating activities**	**11,114**

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. 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

Nil.

Key management personnel compensation

Actual 2022		Actual 2023
	Minsitry of Social Development Leadership Team, including the Chief Executive	
3,300,626	Remuneration	3,480,894
8.1	Full-time equivalent members	9.0
	Whaikaha Leadership Team, including the Chief Executive	
-	Remuneration	1,249,568
-	Full-time equivalent members	4.0

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

20. Events after the balance sheet date

There have been no significant events after balance date.

21. Financial instruments

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 41 financial instrument categories are as follows:

Actual 2022 $000		Actual 2023 $000
	Financial assets measured at amortised cost	
290,380	Cash and cash equivalents	179,188
5,511	Receivables (excluding taxes receivable)	1,101
295,891	**Total financial assets measured at amortised cost**	**180,289**
	Financial liabilities measured at amortised cost	
113,535	Payables (excluding income in advance and tax payments)	97,523
113,535	**Total financial liabilities measured at amortised cost**	**97,523**

Fair value hierarchy

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

- quoted market price (level 1) – financial instruments with quoted process for identical instruments in active markets

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

In 2022/23, there were no instruments recognised at fair value in the Statement of Financial Position (2022: nil).

Financial instrument risks

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

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 using 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 2023, there were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2022: 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 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, 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 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 drawdowns 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 2022 $000		Actual 2023 $000
	Creditors and other payables	
113,535	Less than six months	97,523
113,535	**Total creditors and other payables**	**97,523**

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2022: nil).

22. Explanation of major variances against budget

	Notes	Actual 2023 $000	Unaudited Budget 2023 $000	Variance 2023 $000
Statement of Comprehensive Revenue and Expense				
Revenue				
Revenue Crown	a	1,723,945	1,655,016	68,929
Expenses				
Personnel Costs	b	811,245	740,885	70,360
Other operating expenses	c	752,932	821,160	(68,228)
Statement of Financial Position				
Assets				
Current assets				
Crown receivable	d	240,801	23,160	217,641
Non-current assets				
Property, plant and equipment	e	128,814	195,643	(66,829)
Statement of Changes in Equity				
Capital injections - cash	f	80,720	26,997	53,723
Capital withdrawal - cash	g	(61,726)	(943)	(60,783)
Statement of Cash flows				
Cash flows from operating activities				
Receipts from Crown revenue	h	1,545,908	1,700,136	(154,228)
Payments to suppliers	i	(766,358)	(821,160)	54,802
Payments to employees	j	(797,341)	(740,885)	(56,456)

Statement of Comprehensive Revenue and Expense

(a) Revenue Crown is higher than budgeted by $68.929 million, mainly due to funding during the financial year from capital to operating swaps for Software as a Service configuration costs ($38.103 million) and for the Ministry's corporate platform replacement programme ($28.518 million).

(b) Personnel costs is higher than budgeted by $70.360 million, mainly due to general remuneration cost pressure increases including for public sector pay adjustments and the impact of Whaikaha as a departmental entity from 1 July 2022.

(c) Other operating expenses is lower than budgeted by $68.228 million, mainly due to less demand for employment related programmes ($38.279 million), historical claims funding transferred forward to 2023/24 ($18 million), and delays with some establishment work for Whaikaha with funding transferred forward to 2023/24.

Statement of Financial Position

(d) Crown receivables is higher than budgeted by $217.614 million, mainly due to less cash funding required during the financial year, resulting in a greater Crown receivable balance at year-end. This is mainly due to the timing of cash requirements for the Ministry for both capital and operating funding. In-principle expense transfers are being sought for up to $90 million operating funding to be transferred forward to 2023/24 and outyears. This includes for corporate platform renewal ($20 million) and Te Pae Tawhiti Transformation Programme ($14 million).

(e) Property, plant and equipment was lower than budgeted by $66.829 million, mainly due to delays with the completion of work related to the Ministry's property and technology portfolios due to capacity issues to deliver on all high priority areas in the 2022/23 financial year. Any unallocated or unspent capital funding will be carried forward to 2023/24.

Statement of Changes in Equity

(f) Capital injections – cash, was higher than budgeted by $53.723 million. This is mainly due to additional capital funds received in 2022/23 from a capital transfer of funding (2021/22 to 2022/23) for investment in MSD's Corporate Platform replacement programme and investment to address at-risk Service Delivery systems ($47.336 million).

(g) Capital withdrawal – cash, is higher than budgeted by ($60.783 million). This is mainly due to capital-to-operating swap for Software as a Service configuration costs ($47.200 million), the establishment of the Independent Children's Monitor at Education Review Office ($6.663 million) and Te Pae Tawhiti Transformation Programme capital to operating swap ($6.200 million).

Statement of Cash Flows

(h) Receipts from Revenue Crown is lower than budgeted by ($154.228 million). This is mainly due to the offset from the Debtor Crown receivable balance (refer note (d)).

(i) Payments to suppliers is lower than budgeted by $54.802 million. This reflects lower operating expenses compared to budget in the Statement of Comprehensive Revenue and Expense (refer note (c)).

(j) Payments to employees is higher than budgeted by $56.456 million. This reflects higher personnel costs compared to budget in the Statement of Comprehensive Revenue and Expense (refer note (b)).

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.

Expenditure on contractors and consultants is as follows:

Actual 2022 $000		Notes	Actual 2023 $000
65,807	Contractors and consultants - operating	6	108,904
65,807	**Total contractors and consultants - operating**		**108,904**
50,205	Contractors and consultants - captalised to assets	11	31,013
50,205	**Total contractors and consultants - capital**		**31,013**
116,012	**Total contractors and consultants**		**139,917**

Expenditure on contractors and consultants has increased by $23.905 million. A significant driver for this increase in expenditure was from the commencement of the Te Pae Tawhiti Programme in 2022/23, which required outsourced expertise to deliver on the foundational work and development of the detailed business case for the programme. In addition, increased expenditure was incurred on the Ministry's Corporate Platform work activity. Other drivers for the movement in operating and capitalised costs within 2022/23 were from Software as a Service activity.

24. Gain and losses on non-fixed assets and foreign exchange

Actual 2022 $000		Actual 2023 $000
-	(Gain)/Loss on non-fixed assets	104
-	(Gain)/Loss on foreign currency exchange	12
-	**Total losses**	**116**

25. Expenditure appropriated, reconciled to operating expenses

Actual 2022 $000		Actual 2023 $000
1,568,364	Total expenditure appropriated (Before remeasurement)	1,653,552
	Reconciling items	
	Remeasurements	
(3,161)	Long Service Leave and Retirement Leave	(818)
(3,161)	**Total reconciling items**	**(818)**
1,565,203	**Total expenses per Statement of Comprehensive Revenue and Expense**	**1,652,734**

Non-Departmental Statements and Schedules

For the year ended 30 June 2023

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 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000
(8)	Interest revenue		(28)	-
259	Maintenance capitalisation		(16,314)	450
22,561	Programme Recoveries		18,193	24,944
7,664	Student loan - administration fee	3	7,102	8,990
(120)	Income Related Rent Subsidy recoveries		(1,497)	(715)
30,356	**Total non-departmental revenue**		**7,456**	**33,669**

Explanations of significant variances against budget are set out in Note 5.

For additional details on Student Loan – administration fee, refer to Note 3.

The accompanying notes form part of these financial statements.

These non-departmental balances are consolidated into the Financial Statements of the Government, and readers of these statements and schedules should also refer to the Financial Statements of the Government for 2022/23.

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000
346,343	Benefit recoveries - current debt		382,794	337,283
(81)	Benefit recoveries - liable parent contributions		(301)	621
99,899	Benefit recoveries - non-current debt		101,705	106,037
360,692	Overseas pension recoveries		379,537	362,178
113,028	Student Loans - repayment of principal	3	98,007	126,724
919,881	**Total non-departmental capital receipts**		**961,742**	**932,843**

Explanations of significant variances against budget are set out in Note 5.

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.

For additional details on Student Loan – repayment of principal, refer to Note 3.

The accompanying notes form part of these financial statements.

These non-departmental balances are consolidated into the Financial Statements of the Government, and readers of these statements and schedules should also refer to the Financial Statements of the Government for 2022/23.

Schedule of Non-Departmental Expenses

For the year ended 30 June 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000
481,825	Non-departmental output expenses		2,593,071	2,496,868
6,003,202	Non-departmental other expenses	6	684,217	604,566
1,735,704	Non-departmental capital expenditure		1,775,154	2,194,010
29,890,295	Benefits or related expenses	7	32,440,292	32,319,926
133,302	Other operating expenses		384,940	440,439
38,244,328	**Total non-departmental expenses**		**37,877,674**	**38,055,809**

Explanations of significant variances against budget are set out in Note 5.

Non-departmental other expenses includes significant COVID-19 and related expenditure. For additional details, refer to Note 6.

For additional details on Benefits or related expenses, refer to Note 7.

The Other operating expenses of $384.940 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.

These non-departmental balances are consolidated into the Financial Statements of the Government, and readers of these statements and schedules should also refer to the Financial Statements of the Government for 2022/23.

Schedule of Non-Departmental Assets

As at 30 June 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000
	Current assets			
470,635	Cash and cash equivalents	4	507,379	518,647
516,795	Receivables	2	403,736	944,922
2,658	Prepayments - benefits and allowances		-	33,692
990,088	**Total current assets**		**911,115**	**1,497,261**
	Non-current assets			
886,207	Receivables	2	987,940	851,679
29	Other advances		33	27
5,000	Crown equity investment in Crown Entity		3,721	-
891,236	**Total non-current assets**		**991,694**	**851,706**
1,881,324	**Total non-departmental assets**		**1,902,809**	**2,348,967**

Explanations of significant variances against budget are set out in Note 5.

For additional details on cash and cash equivalents, refer to Note 4.

For additional details on Receivables, refer to Note 2.

The accompanying notes form part of these financial statements.

These non-departmental balances are consolidated into the Financial Statements of the Government, and readers of these statements and schedules should also refer to the Financial Statements of the Government for 2022/23.

Schedule of Non-Departmental Liabilities

As at 30 June 2023

Actual 2022 $000		Notes	Actual 2023 $000	Unaudited Budget 2023 $000
	Current liabilities			
722,981	Accruals - other than government departments	4	1,090,517	786,639
137,611	Tax payable		128,229	134,468
381	Other current liabilities	4	4,176	8,021
860,973	**Total non-departmental liabilities**		**1,222,922**	**929,128**

Explanations of significant variances against budget are set out in Note 5.

For additional details on Accruals and other current liabilities, refer to Note 4.

The accompanying notes form part of these financial statements.

These non-departmental balances are consolidated into the Financial Statements of the Government, and readers of these statements and schedules should also refer to the Financial Statements of the Government for 2022/23.

Schedule of Non-Departmental Commitments

As at 30 June 2023

The Ministry, on behalf of the Crown, has no commitments as at 30 June 2023 (2022: nil).

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2023

Unquantifiable contingent liabilities

The Ministry, on behalf of the Crown, has unquantifiable contingent liabilities related to Disability Support Services and employment obligations administered by Whaikaha as at 30 June 2023 (2022: nil). The Crown is appealing aspects of an Employment Court decision that would create employment obligations for Whaikaha towards a large number of people who provide 24/7 care to disabled family members.

Quantifiable contingent liabilities

There are no quantifiable cases lodged against the Ministry that remain unresolved as at 30 June 2023 (2022: nil).

Unquantifiable contingent assets

The Ministry, on behalf of the Crown, has unquantifiable contingent assets related to wage subsidy recovery claims against a number of recipients of the wage subsidy scheme as at 30 June 2023.

Quantifiable contingent assets

The Ministry, on behalf of the Crown, has no quantifiable contingent assets as at 30 June 2023 (2022: nil).

The accompanying notes form part of these financial statements.

These non-departmental balances are consolidated into the Financial Statements of the Government, and readers of these statements and schedules should also refer to the Financial Statements of the Government for 2022/23.

Statement of Trust Monies

For the year ended 30 June 2023

The Ministry operates trust accounts as the agent under section 66 of the PFA 1989. The transactions through these accounts and their balances as at 30 June 2023 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2023 were:

Actual 2022 $000		Actual 2023 $000
	Australian Embargoed Arrears	
1,111	**Balance at 1 July**	**838**
7,496	Contributions	16,946
(7,769)	Distributions	(15,541)
-	Revenue	-
838	**Balance at 30 June**	**2,243**
	Maintenance	
204	**Balance at 1 July**	**333**
394	Contributions	318
(265)	Distributions	(555)
333	**Balance at 30 June**	**96**
	Netherlands Debt	
12	**Balance at 1 July**	**16**
68	Contributions	164
(64)	Distributions	(166)
16	**Balance at 30 June**	**14**
1,187	**Total trust monies**	**2,353**

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 each month.

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 each month.

The accompanying notes form part of these financial statements.

These non-departmental balances are consolidated into the Financial Statements of the Government, and readers of these statements and schedules should also refer to the Financial Statements of the Government for 2022/23.

Notes to the Non-Departmental Statements and Schedules

For the year ended 30 June 2023

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 2023. 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 2023.

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 GAAP (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 and all values are rounded to the nearest thousand dollars ($000).

New or amended standards adopted

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 replaced PBE IFRS 9 Financial Instruments and is effective for the year ended 30 June 2023. The Ministry has assessed that there was little change from adopting the new standard as the requirements are similar to those contained in PBE IFRS 9.

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 (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 Inland Revenue.

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 could continue to pay their employees and support workers to ensure they continue to receive an income, and stayed connected to their employer, even if they were 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 needed to be facilitated quickly. The internal controls were deliberately designed with that purpose in mind. The resulting 'high trust' environment meant there was little delay between application and payment, and little estimation uncertainty.

The wage subsidy scheme was last operational during the period 20 August to 9 December 2021.

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 as at the 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 2023 budget figures are for the year ended 30 June 2023, which are consistent with the best estimate financial information submitted to the Treasury for the BEFU for the year ended 30 June 2023.

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 using 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 (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 2023. Key assumptions used by the actuary in the valuation are explained below:

- The nature of these receivables means 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.
- 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 a margin of 2.5 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 2.5 percent on top of the forward rate for that duration. The 2.5 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 doesn’t get 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 7.12 percent and 7.93 percent (6.34 percent and 7.30 percent as at 30 June 2022).

The fair value of the portfolio as at 30 June 2023 is $1,304 million ($1,314 million as at 30 June 2022).

Social benefit and other receivables

Actual 2022 $000		Actual 2023 $000
	Social benefit receivables	
2,365,294	Nominal value of receivables	2,462,384
2,365,294	Gross value of receivables	2,462,384
(1,051,319)	less provision for impairment	(1,158,416)
1,313,975	Net social benefit receivables	1,303,968
89,027	Other receivables	87,711
1,403,002	**Total receivables**	**1,391,679**
	Total receivables are represented by:	
516,795	Current	403,736
886,207	Non-current	987,940
1,403,002	**Balance at end of the year**	**1,391,676**
	Social benefit receivables	
	Movements in the carrying value of the loans are as follows:	
1,428,069	**Balance at 1 July**	**1,313,975**
28,639	Face value of new receivables during the year	367,094
(446,161)	Receivables repaid during the year	(484,198)
303,428	Subsequent net impairment	107,097
1,313,975	**Balance at 30 June**	**1,303,968**

Social benefit and other receivables

As at 30 June 2023

Impairment is calculated on a collective basis, not on an individual basis. There was a positive net movement in impairment of $107.097 million during the 2022/23 year (2022: positive $303.428 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 $58 million. A decrease in the discount rate of 1 percent would increase fair value by approximately $64 million. Since there are no contractual repayment terms, future cash flows assume existing cash flow receipts will continue. These are adjusted for likely negative future events such as death.

Interest rate risk is the risk that the fair value will fluctuate due to changes in interest rates. A range of interest rates is used for every duration year up to 50 years. Different interest rates used for various duration years have changed between negative 0.10 percent and 1.59 percent for the 2022/23 financial year (2022: increased between 3 percent and 5.96 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 2023

Actual 2022 $000		Actual 2023 $000
	Student Loans	
-	**Opening nominal balance**	-
1,399,613	New lending	1,362,168
(113,028)	Repayment	(98,007)
(1,294,249)	Loan balance transfer to IR	(1,271,263)
7,664	Administration fee	7,102
-	**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 Inland Revenue (IR). The Ministry's role is to assess and make payments to students undertaking tertiary education. Student Loans are transferred to IR each day for collection. The interest rate risk and the credit risk on Student Loans are held by IR.

4. Financial instruments

Financial instrument categories

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

Actual 2022 $000		Actual 2023 $000
	Financial assets measured at amortised cost	
470,635	Cash and cash equivalents	507,379
89,027	Debtors and other receivables	59,410
559,662	**Total Financial assets measured at amortised cost**	**566,789**
	Fair value through surplus or deficit - held for trading	
-	Derivative financial instrument liabilities	-
	Financial assets measured at amortised cost	
723,362	Creditors and other payables	1,094,693

Financial instrument risks

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, and 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 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, 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 drawdowns 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 2022 $000		Actual 2023 $000
	Creditors and other payables	
723,362	Less than six months	1,094,693
723,362		**1,094,693**

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2022: nil).

5. Explanation of major variances against budget

Schedule of Revenue and Expenses

Benefits or related expenses were higher than budgeted by $120.366 million. This is mainly driven by extreme weather events in the North Island and increased expenditure on Jobseeker Support and Emergency Benefits during the financial year. The extreme weather events in the North Island resulted in an increase in Civil Defence emergency payments (part of Hardship Assistance appropriation) by $64 million during the year. The Jobseeker Support and Emergency Benefit were higher than budgeted by $44.840 million, mainly as a result of higher-than expected wage growth adjustments and higher average payment per person (before wage growth adjustments).

Non-departmental capital expenditure expenses was lower than budgeted by $418.856 million, mainly due to the Student Loan variance of ($404.047 million) against the unaudited budget. This was driven by a lower number of loan recipients and a lower average amount per student loans than previously forecast.

Schedule of Assets and Liabilities

Current and non-current receivables were lower than budget by ($404.925 million). This was mainly from lower current social benefit receivables at year-end compared to budget levels ($443.250 million). Refer to Note 2 for further details on social benefit receivables.

Accruals were higher than budgeted by $303.878 million. This was mainly due to the timing of Crown accruals for benefits and pensions payments at year-end.

6. Non-departmental other expenses

Non-departmental other expenses include COVID-19 related expenditure and other expenditure.

Actual 2022 $000		Actual 2023 $000
	COVID-19 Wage Subsidy Related Expenditure	
4,703,774	Business support Subsidy Covid-19	310
254,558	COVID-19 Apprentice Support	141,337
471,401	COVID-19 Leave Support Scheme	273,192
5,429,733	**Total Covid-19 related expenditure**	**414,839**
573,469	Other expenditure	269,378
6,003,202	**Total Non-departmental other expenses**	**684,217**

The recipients of COVID-19 wage subsidy and leave subsidy have the obligation to repay any amount they are not entitled to, and the Ministry has the right to review any subsidy granted. Businesses have voluntarily refunded subsidies when their eligibility changed, or because revenue was better than expected.

As at 30 June 2023, repayments worth $877.1 million had been identified of which $819.5 million (more than 93 percent) had been repaid. Wage subsidy recoveries have been offset against wage subsidy-related expenditure in 2021/22. In 2022/23, wage subsidy recoveries related to the Business Support Subsidy scheme (which was not operational in 2022/23) are recognised as revenue.

7. Benefits or related expenses

Benefits or related expenses includes the following significant expenditure types:

Actual 2022 $000		Actual 2023 $000
	Benefits or related expenses	
2,386,215	Accommodation Assistance	2,348,671
412,223	Disability Assistance	430,421
497,138	Hardship Assistance	673,378
3,329,681	Jobseeker Support and Emergency Benefit	3,472,612
17,763,967	New Zealand Superannuation	19,517,021
312,538	Orphan's/Unsupported Child's Benefit	350,369
1,703,741	Sole Parent Support	1,916,529
556,495	Student Allowances	525,038
2,047,416	Supported Living Payment	2,310,769
880,881	Other Benefits or related expenses	895,484
29,890,295	**Total Benefits or related expenses**	**32,440,292**

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 2023. 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 multi-category appropriations 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 $25.557 million of remeasurement due to changes in interest rates. MSD is appropriated for expenditure excluding remeasurements.)
- **Appropriation** voted figures are from the 2022/23 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. Annual Report of the Peke Waihanga Artificial Limb Service
  6. No reporting required due to an exemption obtained under section 15D of the PFA 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 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 2023

Annual and permanent appropriations for the Ministry of Social Development

Expenditure After Remeasure-ments 2022 $000	Appropriation title	Expenditure After Remeasure-ments 2023 $000	Remeasure-ments 2023 $000	Expenditure Before Remeasure-ments 2023 $000	Appropria-tion Voted 2023 $000	Location of end-of-year performance information
	Vote Social Development					
	Departmental Output Expenses					
6,882	Administration of Service Cards	7,413	(5)	7,418	8,070	1
20,756	Corporate Support Services	16,956	-	16,956	20,626	6
37,839	Data, Analytics and Evidence Services	39,746	(19)	39,765	40,010	1
1,534	Enhancement and Promotion of SuperGold Cards	1,506	-	1,506	1,705	1
3,740	Establishing a Ministry for Disabled People	1,980	-	1,980	4,113	1
151	Establishment of Independent Monitor of the Oranga Tamariki System	-	-	-	-	
52,551	Income Support and Assistance to Seniors	56,957	(57)	57,014	59,147	1
7,700	Independent Monitoring and Assurance of the Oranga Tamariki System	8,320	-	8,320	10,213	1
-	Investigating and Responding to Alleged Social Work Offending	113	-	113	360	1
48,823	Investigation of Overpayments and Fraudulent Payments and Collection of Overpayments	53,400	(44)	53,444	54,622	1
24,438	Management of Student Loans	23,621	(18)	23,639	23,817	1
24,447	Management of Student Support	23,626	(18)	23,644	23,841	1

Expenditure After Remeasurements 2022 $000	Appropriation title	Expenditure After Remeasurements 2023 $000	Remeasurements 2023 $000	Expenditure Before Remeasurements 2023 $000	Appropriation Voted 2023 $000	Location of end-of-year performance information
5,252	Planning, Correspondence and Monitoring	4,419	(4)	4,423	5,285	1
21,990	Policy Advice	20,386	(12)	20,398	22,591	1
685	Processing of Veterans' Pensions	713	(1)	714	772	1
7,883	Promoting Positive Outcomes for Disabled People	-	-	-	-	
1,819	Promoting Positive Outcomes for Seniors	2,698	(1)	2,699	2,722	1
63,124	Services to Support People to Access Accommodation	71,414	(56)	71,470	75,139	1
329,614	**Total Departmental Output Expenses**	**333,268**	**(235)**	**333,503**	**353,033**	
	Departmental Other Expenses					
-	Te Pae Tawhiti Transformation Programme	49,361	(11)	49,372	63,425	1
-	**Total Departmental Other Expenditure**	**49,361**	**(11)**	**49,372**	**63,425**	
	Departmental Capital Expenditure					
49,428	Ministry of Social Development – Capital Expenditure Permanent Legislative Authority Under Section 24(1) of the Public Finance Act	77,238	-	77,238	155,341	1
49,428	**Total Departmental Capital Expenditure**	**77,238**	**-**	**77,238**	**155,341**	
	Non-Departmental Output Expenses					
4,357	Children's Commissioner	5,147	-	5,147	5,147	2
94,937	Community Participation Services	88,678	-	88,678	109,614	3
687	Housing Place-Based Approaches	917	-	917	917	6
-	Peke Waihanga - Artificial Limb Service	2,942	-	2,942	2,942	5
1,168	Social Workers Registration Board	2,564	-	2,564	2,564	4

Expenditure After Remeasure-ments 2022 $000	Appropriation title	Expenditure After Remeasure-ments 2023 $000	Remeasure-ments 2023 $000	Expenditure Before Remeasure-ments 2023 $000	Appropria-tion Voted 2023 $000	Location of end-of-year performance information
3,512	Student Placement Services	4,212	-	4,212	4,212	6
15,810	Supporting Equitable Pay for Care and Support Workers	16,584	-	16,584	17,415	6
120,471	**Total Non-Departmental Output Expenses**	**121,044**	**-**	**121,044**	**142,811**	
	Non-Departmental Other Expenses					
254,558	COVID-19 Apprentice Support	141,337	-	141,337	176,758	6
4,703,774	Business Support Subsidy Covid-19	310	-	310	1,000	6
471,401	COVID-19 Leave Support Scheme	273,192	-	273,192	329,394	6
325,142	Debt Write-downs	135,886	25,557	110,329	120,778	6
-	Disability-related Legal Expenses	370	-	370	3,564	6
1,890	Emergency Housing Support Package	2,975	-	2,975	3,200	6
1,625	Extraordinary Care Fund	1,661	-	1,661	2,308	6
410	Housing Hub capital costs Place-Based Approach	-	-	-	-	6
23,889	Out of School Care and Recreation Programmes	22,177	-	22,177	24,189	3
3,164	Reimbursement of Income Related Rent Overpayments	4,973	-	4,973	5,264	6
4,236	Retrospective Residential Care Subsidy	-	-	-	-	
5,790,089	**Total Non-Departmental Other Expenses**	**582,881**	**25,557**	**557,324**	**666,455**	
	Non-Departmental Capital Expenditure					
5,000	New Zealand Artificial Limb Service Capital Injection	-	-	-	-	
-	Peke Waihanga - Artificial Limb Service	3,693	-	3,693	3,693	5
328,382	Recoverable Assistance	376,271	-	376,271	413,042	6
-	Social Workers Registration Board Capital Injection	28	-	28	28	6
1,399,613	Student Loans	1,362,168	-	1,362,168	1,413,514	6
1,732,995	**Total Non-Departmental Capital Expenditure**	**1,742,160**	**-**	**1,742,160**	**1,830,277**	

Expenditure After Remeasurements 2022 $000	Appropriation title	Expenditure After Remeasurements 2023 $000	Remeasurements 2023 $000	Expenditure Before Remeasurements 2023 $000	Appropriation Voted 2023 $000	Location of end-of-year performance information
	Multi-Category Appropriations					
493,461	**Community Support Services MCA**	**460,698**	**(33)**	**460,731**	**489,854**	
	Departmental Output Expenses					
31,843	Developing and Managing Community Services	51,720	(33)	51,753	53,416	1
	Non-Departmental Output Expenses					
153,720	Community Support and Advice	162,236	-	162,236	171,267	1
2,250	Expansion of Kāinga Whānau Ora pilot	2,400	-	2,400	2,400	6
1,616	Improving Children's Participation in Education	1,642	-	1,642	1,643	6
7,393	Participation and Support Services for Seniors	9,880	-	9,880	9,895	1
6,534	Place-Based Approaches	6,174	-	6,174	6,414	1
143,672	Supporting Victims and Perpetrators of Family and Sexual Violence	158,003	-	158,003	165,045	1
	Non-Departmental Other Expenses					
146,433	Community Response to Adverse or Emergency Events	68,643	-	68,643	79,774	1
11,576	**Housing Support Assistances MCA**	**39,410**	**-**	**39,410**	**74,373**	
	Non-Departmental Output Expenses					
836	Provision to better prepare people to access and sustain private rentals	445	-	445	763	6
	Non-Departmental Other Expenses					
8,031	Non-Recoverable Housing Support Assistances	5,971	-	5,971	13,874	1
	Non-Departmental Capital Expenditure					
2,709	Recoverable Housing Support Assistances	32,994	-	32,994	59,736	6

Expenditure After Remeasurements 2022 $000	Appropriation title	Expenditure After Remeasurements 2023 $000	Remeasurements 2023 $000	Expenditure Before Remeasurements 2023 $000	Appropriation Voted 2023 $000	Location of end-of-year performance information
1,269,991	**Improved Employment and Social Outcomes Support MCA**	**1,297,075**	**(526)**	**1,297,601**	**1,389,053**	
	Departmental Output Expenses					
476,924	Administering Income Support	466,162	(291)	466,453	488,467	1
592,121	Improving Employment Outcomes	549,457	(215)	549,672	572,622	1
107,019	Improving Work Readiness Outcomes	120,688	(16)	120,704	122,985	1
3,253	Jobs and Skills Hubs	5,197	(4)	5,201	6,306	1
	Non-Departmental Output Expenses					
-	Drivers Licence Employment Assistance	9,756	-	9,756	10,000	1
20,456	He Poutama Rangatahi	52,553	-	52,553	53,283	1
11,566	Māori Trades and Training Programmes	40,983	-	40,983	41,302	1
	Non-Departmental Other Expenses					
58,652	Flexi-Wage Employment Assistance	52,279	-	52,279	94,088	1
17,790	**Partnering for Youth Development MCA**	**22,443**	**(2)**	**22,445**	**22,953**	
	Departmental Output Expenses					
4,479	Administering Youth Development	4,094	(2)	4,096	4,602	1
	Non-Departmental Output Expenses					
13,311	Delivering Youth Development	18,349	-	18,349	18,351	1
-	**Supporting tāngata whaikaha Māori and disabled people MCA**	**2,058,791**	**(11)**	**2,058,802**	**2,073,794**	
	Departmental Output Expenses					
-	Connecting people with supports and communities	8,752	-	8,752	8,543	1
-	Stewardship of the Disability System	40,433	(11)	40,444	51,170	1

Expenditure After Remeasurements 2022 $000	Appropriation title	Expenditure After Remeasurements 2023 $000	Remeasurements 2023 $000	Expenditure Before Remeasurements 2023 $000	Appropriation Voted 2023 $000	Location of end-of-year performance information
	Non-Departmental Output Expenses					
-	Community-based support services	710,777	-	710,777	699,950	1
-	Connecting and strengthening disability communities	58,553	-	58,553	68,482	1
-	Early intervention support services	37,343	-	37,343	38,099	1
-	Environmental support services	213,366	-	213,366	214,026	1
-	Residential-based support services	989,567	-	989,567	993,524	1
1,792,818	**Total Multi-Category Appropriations**	**3,878,417**	**(572)**	**3,878,989**	**4,050,027**	
	Benefits or Related Expenses					
2,386,215	Accommodation Assistance	2,348,671	-	2,348,671	2,423,048	6
131,897	Childcare Assistance	138,626	-	138,626	162,192	6
412,223	Disability Assistance	430,421	-	430,421	432,670	6
497,138	Hardship Assistance	673,378	-	673,378	738,861	6
3,329,681	Jobseeker Support and Emergency Benefit	3,472,612	-	3,472,612	3,544,834	6
17,763,967	New Zealand Superannuation	19,517,021	-	19,517,021	19,562,219	6
1,246	NZ Beneficiaries Stranded Overseas	-	-	-	-	
312,538	Orphan's/Unsupported Child's Benefit	350,369	-	350,369	352,060	6
1,703,741	Sole Parent Support	1,916,529	-	1,916,529	1,931,569	6
9,919	Special Circumstance Assistance	10,262	-	10,262	11,365	6
556,495	Student Allowances	525,038	-	525,038	546,749	6
16,798	Study Scholarships and Awards	17,721	-	17,721	22,146	6
2,047,416	Supported Living Payment	2,310,769	-	2,310,769	2,334,746	6
8,787	Training Incentive Allowance	11,676	-	11,676	18,658	6
50	Transitional Assistance	2	-	2	169	6
133,832	Veterans' Pension	131,262	-	131,262	133,611	6
513,212	Winter Energy Payment	518,860	-	518,860	536,776	6

Expenditure After Remeasurements 2022 $000	Appropriation title	Expenditure After Remeasurements 2023 $000	Remeasurements 2023 $000	Expenditure Before Remeasurements 2023 $000	Appropriation Voted 2023 $000	Location of end-of-year performance information
3,685	Work Assistance	4,390	-	4,390	5,737	6
61,455	Youth Payment and Young Parent Payment	62,685	-	62,685	64,957	6
29,890,295	**Total Benefits or Related Expenses**	**32,440,292**	**-**	**32,440,292**	**32,822,367**	
39,705,710	**Total Annual and Permanent Appropriations**	**39,224,661**	**24,739**	**39,199,922**	**40,083,736**	
	Multi-Year Appropriations					
	Departmental Output Expenses					
19,950	Historic Claims Resolution MYA	23,602	-	23,602	30,319	1
19,950	**Total Multi-Year Appropriations**	**23,602**	**-**	**23,602**	**30,319**	
39,725,660	**Total Vote Social Development**	**39,248,263**	**24,739**	**39,223,524**	**40,114,055**	

Transfers approved under section 26A of the Public Finance Act

The approved appropriation includes adjustments made in the Supplementary Estimates. No transfers were made under section 26A of the PFA 1989.

Statement of Expenses and Capital Expenditure incurred without, or in excess of, appropriation or other authority

Appropriation title	Expenditure After Remeasurements 2023 $000	Appropriation Voted 2023 $000	Unappropriated expenditure 2023 $000
Vote Social Development			
Benefits or Related Expenses			
Accommodation Assistance	2,348,671	2,423,048	554
Childcare Assistance	138,626	162,192	89
Training Incentive Allowance	11,676	18,658	160

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

Accommodation Assistance

The Accommodation Assistance appropriation had expenditure that was not in accordance with criteria set out in the Social Security Act to which the scope of the appropriation specifically refers. This was as a result of the payment of the Accommodation Supplement to community partners of those in Residential Care.

The Ministry of Social Development (from 1 July 1993) had treated the community partner as though they are single for the purposes of calculating their Accommodation Supplement entitlement. The rationale for treating community partners as single was because once their partner was in care, their housing needs are more equivalent to those of a single person.

The total unappropriated expenditure over a five-year period (from 1 July 2017 to 30 June 2022) was $5.907 million. This expenditure was validated in the Appropriation (2021/22 Confirmation and Validation) Act on the 17 May 2023 (Date of Royal Assent).

The total unappropriated expenditure in 2022/23 was $0.554 million. Legislative change was enacted in November 2022 to align the Social Security Act with current practice. The legislative change was given Royal Assent on 25 November 2022.

Childcare Assistance

The Childcare Assistance appropriation had expenditure that was not in accordance with criteria set out in the Social Security Act to which the scope of the appropriation specifically refers. This was as a result of the practice of paying Out of School Care and Recreation Subsidy (OSCAR subsidy) payments for an eligible child for more than 20 hours a week during the school term.

This practice happened inadvertently in school terms, where there were weeks with Teacher-Only Days, which in certain cases increased the number of hours counted for the OSCAR subsidy payments to over 20 hours a week. The Teacher-Only Day should have been treated as falling within the school term and the number of hours maintained at up to 20 hours per week only. This practice was stopped in March 2023. The total unappropriated expenditure in the 2022/23 financial year was $0.089 million.

Training Incentive Allowance

The Training Incentive Allowance (TIA) appropriation had expenditure that was not in accordance with criteria set out in the Social Security Act to which the scope of the appropriation specifically refers. This was as a result of the practice of granting TIA to clients aged 16 to 17 years old since 1 July 2021 to 30 June 2023.

TIA was reinstated with a separate appropriation to support higher level study (levels 1-7 on the New Zealand Qualifications Framework) from 1 July 2021. As part of this reinstatement, a separate welfare programme for special assistance was established and approved under section 101 of Social Security Act, the Training Incentive Allowance Welfare Programme (TIAWP). This had an age requirement of 18 to 64, and those aged 65+ who are eligible for New Zealand Superannuation. This did not align to the policy intent of TIA, nor the agreed operational policy design settings for this type of assistance, which was to also support eligible clients aged 16 to 17 years old. This alignment issue was identified in May 2023, and a temporary suspension of new and existing TIA payments to young people aged 16 to 17 under this welfare programme was put in place until the legislation could be changed.

The total unappropriated expenditure over the two year period (from 1 July 2021 to 30 June 2023) was as follows:

	$000
Vote Social Development	
Benefits or Related Expenses	
Training Incentive Allowance	
2022/23	160
2021/22	155
Total	**315**

The Ministry has sought validation of the above unappropriated expenditure under section 26C of the PFA 1989.

Statement of Departmental Capital Injections

For the year ended 30 June 2023

Actual Capital Injection 2022 $000	Type of appropriation	Actual Capital Injection 2023 $000	Approved Aprpropriation 2023 $000
76,549	Ministry of Social Development -Capital Injection	80,863	80,863
76,549	**Balance at 30 June**	**80,863**	**80,863**

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

For the year ended 30 June 2023

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

E.114

2023

Pūrongo ā-tau | Annual Report

Whaikaha
Ministry of
Disabled People

Scan for NZSL name

Te Kāwanatanga o Aotearoa
New Zealand Government

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Me he aka rātā ka tipu tahi ka puāwai tahi kia tū kaha i ngā hihi ō Tamanuiterā.

Like the rātā vines growing together and flourishing to stand strong in the warmth of the sun.

Purpose
of this Annual Report

Whaikaha – Ministry of Disabled People (Whaikaha) was established on 1 July 2022 as a Departmental Agency hosted by the Ministry of Social Development (MSD).

This Annual Report provides information on the services, activities and achievements of Whaikaha during the period from 1 July 2022 to 30 June 2023.

The financial reporting and performance measures for Whaikaha are contained in the 2023 MSD Annual Report, as the host agency, and can be found on the MSD website at www.msd.govt.nz.

Contents

Chief Executive

foreword

Whakarongo mai

Whakarongo mai

Whakarongo mai

Ki te reo Rangatira

Ki te reo Ingarihi

Ki te reo rotarota

He puna wai, he puna kai, he puna reo, he puna ora, ita-a-ita

Nō reira, e ngā mana, e ngā reo, e ngā iwi katoa o te ao whānui - tēnā koutou katoa

Nau mai haere mai ki te rīpoata-ā-tau mō Whaikaha.

Listen with your ears

Listen with your eyes

Listen with your heart

To the Māori language

To the English language

To the Sign language

A water spring, a bountiful spring, a language spring, a life spring – hold fast together.

Accordingly, prestigious people of every nation, tribe and language, I greet you all.

Welcome, welcome to our Whaikaha annual report.

Established on 1 July 2022, Whaikaha – Ministry of Disabled People is the first in the world of its kind. It is a privilege to lead this young organisation that holds so much promise for our community's future. I would like to thank our community – disabled people, tāngata whaikaha Māori, their representative organisations, and whānau who advocated for our establishment and now continue to guide us and hold us to account.

Together with disabled people and allies supporting the community, we work to achieve a non-disabling society in Aotearoa New Zealand. We are working with government agencies and others to identify and remove systemic barriers to participation and contribution, and ensuring that disabled people and their whānau get the assistance they require to live a good life.

Whaikaha and all our mahi is underpinned by our three pou: Aotearoa New Zealand's commitments under Te Tiriti o Waitangi; the Enabling Good Lives vision and principles; and the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD).

Our work is important to progressing the rights and opportunities of disabled New Zealanders, tāngata whaikaha Māori, and their whānau. We do this through:

1. Commissioning $2.07 billion of disability supports (see page 199 in the MSD 2023 Annual Report) for approximately 45,000 disabled New Zealanders with a clear mandate to transform the supports funded, based on the Enabling Good Lives principles and approach.
2. Our stewardship role to help other agencies remove barriers and improve outcomes for tāngata whaikaha Māori, disabled people and their whānau.
3. Effective engagement and partnering with disabled people and tāngata whaikaha Māori in our strategic planning, policy development, service design and development, stewardship functions and disability system transformation.

The first year of Whaikaha has been a year of establishment and progress as well as responding to several challenges, some of those unique to Whaikaha and some experienced by other agencies. Throughout the year we responded to the ongoing impacts of the COVID 19 pandemic and significant weather events which continue to affect the community we serve.

I am proud of what Whaikaha has achieved and we accept the challenge from the community we serve to build on early successes and achieve even more.

From the first day of our establishment, Whaikaha has ensured the ongoing availability of the supports we commission and fund. Around 45,000 disabled people, tāngata whaikaha Māori and their whānau receive support via our provider network or directly through our Enabling Good Lives sites. We acknowledge the kaimahi who worked carefully in the initial establishment of Whaikaha to ensure the supports funded and commissioned, and provided, by Whaikaha were maintained without disruption.

Whaikaha has valued the contribution of our provider network, non-government organisations and our cross-government colleagues who have continued to work alongside and support us.

This year we have laid solid foundations, and I look forward to continuing our partnership with disabled people and tāngata whaikaha Māori as we advance the transformation of the disability support system, steward further changes across government and improve outcomes for our community.

Nāku noa, nā

Paula Tesoriero MNZM
Te Tumu Whakarae | Chief Executive

Whaikaha:

Who we serve

Article 1 of the UNCRPD states that for the purpose of progressing the Convention, persons with disabilities “include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others”.

The experience of disability is influenced by the nature of a person's impairment. Gender, age, ethnicity, socio-economic status and culture can also have a profound, and sometimes compounding, effect on an individual's experience of disability. Disabled people are part of the vast and diverse human experience. Just as we accept and respect differences like gender, ethnicity, language or belief, the difference and diversity of disabled people needs to be understood, acknowledged and celebrated.

The Government’s *New Zealand Disability Strategy 2016-2026* states that:

- “We must continue to acknowledge and respect the diversity within the disability community and recognise the value it adds to the community.”
- “Many disabled children and adults still face some barriers that prevent them from reaching their full potential. If these barriers are not dismantled and removed, then all of us miss out. We will not prosper if disabled people are not able to participate in and contribute to our communities on an equal basis with others.”

The prevalence of disability is proportionally higher among Māori and Pacific people. The Appendix attached to this report provides further information about the diversity of the disability community and the barriers experienced.

Whaikaha:

Who we are and what we do

Whaikaha was established as a Departmental Agency on 1 July 2022.

With its establishment, disabled people now have a dedicated agency committed to progressing the rights and opportunities of disabled people underpinned by the whole-of-life and social model of disability.

"Even if we have the same impairment as someone else, we will experience different opportunities and barriers because of where we live and how we are treated by those around us. The time and context in our lives when we may acquire our impairment(s) also informs what barriers or opportunities we may experience. This is the social model of disability ...." (*New Zealand Disability Strategy 2016-2026*).

Whaikaha brought together the functions and people from the Disability Directorate in Manatū Hauora, the Office for Disability Issues (administered by MSD), and the Enabling Good Lives sites in Christchurch, Waikato, and MidCentral (Mana Whaikaha) (administered by MSD and the Disability Directorate).

Most of the funded supports for disabled people previously commissioned through Manatū Hauora, Ministry of Health are now commissioned through Whaikaha.

A Shared Services hosting arrangement with MSD enables Whaikaha to access MSD's administrative systems, services and infrastructure. Whaikaha maintains a relationship with Manatū Hauora and Te Whatu Ora in order to maintain access to data and records and for administration of payments.

Whaikaha is focused on creating an inclusive and accessible Aotearoa New Zealand, recognising the importance of involving people from the disabled community in decision making which affects their lives.

Whaikaha, as expected by the disability community, is committed to inclusive employment policies and practices that remove barriers for disabled people and tāngata whaikaha Māori to work within Whaikaha at all levels of the organisation. Currently nearly 40 percent of our kaimahi identify as disabled with further work to implement our new structure this will increase. Many of our people are family members and whānau of disabled people or have other links to the community. Whaikaha has also built on close relationships with disability community groups and organisations to inform and guide its work.

Our people

As of 30 June 2023, Whaikaha had 175 kaimahi. They represent the following communities:

- Disability: 36 percent as disabled.
- Gender:
  - 67 percent female
  - 32 percent male
  - 1 percent non-binary.
- Acknowledging intersectionality, our kaimahi have identified to being members of the following communities:
  - 80 percent as European
  - 19 percent as Māori
  - 7 percent as Pacific peoples
  - 8 percent as Asian
  - 2 percent as Middle Eastern/Latin American/African
  - 9 percent as other.

Gender pay gap

As of 30 June 2023, Whaikaha had a gender pay gap of 12.3 percent. This is a reduction of the gender pay gap that Whaikaha reported as being 14.1 percent at 31 March 2023.

Whaikaha is continuing to better understand the drivers of the gender pay gap and working to address them in accordance with the *Kia Toipoto – Public Service Pay Gaps Action Plan 2021–24* mahi.

Organisational structure

On 1 July 2022 employees transferred from Manatū Hauora and MSD. Whaikaha had a disproportionate number of staff in fixed term roles, on secondment from other organisations, and inherited vacancies.

Establishment activities at Whaikaha have continued, getting the right people for the right roles, developing our strategic intentions, prioritising our work programmes, establishing the processes and systems for continued improvement, confirming our organisational design and structures, developing the partnerships and relationships with disabled people and the disability community so that our work is effective, strongly tested and informed by the people we serve.

From 1 July 2022 Whaikaha has confirmed the key work programmes required to progress the strategic and operational expectations of the Government and the community. This has informed the development of a more fit-for-purpose organisational structure that was confirmed on 1 August 2023 which has enabled a more confident approach in our permanent recruitment to vacancies.

There are four groups within Whaikaha, reflecting our four key areas of work underpinned by our Te Tiriti o Waitangi relationship: People and Culture; Corporate Services; Commissioning Design and Delivery; and Policy, Strategy and Partnerships.

Supporting Te Tiriti o Waitangi relationships

Underpinning all four areas of work is our commitment to Te Tiriti o Waitangi. A Kaihautū – Chief Advisor Māori role has been established within the Executive Leadership Team to lead and advise on the work of Whaikaha in supporting Crown relationships under Te Tiriti o Waitangi. Whaikaha is committed to equity of access and outcomes for tāngata whaikaha Māori.

Twenty-six percent of Māori identify as disabled, meaning tāngata whaikaha Māori are overrepresented compared to the overall population. Whaikaha recognises most tāngata whaikaha Māori identify as Māori first.

As a Departmental Agency of the Crown, Whaikaha is committed to honouring its obligations under Te Tiriti o Waitangi, supporting and enabling Māori, whānau, hapū, iwi, and communities, so that tāngata whaikaha Māori me ō rātou whānau realise their aspirations. This will include embedding Te Tiriti o Waitangi into the way Whaikaha works with and for Māori.

People and Culture

This group is responsible for how we work, and the people practices that shape our culture. Importantly, the initial focus is on helping ensure we are the exemplar in recruiting and retaining disabled people. This mahi will include working across government, being the predominant group supporting the Whaikaha sponsor leading the Papa Pounamu Disability Pou. Papa Pounamu sets the diversity and inclusion work programme for the wider Public Service.

Corporate Services

This group includes the Ministerial and Executive Services function, Communication and Engagement support (including developing community engagement activities in partnership with community organisations), and Finance services (supported by MSD's People and Capability group under the Shared Services hosting arrangement).

Commissioning, Design and Delivery

This group is responsible for commissioning, designing, and funding and supporting the delivery of about $2.07 billion annually of supports appropriated to Whaikaha in 2022/23 through Vote Social Development. This funding supports approximately 45,000 people and their whānau, as well as equipment and aids for about 100,000 disabled people.

The three Enabling Good Lives sites in Christchurch, Waikato, and Mana Whaikaha are also located within this group. In 2022/23 there were ninety people working across these locations, with approximately 4,500 disabled people accessing support through them.

Policy, Strategy and Partnerships

This group leads the following elements of the Whaikaha work programme:

- strategic policy advice to Ministers on disability issues and options to address them
- monitoring and quality assuring the supports we commission within the disability support system

- stewardship of disability related matters across government based on the UNCRPD and the principles of Enabling Good Lives
- establishing and maintaining partnerships between Whaikaha and the community organisations that represent disabled people and tāngata whaikaha Māori
- supporting the work of the New Zealand Sign Language Board
- establishment of a Transformation Management Office to coordinate the transformation of the disability support system and a Transformation Board to govern this transformation work
- stewardship of data and insights on disabled people and tāngata whaikaha Māori.

Types of support funded

Disability supports and funding methods

Generally, disabled people and their whānau, who are eligible for Whaikaha funded support, access their support through Needs Assessment and Service Coordination (NASC) organisations.

Disabled people receive funded support from Whaikaha through:

- Standard contracted arrangements
- Specialist supports
- Individualised Funding
- Choice in Community Living
- Carer Support
- Personal Budgets.

Standard contracted arrangements

These supports are commissioned and funded by Whaikaha[1] and include:

- Facility-Based Supports, including residential support for people to live in a group home, alone where required, or in an aged residential care facility – especially where people have higher medical needs requiring hospital level care. There is also Facility Based Respite, which is short term relief support provided in a residential setting for eligible people.
- Home and Community Supports include a range of supports, assisting people to live in their community. This includes supported living, household management, and personal care.
- Community Day Services include Whaikaha funding day supports to enable disabled people to participate in their community through things such as social activities and daily living skills. MSD is the primary funder of Day Services.
- Disability Information and Advisory Services provide independent information and advice to people and their whānau.
- NASC organisations support people through allocating funding and advising on or co-ordinating supports for eligible people.

Specialist supports

- Child Development Services provide specialised services to support tamariki to reach milestones.
- Equipment and Modification Services provide free or subsidised equipment and modifications to disabled people.

[1] Enabling Good Lives sites are delivered by Whaikaha.

- Behaviour Support Services provide people with access to specialists to set and support goals to assist them.

Individualised Funding

Individualised Funding is a mechanism to purchase Household Management, Personal Care and Respite.

It is accessed through a NASC and allocated to a disabled person so they can organise their own support – in some cases including engaging care and support workers.

Individualised Funding was initially developed to increase flexibility and provide disabled people and their whānau with more choice and control over their support.

Enhanced Individualised Funding (EIF) was developed as a broader approach to flexibly support a disabled person’s needs. Flexible Purchasing Guidelines were developed to support disabled people in how they use their funding with EIF.

Use of the flexible Purchasing Guidelines was extended to Individualised Funding and carer support during the COVID-19 response and continues to be available.

Choice in Community Living

Choice in Community Living (CiCL) offers disabled people more control over where they live, who they live with and how they are supported. It is an alternative to residential services and is for people with high support needs.

CiCL is currently available in the Auckland, Waikato, Hutt Valley, Otago and Southland regions, testing a more person directed support option in preparation for system transformation.

CiCL is a type of hosted support based on a person's plan. Funding is managed by the disabled person and their family or whānau, in partnership with the person’s chosen CiCL provider. The flexible Purchasing Guidelines are used to support a disabled person in how they use their funding.

Carer Support

The disabled person is allocated Carer Support by a NASC. The disabled person or their whānau organises and pays for support needs to be delivered to the disabled person. They then claim the subsidy amount (currently $80 a day) from Whaikaha.

Personal Budgets

Person budgets are available in the Christchurch, Waikato and Mana Whaikaha Enabling Good Lives locations.

A personal budget is allocated to support people to achieve the outcomes outlined in the plan they have developed with their Kaitūhono/Connector. Funds can be deposited directly into a specific bank account for this purpose with some oversight by the Enabling Good Lives team. The disabled person may choose to have a host agency to help manage their personal budget.

Family/whānau perspectives

We know there is much more work to be done. However, within the Enabling Good Lives sites we are noticing improved outcomes for disabled people and family/whānau, who have shared their experiences with us.

> "A good life for my son looks like, I get to choose where I live. I get to choose who I live with.
>
> I get to choose when I get up and when I go to bed (sometimes I miss the bus).
>
> I get to choose what I have in my cupboard.
>
> If an activity or support worker isn't working out I get to change it.
>
> I get to have success and failures. I am able to feel safe at all times.
>
> This required a lot of trial and effort, flexibility and funding. Information and advice. Support and supervision.
>
> Many people don't know what a good life might look like, for some they know what it is not.
>
> Beginning early and scaffolding helped. As did plenty of time and courage.
>
> Our son had a good life before he left home. To watch him now making decisions, good or not so good, and the new opportunities, some by choice and others by default, is wonderful.
>
> Yes it had and has challenges. For us and for him. He will need lifelong support and lots of it.
>
> I sometimes worry about tomorrow but today is worth living, so we are giving it a go."

“I wanted to reach out to thank you and the wonderful team. Nxxx, Jxxx, Rxxxx and Txxxx, have been life changing for my child. After all that went on from previous professionals involved. The damage as you know was huge.

These professional ladies and their care has blown me away. The world has opened up for my daughter. I cannot thank you enough.”

“For myself as for years it's just been me fighting tirelessly for my daughter. Trying to balance my own disability and my sons. It's made a huge difference in my life. It's not heavy now for me. I get to take on that supportive friend role now.
It's feeling so good.

I'm so grateful that Monday morning you got my message to call me. You called with an instinct you needed too.

Thank you again.”

Stewardship in action

While Whaikaha is responsible for the commissioning and funding of disability support services, it has a broader purpose to progress disabled people's rights and opportunities by:

- lifting the profile of disability and driving better outcomes for all disabled people, through the New Zealand Disability Strategy 2016-2026, the Disability Action Plan, the New Zealand Sign Language Strategy, and through progressing our implementation of the UNCRPD
- leading work on cross-government strategic policy, stewardship, and public sector capacity and capability building
- supporting government agencies to incorporate disability perspectives and needs into their work to meet their responsibilities to disabled people and whānau.

Whaikaha has engaged with other government agencies on a large number of work programmes to improve outcomes for disabled people, including:

- New Zealand Sign Language (NZSL) Board community engagement on the amendment of the New Zealand Sign Language Act 2006
- providing secretariat and programme support to the ministerially appointed NZSL Board and its strategy and work programmes to maintain and promote NZSL as an official language of Aotearoa
- continued work on the nominations data base - assisting other government agencies to access representation of disabled people on government boards and advisory committees

- providing disability advice during the 2022/23 year to other government agencies, Ministers, and the community. Just over 200 Cabinet papers were reviewed by Whaikaha and responses were provided to over 580 requests for disability advice or assistance from other government agencies
- joint stewardship of the Disability Action Plan with the Disabled Persons Organisation (DPO) Coalition – six monthly monitoring of progress of the Action Plan work programmes led by government agencies
- publication of cross-government disability data relevant to the eight outcomes in the New Zealand Disability Strategy 2016-2026
- support for the Education Review Office (ERO) evaluation and report *Thriving at school? Education of disabled learners in schools*
- leading and co-ordinating the cross-government attendance at the United Nations examination of New Zealand's implementation of the UNCRPD
- contribution of evidence to and participation in the Abuse in State Care - Royal Commission of Inquiry, and the Waitangi Tribunal Wai 2575 Health Services and Outcomes Inquiry.

In partnership with the community

The international catch cry of disabled people is, ‘Nothing about us without us.’

As outlined in the Cabinet papers that established Whaikaha, we have been working to develop strong and community-led engagement and partnership with disabled people, and tāngata whaikaha Māori. This gives full effect to Article 4.3 obligations of the UNCRPD and ensures that disabled people are involved in decision making that impacts them.

This is even more important for disabled people who have experienced a long history of the development and provision of services and approaches that denied disabled people’s choice and control over the services funded and provided.

In its first year Whaikaha sought to bring together the diversity of views within the disability community to inform the design of disability system transformation and to build a work programme for the future.

To ensure our first year was successful we prioritised our mahi by the following work streams

Establishment

- Designing an organisational structure, systems, processes and policies to ensure Whaikaha can deliver its system stewardship functions and transform the disability support system. The organisational structure was confirmed on 1 August 2023.

Continuity

- Promoting the rights of disabled people including responding to almost 2,000 requests for disability advice from the public, other government agencies and the Minister for Disability Issues.
- Providing stewardship of the Disability Action Plan.
- Progressing the flexible approach to Carer Support and Individualised Funding, including the ability to pay family members to provide support.
- Maintaining the provision of $2.07 billion of support through our network of contracted disability providers for approximately 45,000 disabled New Zealanders requiring daily access to those supports.

Stewardship

- Supporting the Minister for Disability Issues and preparing the small team of officials from across government for the examination by the United Nations Committee on the Rights of Persons with Disabilities (the UN Committee) of New Zealand's implementation of the UNCRPD. This work has included co-ordinating the work across government as agencies have committed through a Cabinet process to progress 51 of the 60 Concluding Observations and Recommendations provided by the UN Committee.

Transformation

- Developing the High and Complex Framework Strategy in response to the Ombudsman's report *Oversight: An investigation into the Ministry of Health's stewardship of hospital-level secure services for people with an intellectual disability, 2021* (2021 Oversight Report), which made a series of recommendations on improvements required in the compulsory care and rehabilitation of people with intellectual disability. It supports around 250 disabled people, who have committed serious offences and deemed to be a risk to themselves and others.
- Involving representatives of the disability community in the development of the business case to draw down a Budget 2022 contingency to progress the implementation of systems transformation based on the Enabling Good Lives principles and approaches.

Partnership

- Working with the range of partnerships and groups on key pieces of work.
- Working with the community to confirm the long-term strategic partnership arrangements that will complement the partnership and voice approaches developed for specific work programmes and projects.

Detail on key projects progressed in 2022/23

Enabling Good Lives

Embedding the Enabling Good Lives approach across disability support services is a key component of the Whaikaha work programme.

Cabinet agreed to the national implementation of the Enabling Good Lives approach in October 2021.

The approach focuses on providing disabled people with more choice and control on how they are supported to live a good life. Developed by disabled people, families and whānau, the approach has been demonstrated in the Christchurch, Waikato and Mana Whaikaha Enabling Good Lives sites.

Evidence from these sites shows that disabled people report living better lives and having more choice and control over their lives.

Over 2022/23, approximately 4,500 people were supported in the Enabling Good Lives sites.

In Budget 2022, tagged contingency funding was set aside for the next stage of implementing the Enabling Good Lives approach nationally. A tagged contingency means that there are criteria that must be met before the funding can be drawn down and is available for spending. Disability community leadership groups supported Whaikaha to develop advice for Ministers to approve the contingency to be drawn down to begin the next stage of the transformation.

Advice on the most appropriate way to advance transformation of the disability support system was also developed with disability community leadership groups. The disability community will continue to be actively involved in system transformation.

Examination by the United Nations Convention on the Rights of Persons with Disabilities

Whaikaha led the delegation on the examination on New Zealand's implementation of the UNCRPD by the UN Committee in August 2022.

Following the examination, New Zealand received sixty Concluding Observations with recommendations on how it could enhance implementation of the UNCRPD.

Whaikaha led a process with responsible agencies on responding to the recommendations and develop implementation plans for the observations by the end of 2023. 51 of the observations will be implemented, and nine have been noted. Cabinet has agreed to this overall response.

The observations are broad and cover the work of several government agencies. Whaikaha is investigating the most practical ways the implementation of the observations could be put into practice, and how to provide agencies with guidance on implementing specific observations relevant to their work.

High and Complex Framework

The High and Complex Framework (Framework) provides a diversionary pathway for people with an intellectual disability who are engaged with the criminal justice system towards more appropriate supports with a strong rehabilitative focus. Around 200-250 disabled people, many of whom have committed serious offences, are supported through the Framework.

The commissioning responsibilities for the Framework transferred to Whaikaha on 1 July 2022.

The Ombudsman's 2021 Oversight Report identified that the current Framework does not always meet the needs of all care recipients. Living environment and infrastructure deficits, workforce shortages, and funding and capacity challenges are multi-causal and result in critical issues, and Te Tiriti o Waitangi principles are not well embedded into the approach.

Whaikaha has developed a work programme to address the key issues raised in the 2021 Ombudsman's investigation and in the wider Framework. Whaikaha released the High and Complex Framework Operational Strategy in August 2023 which is a strategic response to the Ombudsman's 2021 Oversight Report.

This Operational Strategy outlines the desired future state as shared with Whaikaha by those engaged with the Framework and describes the steps to take toward realising this vision.

Work is progressing with longer term initiatives with associated Cabinet papers across 2023/24.

My Home My Choice

Approximately half of the Whaikaha non-departmental budget is spent on residential care. Around 7,700 disabled people currently live in residential care funded by Whaikaha. This includes disabled people aged under 65 years who are living in aged residential care facilities due to a lack of age-appropriate community-based options which can provide the higher levels of clinical support they need.

Whaikaha is developing the My Home My Choice programme to focus on transforming the way people in residential services are assisted so they have more choice and control in their lives. This includes developing options and alternatives for people who are considering entry into or exit out of residential care.

Collection of disability data

The collection of reliable and valid data is important for disabled people as bearers of rights, and to understand their life-outcomes. An increasing need for information about disabled people is driven by the government's commitment to tracking progress in the implementation of the New Zealand Disability Strategy 2016-2026, effectively monitoring and evaluating the country's progressive realisation of the UN Committee Observations, and informing policy development, service planning, and practice.

Whaikaha is working with Statistics New Zealand to progress the UNCRPD's recommendation that New Zealand develop a national disability data framework. The Disability Data and Evidence Advisory Group co-facilitated by Statistics New Zealand and Whaikaha works with representatives from government agencies, Disabled People's Organisations, and the disability sector to create a structure that supports the collection and dissemination of quality disability data. This work has resulted in an increasing number of government surveys collecting disability data.

Lack of disability data at the individual level (as opposed to surveys and the Census, which help understand population-level trends) is a barrier to service development for disabled people, and a gap in responsiveness to Article 31 of the UNCRPD, which focuses on the need for New Zealand to ensure data collection that is responsive to disabled people's needs.

To mitigate this, the Patient Profile and National Health Index Project is a Te Whatu Ora-led disability data kaupapa that aims to identify all disabled people and their access needs in health datasets by a National Health Index identifier. This will enable health entities and Whaikaha to identify and monitor outcomes for the broader disabled population and enhance service responsiveness and accessibility.

Family violence and sexual violence

Disabled people are significantly more at risk than non-disabled people of experiencing sexual assault and intimate partner abuse. Disabled people may also be subjected to forms of abuse relating to their impairments such as the removal of access to medications, mobility aids and access to disability services.

Addressing this issue has historically been under-resourced, and in response government funding has been increasing over the last few years.

It is important that existing services are accessible to disabled people, including specialist services that meet the specific needs of disabled people and tāngata whaikaha Māori, when they experience violence and abuse.

In 2022, the Safeguarding Adults from Abuse programme in the Waitematā was expanded to include tāngata whaikaha Māori, the Deaf community and disabled people. This project has provided valuable insights for the wider roll-out of the Safeguarding Framework and Safeguarding Adults from Abuse response.

Budget 23 allocated Whaikaha $6.11 million over four years to increase access to specialist supports through the Waitematā Safeguarding response and to expand the initiative to other localities, while also supporting improved access to mainstream family violence and sexual violence services.

New Zealand Sign Language Board

New Zealand Sign Language (NZSL) is an official language that is fundamental for Deaf people to learn, communicate, participate in society and achieve good health and wellbeing outcomes.

Around 23,000 people use NZSL as a form of communication. Census 2018 shows this includes approximately 4,500 Deaf people and Turi Māori (Māori Deaf).

Whaikaha provides programme office support for the NZSL Board, a non-statutory Board made up of users with a lived experience of using NZSL daily in New Zealand. The NZSL Board's role is to maintain and promote the use of NZSL, ensure the rights of Deaf people and NZSL users to use NZSL, and provide advice to the government and the community on NZSL.

Whaikaha also monitors the New Zealand Sign Language Strategy 2018-2023 and supports the NZSL Board's allocation of community grants and other activities to promote and maintain NZSL.

In early 2022, the NZSL Board supported the development of a sign name for Whaikaha. Three options were developed by an NZSL expert group, which included people from the Board, Te Rōpū Kaitiaki, Deaf Aotearoa, Deaf Action and the Deaf Studies Research Unit at Victoria University of Wellington.

This sign name was voted on by the Deaf community and gifted to Whaikaha by the NZSL Board and representatives of the Deaf community at Parliament on 29 June 2023. The chosen sign name is the one-handed sign TREE moving upwards reflecting the rātā vine in the Whaikaha visual brand and whakatauākī:

> "Me he aka rātā ka tipu tahi, ka puāwai tahi kia tū kaha I ngā hihi ō Tamanuiterā. Like the rātā vines growing together and flourishing to stand strong in the warmth of the sun".

Whaikaha is the first government agency to have a name in NZSL, te reo Māori and English.

Over the first year of Whaikaha, the NZSL Board has also:

- agreed to a three-year contract to “promote NZSL to all New Zealanders”
- initiated a work programme for the development of a NZSL interpreter standards and accreditation process aligned with the Ministry of Business Innovation and Employment’s “standards and accreditation" processes for community language interpreters
- agreed funding for the maintenance of the online NZSL Dictionary
- established Te Rōpū Kaitiaki in response to the call from Turi Māori to create opportunities for access to Te Ao Māori, tikanga and heritage through NZSL, Turi Māori by Turi Māori
- consulted the NZSL community through the NZSL Survey on the update of the MSD policy led update of the NZSL Act
- allocated $175,000 in community grants to maintain and promote NZSL.

Whaikaha:

2022/23 Significant Budget initiatives

Treasury requires Departments to provide information that sets out their significant Budget 2022/23 initiatives.

The significant Budget 2022/23 initiatives[2] set out below have been selected by Whaikaha using the following criteria:

- we have excluded initiatives before 1 July 2022 as Whaikaha was established on this date
- we have applied a threshold of $30m to this reporting given the size of Whaikaha appropriations
- we have excluded initiatives where funds are held in contingency.

All of the funding noted below is from Budget 2022 and is allocated over four years.

Title: Disability Support Services Cost Pressures

Total expenditure of $704m over the period 2022-2026.

"*This initiative funds cost pressures on the Government Disability Support Services budget, including price increases due to inflationary pressures and increases in service volumes due to demand for services. Funding provided in Vote Social Development is for anticipated ongoing pressures on the disability budget managed by the Ministry for Disabled People in the 2022/23 financial year."*

Whaikaha has utilised these funds in the first year to meet ongoing cost pressures and expects to use the full value over the forecast period.

[2] Source: www.treasury.govt.nz/sites/default/files/2022-05/b22-wellbeing-budget.pdf

Title: Ministry for Disabled People — Establishing a new Ministry

Total expenditure of $107.8m over the period 2022-2026.

"*This initiative will fund the establishment of the new Departmental Ministry and support its ongoing operation from 1 July 2022. The Ministry will drive improved outcomes for disabled people, lead cross-government strategic disability policy, deliver Disability Support Services, and lead ongoing work on Disability System Transformation. Funding also includes investment to develop disability leadership and capability within the disability sector. This initiative will potentially benefit up to 1.1 million disabled people in New Zealand."*

Whaikaha has utilised this funding by developing its core and support functions and built its infrastructure. A number of infrastructure projects have been deferred into outyears with funding being transferred to meet these costs.

Title: Payment to Family Members for Support Services

Total expenditure of $39m over the period 2022-2026.

"This initiative will ensure that people receiving disability supports have the option to choose to pay a family member to provide those supports. This applies to supports that would otherwise be provided by a support worker through Ministry for Disabled People-funded disability support services and Health New Zealand-funded support services."

Whaikaha has utilised this funding to address increases in costs where disabled people were receiving Family Funded Carer services and are now receiving Individualised Funding and other flexible supports.

Looking to the future

We are proud to be the world's first Ministry of Disabled People, specifically dedicated to the disabled community, and we are committed to meeting the responsibility that entails.

Whaikaha will continue working hard to serve the community and support our government colleagues to improve the lives of tāngata whaikaha Māori, disabled people, and their families and whānau.

The future holds both many challenges and many rewards as we continue to build a more inclusive and accessible Aotearoa New Zealand.

Nō reira, me mahi tahi tonu tātou mō te oranga o te katoa.
And finally, we should continue to work together for the wellbeing of everyone.

Statement of responsibility

I am responsible, as Chief Executive of Whaikaha - Ministry of Disabled People, for the accuracy of any end-of-year performance information prepared by Whaikaha, whether or not that information is included in the annual report.

In my opinion, this annual report fairly reflects the operations, progress and organisational health and capability of Whaikaha.

Paula Tesoriero MNZM
Te Tumu Whakarae | Chief Executive
28 September 2023

Appendix:

Disabled people population and life outcomes statistics

The number of people with disabilities

The data below is taken from the *2013 New Zealand Disability Survey* (2013 Disability Survey). Data from the 2023 Disability Survey will become available in 2024. The 2013 data shows that:

- an estimated 1.1 million (24 percent) of New Zealanders are disabled at any one point in time
- prevalence of disability increases with age. Of people aged 65+ years, 59 percent are disabled
- the three most common impairments New Zealanders experience relate to mobility (13 percent), hearing (9 percent) and agility (7 percent)
- some people report multiple impairments – males tend to experience multiple impairments more frequently than females in lower age groups (0-14 years), while this trend reverses for the higher age groups (65+ years)
- prevalence of disability is proportionally higher among Māori and Pacific peoples: 26 percent Māori and 19 percent Pacific peoples are identified as disabled. Māori disabled are overrepresented compared to the overall population, and due to cultural perspectives on disability under-reporting is likely among Pacific peoples.

Of the 45,000 New Zealanders supported by Whaikaha through Disability Support Services:

- 42 percent have an intellectual disability as their principal disability (many of whom also have a physical disability)
- 29 percent have autism as their principal disability
- 20 percent have a physical disability as their main disability.

Disparities in economic and life outcomes

Many disabled people live full, productive lives with mana and dignity. However many disabled people also face significant disparities in economic and life outcomes compared to non-disabled people.

For example, according to Statistics New Zealand's *Household Labour Force Survey, 2022*:

- 42 percent of disabled working age New Zealanders (aged 15-64) were employed, compared to 80 percent of non-disabled people
- of working age disabled people who were not in paid employment, 74 percent said they would like to work if a job were available (2013 Disability Survey)
- 32 percent of disabled young people are not in employment, education or training, compared to 10 percent of non-disabled young people
- disabled people from demographics who traditionally experience hardship, such as Māori, Pacific peoples and the LGBTQI+ community, are more likely to have poorer life outcomes than their non-disabled counterparts
- the median income for disabled people in and out of employment is $451 per week, compared to $1,000 per week for non-disabled people
- while there was an increase of $36 per week in median income for disabled people in employment from June 2020 to June 2022, over the same period the increase was $126 per week for non-disabled people

- the rate of disability among tamariki engaged with Oranga Tamariki is much higher than the general population, estimated to be between 47 percent to 87 percent. Evidence from Oranga Tamariki found that 66 percent of tamariki whaikaha in out-of-home care were identified as having high or very high support needs.

Disparities in wellbeing

Statistics, as per the sources set out below, also show disabled people are likely to experience considerable wellbeing challenges.

- A much greater proportion of disabled people gave a low overall score for life satisfaction (42 percent provided ratings between 0-6 out of 10) compared with non-disabled people (18 percent). *New Zealand General Social Survey 2021, Statistics New Zealand.*
- Disabled youth are twice as likely to experience serious distress (scores higher than 13 out of 24) compared to the New Zealand average (56 percent vs 28 percent). *National Youth Health and Wellbeing Survey 2021, Ministry of Social Development.*
- Disabled people are at higher risk of victimisation than non-disabled people. For example, disabled adults have a higher lifetime prevalence rate of sexual assault and intimate partner violence than non-disabled adults (48 percent vs 30 percent). *New Zealand Crime & Victims Survey 2022, Ministry of Justice.*

Whaikaha
Ministry of
Disabled People

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