ORANGA TAMARIKI
Ministry for Children

B14

Annual Report
2017/2018

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Chief Executive foreword

Tēnā koutou katoa

Looking back on the 15 months since we were established on 1 April 2017, I am pleased with what Oranga Tamariki—Ministry for Children has achieved so far. We have made strong progress setting up the organisation, delivering services, and making early enhancements to better support children, young people and their whānau.

We know we have a journey to achieve our vision for tamariki in New Zealand. It will take four to five years to put our key services and supporting systems in place.

To achieve this vision, we have done significant work creating our new way of working. This starts with how we get involved with children and young people in need and covers our key services of early intervention, youth justice and care services as well as our future services of intensive intervention and transition support. Throughout this year, the voices of our tamariki have remained central to what we do and how we do it.

We know we cannot do this all on our own. I am incredibly grateful to all of our staff, our caregivers, our NGO and agency partners for their support as we continue on our journey.

It has been uplifting to see the passion and commitment to children that drives us all.
Two of the highlights for me this past year have been creating, in partnership, more loving homes for our tamariki and hosting senior leaders from our NGO partners at a nation-wide forum, building off 14 regional hui across Aotearoa. I look forward to continuing to strengthen our partnerships and do better for our children and young people.

As we look to the upcoming year, I am pleased to report that we are on track to implement changes to give effect to the provisions of the Oranga Tamariki Act 1989 that will come into effect on 1 July 2019.

These changes are significant, such as raising the age of care in our youth justice services, setting up our transition services and having more effective intensive intervention services for children at risk of harm.

We are committed to improving outcomes for tamariki Māori through building stronger partnerships with iwi and pan-Māori based providers. In particular, we have worked closely with an initial group of iwi towards strategic partnership agreements, with a focus on tailoring these to align with the priorities and interests of each iwi. At the same time we are building our own capacity and capability to engage with a wider range of potential partners across the sort of work envisaged by section 7AA of the Oranga Tamariki Act 1989.

We know these changes, over the next few years, will mean we will work with more children and whānau, differently, and for longer if that is what they need. We are committed to raising the quality of care in line with new care standards, including better support for our incredible caregiving families.

From here, we will be looking at how to best support families with early signs of need and looking at a preventative approach to keep children and young people out of care.

Through all of my engagements with staff, caregivers, our NGO partners, iwi, Māori organisations, other government agencies and Ministers I have been inspired by their commitment to support our children and young people. I want to thank everyone sincerely for their efforts and support over the last 15 months.

We have significant challenges and opportunities ahead and I look forward to working with you all over the next 12 months and beyond.

Ngā mihi nui

Gráinne M Moss

Gráinne Moss | Chief Executive

Our year at a glance

92,250
reports of concern, involving
64,950
individual children or young people

4,600
youth justice family group conferences held, involving
2,250
individual young people

7,500 children
and young people in care and protection custody throughout the year - as at June 30 2018 there were
6,350 children or young people in the custody of the Chief Executive

8,150
care and protection family group conferences held, involving
6,150
individual children or young people

41,800
assessments and investigations undertaken, involving
34,700
individual children or young people

600
young people in youth justice custody throughout the year - as at 30 June 2018 there were
220 young people in youth justice custody

150
more social workers*

Care standards
Care Standards Regulation approved by Cabinet, including a Statement of Rights written especially for children - a first for New Zealand

573
partner organisations attended
14
regional hui and the national hui

30% to 80%
we have increased certainty for our providers by increasing the proportion of funding that is in multi-year contracts

$270 million
in funding administered for partner organisations

1000+
calls taken on the 24/7 Caregiver Guidance and Advice Line since launch in May 2018

220
more caregivers available*

Unless otherwise stated, data is for the 12 months from 1 July 2017 to 30 June 2018
*During the period 1 April 2017 to 30 June 2018.

OUR STORY

Oranga Tamariki—Ministry for Children is a new agency dedicated to supporting any child in New Zealand whose wellbeing is at significant risk of harm now, or in the future. We also work with young people who may have offended, or are likely to offend.

Our belief is that in the right environment, with the right people surrounding and nurturing them, any child can, and should flourish.

“A child centred approach which will transform the way we work with children and young people.”

Our beginning

Oranga Tamariki—Ministry for Children is focused on children and young people whose wellbeing is at most serious risk – those at risk of harm and those who have offended.

In 2015, the Government appointed an Expert Advisory Panel to make recommendations for reforming the system of support for vulnerable children. The review found that the previous Child, Youth and Family system was not delivering effectively and that a transformational change was required.

In its interim report the Panel found that the previous system was failing to provide the safe, stable and loving care that children need, and was not supporting them to fulfil their potential as adults. The Panel also found the previous system was fragmented, lacked accountability, and was not well-established around a common purpose, and the system as a whole was ineffective in preventing further harm to children and young people in care.

Following the final Expert Advisory Panel report entitled *Investing in New Zealand's Children and their Families* the Government decided to establish Oranga Tamariki—Ministry for Children.

The final report called for a more child-centred care, protection and youth justice system, to deliver better long-term outcomes. Oranga Tamariki—Ministry for Children was established to develop that new approach, in line with new legislative duties set out in the Oranga Tamariki Act 1989, and to play a broader leadership role across agencies to strengthen the wider system of support for children, young people and their families.

Oranga Tamariki—Ministry for Children was established on 1 April 2017.

Our operating context

The Government has committed to making New Zealand the best place in the world for children. This includes improving the health and education systems and improving children's living standards.

Oranga Tamariki—Ministry for Children plays a central role not only in providing care and protection for children and young people, but also in working alongside a wide variety of valued partners to enhance the wellbeing of children and young people. We work with parents, caregivers, families, whānau and the wider community – as well as iwi and Māori organisations, NGO providers, community groups, health professionals, police, educators and others.

We are at the forefront of efforts to address some of New Zealand's most complex social issues. Most of the children and young people referred to us are living in families with multiple and complex needs. Many of these families are experiencing the combined impacts of long-term unemployment, low income, unaddressed physical and mental health needs, alcohol and drug addiction and family violence. The multiple needs facing these families highlight the necessity of an effective system-wide response.

Māori children and young people make up more than half of those who come into contact with the care and protection and youth justice systems, and are more than twice as likely to be referred to statutory services compared to the total population. We have a responsibility to improve outcomes for Māori tamariki and rangatahi and will do this by setting outcomes to reduce disparities, having regard to mana tamaiti, whakapapa and whanaungatanga in all our policies, practices and services and by strategically partnering with iwi and Māori organisations.

Our legislation

We are operating in an environment of legislative reform.

The first set of reforms to the Oranga Tamariki Act 1989 (Act) were passed in 2016, and came into effect from 1 April 2017. The legislation included:

— an extension to the provision of the statutory Care and Protection system to young people aged 17 years;

— embedding the views of children and young people at a systemic and individual level by strengthening obligations to support participation under the Act;

— encouraging the participation of children and young people in the decisions that could significantly affect them;

— supporting the establishment of independent advocacy services; and

— enabling a broader range of professionals to perform a wider set of functions under the Act.

A second set of legislative changes were passed in 2017. Most of the changes will take effective from 1 July 2019. The legislation includes:

— specific duties of the Chief Executive in relation to the Treaty of Waitangi (Section 7AA);

— changes to the purposes and principles of the Act to better ensure children and young people are at the centre of decision-making while considering them within the context of their families, whānau, hapū, iwi, family groups, and broader networks and communities;

— a requirement to have regulations that prescribe the actions or steps that must be taken to help ensure that children and young people recieve an appropriate standard of care;

— an extension to the Youth Justice system to include most 17 year olds (those charged with specified serious offences will be dealt with in the adult courts);

— provisions giving young people the right to remain or return to living with a caregiver until the age of 21, with transition support and advice available up to age 25;

— strengthened information sharing provisions to keep vulnerable children and young people safe from harm; and

— a requirement for Oranga Tamariki—Ministry for Children, to have one or more child-centred complaints mechanisms in place.

We administer the following legislation:

Oranga Tamariki Act 1989, Children's and Young People's Well-being Act 1989 (formerly the Children, Young Persons, and Their Families Act 1989)

Vulnerable Children Act 2014 - Parts 1 and 2 (which deal with cross-agency arrangements to support vulnerable children and young people, and child protection policies)

Children's Commissioner Act 2003

Adoption Act 1955 (operational administration)

Adoption (Intercountry) Act 1997 (operational administration)

Adult Adoption Information Act 1985 (operational administration).

“We play a role in not only providing care and protection for children and young people, but also in working with the wider sector to ensure their wellbeing."

Our name

The name 'Oranga Tamariki' carries our aspirations for all children, and it is our promise to the children and young people that we serve.

'**Oranga**' is the wellbeing we want to help the children we work with to have.

'**Tamariki**' reminds us that children are descended from greatness. They are born with an inherent mana that can be damaged by abuse and neglect.

We support children, young people, their family and whānau to restore their mana, their sense of self, their important connections and relationships, their right to heal and recover, and reach their potential.

The Pou

Te Whānau Aroha, the Youth Advisory Panel, drove the design and made decisions around the final look and feel of the identity of Oranga Tamariki—Ministry for Children.

This is what we mean by 'child-centred'. It is more than just words. It means involving young people in appropriate and meaningful ways. The young people set their expectations and the designers created an identity, which reflects what the young people wanted to see.

The logo draws on the Pou (a pillar of support) which suggested to the young people a group or a tribe getting strongly behind a cause. The young people involved in the panel liked that the Pou looked dependable, like a post they could lean on.

The Pou was also likened to a 'T' shape, which looked like it raised them up, lifting them and their whānau to realise oranga tamariki.

Our purpose

Our purpose is to ensure that all tamariki are in loving whānau and communities where their oranga tamariki can be realised.

Our focus is on children and young people:

— who are at significant risk of harm now and into the future as a consequence of their family environment, and/or their own complex needs;

— who have offended or may offend in the future.

Our Values

These values were developed by the Te Whānau Aroha, the Youth Advisory Panel, and gifted to Oranga Tamariki—Ministry for Children.

Everyone that works at Oranga Tamariki—Ministry for Children is encouraged to bring these values into their day-to-day work.

WE PUT TAMARIKI FIRST

We will challenge when things aren't right for the child.

WE BELIEVE AROHA IS VITAL

It keeps us focused on what is right.

WE RESPECT THE MANA OF PEOPLE

We listen, we don't assume, and we create solutions with others.

WE ARE TIKA AND PONO

We do what we say we'll do.

WE VALUE WHAKAPAPA

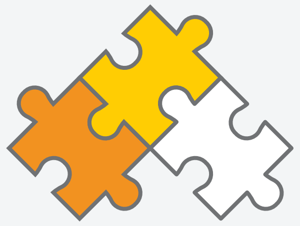
Tamariki are part of a whānau and a community.

WE RECOGNISE THAT ORANGA IS A JOURNEY

We understand the long-term impact of our actions today.

Our Services

We support children, young people and their families who are at significant risk of harm.



We develop our partnerships with children, families and whānau, iwi, NGOs, and other government agencies to help children thrive.

We provide care and protection for children and young people who are not having their needs met at home.

We purchase services for at-risk children and their families and whānau, and provide sector leadership of the system to support at-risk children.

We recruit, train and support caregivers

We support those wanting to find out about their adoption.

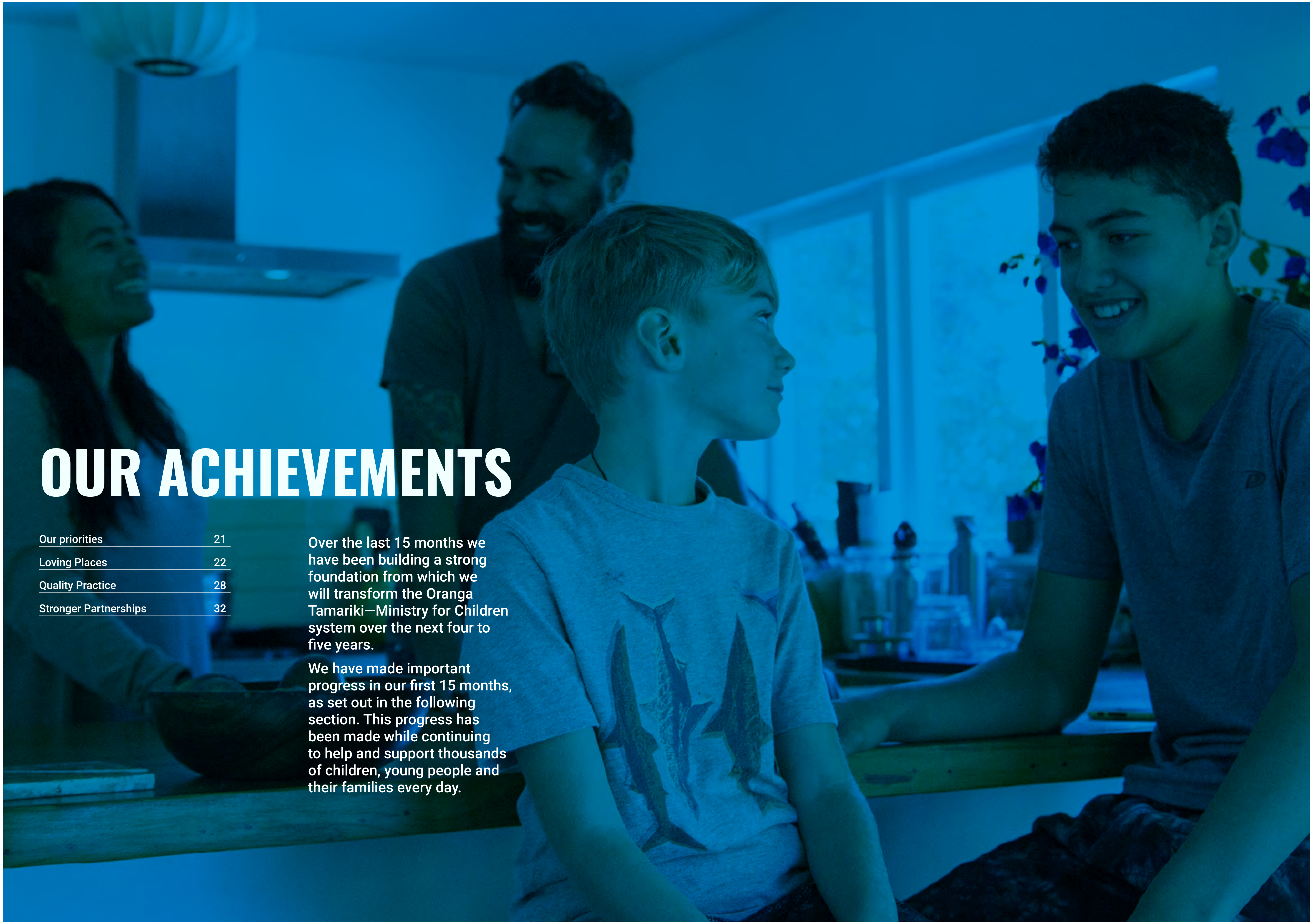
We address the impact of any harm children and young people have experienced and support young people's transition from care to independence.

We support family-led decision making to address care and protection concerns or offending by children and young people.

We respond to offending and prevent re-offending by young people.

We advocate for children in need, particularly those in care, across the sector.

We work with people wanting to adopt or place a child through adoption.



OUR ACHIEVEMENTS

Over the last 15 months we have been building a strong foundation from which we will transform the Oranga Tamariki—Ministry for Children system over the next four to five years.

We have made important progress in our first 15 months, as set out in the following section. This progress has been made while continuing to help and support thousands of children, young people and their families every day.

OUR PRIORITIES

Progress in our first 15 months

Oranga Tamariki—Ministry for Children was established on 1 April 2017. Additional funding was provided to support us through our set up phase, but we were not funded to implement the full changes set out in the Expert Advisory Panel report and the subsequent legislation. Therefore, in our first 15 months we have focused on essential foundational work to:

— build the core capacity and capability needed to operate the new organisation, including new leadership and governance;

— stabilise existing services to address immediate challenges;

— deliver some early service enhancements using additional funding provided as part of the Oranga Tamariki—Ministry for Children set up phase; and

— begin work to design the future services needed to realise the vision of Oranga Tamariki—Ministry for Children.

Through the first 15 months we have been guided by three overarching priorities:

Loving Places.

Increase the number of safe and loving places available for children and young people when home isn't working

We want to open more hearts and homes for children and young people in care. We want to make sure that for everyone in care, we can provide a tailored placement that best meets their needs and allows them to thrive.

Quality Practice.

Lead social work practice that is child-centred, trauma informed and effective for Māori as well as other cultures

We will ensure consistent high quality front line practice across Oranga Tamariki—Ministry for Children through a national practice framework to support social workers and other practitioners to deliver world class support that is child-centred and trauma informed.

Stronger Partnerships.

Work with partners, including iwi and NGOs, to build and commission stronger services for children

We will work with partners across New Zealand to strengthen services for our children and young people, and build a new approach to commissioning, where services are supplied based on children's needs.

Loving Places

Care and Protection

Over the last year, 7,500 individual children and young people have been in our care. As at 30 June 2018, there were 6,350 children and young people in the custody of the Chief Executive. On 1 April 2017, the care and protection system was extended to include 17 year olds, which has increased the number of children and young people that we look after through the statutory care system.

To enable us to provide Loving Places for all children and young people in care and protection we have created more stable placement options, recruited more caregivers and provided caregivers with better support and advice.

Care Standards Regulations

The Oranga Tamariki (National Care Standards and Related Matters) Regulations 2018 were approved on 2 July 2018. The regulations will ensure every child and young person knows what to expect when they are in the care or custody under the Oranga Tamariki Act 1989. They also set out what caregivers can expect when they have children or young people in their care.

In a first for New Zealand, the regulations also include a child-friendly Statement of Rights. This is intended to help children and young people understand what they are entitled to under the regulations.

To develop the care standards we spoke with care-experienced children and young people, iwi, social services, care providers, caregivers, and social workers. The discussions covered a range of things that are important for tamariki, such as supporting them to express their views and contribute to their care experience, keeping them connected to their whānau and community, valuing and respecting their whakapapa.

The care standards are part of the wider changes we are making to transform the care system and ensure every child and young person is in a safe, stable and loving home. They will come into effect on 1 July 2019.

Working with Waikato-Tainui caregivers

By working in partnership with Waikato-Tainui we have developed a new process for engaging with people who are interested in being whānau caregivers and home Waikato-Tainui whakapapa.

People who are interested attend three noho marae sessions. During these sessions the prospective caregivers meet other people who are interested in becoming caregivers; these connections are used to establish support networks. They are also given information and advice on how to provide care and create good relationships with coaches and social workers, who will be part of the team for caring for the child.

These sessions are an intensive approach to providing prospective caregivers with a solid knowledge base, as well as enabling them to more fully understand the task they are going to be undertaking.

These sessions and the work with Waikato-Tainui have enabled us to recruit 40 additional caregivers. We are looking at how we can expand this approach through Waikato-Tainui and other iwi to broaden our reach and enable us to recruit more whānau caregivers.

Kaupapa Māori homes

Kaupapa Māori homes are care homes which focus on supporting children and young people that are in our care and protection, in a setting which meets their needs and supports them, whilst also supporting their cultural needs.

This type of placement aims to return tamariki to their whānau through achieving whānau for life for all tamariki.

These homes operate under the umbrella of a tikanga model called Whānau Tuhonotanga. This is a kaupapa Māori model that delivers on Māori principles and practices. The caregivers teach tamariki their pepeha, where they come from and who they are. Tamariki are introduced to their hapū and iwi on their marae.

Each morning and night hui are held for all tamariki residing in the whare. Tamariki are encouraged to share what is happening for them, what issues they are facing and look for a resolution at the hui. This ensures all tamariki have a voice.

Each whare operates with very structured rules and teachings, including that the home environment is a place to be proud of and always kept clean and presented to a high standard.

When tamariki enter a whare, they have a powhiri and their whānau, hapū and iwi are invited to attend. When tamariki transition out of the whare they have a poroporoaki and again all those involved with the tamariki are invited.

Kaupapa Māori home in action

The aim of the Whāngarei Kaupapa Māori transition home is to establish life-long relationships and strong foundations of respectful communication and understanding in tamariki, with the goal to return tamariki to their whānau.

Corralee and David are the caregivers in the home, who work with the whānau unit as a whole to provide each tamariki with a voice.

The couple work in collaboration with social workers, whānau and community organisations to ensure the right support network is identified and implemented throughout the process.

The couple have worked with more than 70 whānau and their approach has seen many of their tamariki successfully return to whānau. Corralee and David provide on-going support to whānau once tamariki return home, with follow up visits and hui to address any challenges they may face.

Youth Justice

During 2017/18, there were 4,600 youth justice Family Group Conferences (FGCs) held with 2,250 individual young people. We worked with 600 young people in youth justice custody throughout the year. As at 30 June 2018 there were 220 young people in youth justice custody.

From July 2019, most 17 year olds will be included in the youth justice system instead of the adult justice system.

Our priorities to create loving places in a youth justice setting have been to focus on creating a more effective practice and support system for young people that will help them transition from the justice system, developing cultural programmes in partnership with iwi and Māori organisations, and ensuring that our youth justice residences meet the needs of our young people through continuing to strengthen models based on whakamana tangata (recognising and restoring the mana of people) and Te Ao Māori (the Māori world view).

Oranga Rangatahi Huntly Programme

In Huntly, we have been working with a range of agencies and community groups to engage with local rangatahi and guide them away from offending, to give them hope and a pathway to achieve their aspirations. The group of 20 young people were assessed as having a high risk of offending, however they had no formal previous involvement with youth justice.

We worked with their whānau to develop a whānau-led plan for each rangatahi. In this situation the voice of the rangatahi was paramount when considering how we addressed their needs.

One of the main priorities for the programme was to re-engage all rangatahi into an appropriate education programme; this priority was achieved. In addition, since the programme started 77.5% of young people have not been charged with offending of any kind.

Te Maioha o Parekarangi in Rotorua upgrade

Te Maioha o Parekarangi in Rotorua is a youth justice residence that opened in 2010. In May 2018, a $1.6 million upgrade of the site was completed.

The 30 young people in the facility were part of the redesign process, designing how the space would look and feel, and giving their voice to the process.

The new and improved environment enables our young people to be engaged in therapy and programmes to support their transitions to their communities and whānau.

This is the first in a nationwide programme to improve the Youth Justice facilities. The upgrades create comfortable, safe and supportive environments for our rangatahi in our residences.

Working with others – Te Toa Matataki

Te Toa Matataki, a youth community house based near Rotorua, is a partnership between the Tuakiri Charitable Trust and Oranga Tamariki—Ministry for Children. The facility opened in 2017, and offers a different form of rehabilitation for young people who have committed a crime, but the offence is not so serious that they need to be in a youth justice facility.

During the week young people aged between 14 and 17 years old learn life skills such as budgeting, communication and meal preparation. The site also offers drug and alcohol education, as well as fitness, Tikanga Māori and health education.

On a weekend the young people are on the farm, learning to care for animals and maintaining a garden, planning for the week ahead and sharing kai with whānau.

The facility supports young people with their transition into adulthood. They are supported to gain independence by identifying and building on their natural strengths and the skills that they have to benefit their community.

Quality Practice

In the last 12 months we received 92,250 reports of concerns. Of these reports 41,800 were referred for assessment or investigations, with 8,150 of those assessments resulting in a care and protection family group conference (FGC) being held.

When we receive a report of concern, an intake assessment is undertaken to determine the appropriate next steps that need to be taken. If further assessment is required one of our social workers will visit the child, and their family or caregiver. They will also talk to people connected with the family or whānau, to find out more about the situation.

Our priorities in this area have been to build the capacity and capability of our social work workforce, to introduce new clear national standards of practice, and to strengthen the voice of the child throughout our practice.

Practice Framework

Oranga Tamariki—Ministry for Children has developed a single, integrated Core Practice Framework, which is an over-arching guide to how we work with children, young people, their families, whānau and communities.

The development of the Practice Framework is hugely significant for Oranga Tamariki—Ministry for Children as it refocuses how our practitioners work, and suppports high quality practice that is critical to us improving outcomes for all children and young people.

The emphasis of the Practice Framework is child-centred, trauma informed and culturally responsive practice, with greater focus on the needs of Māori. It enables us to prioritise the earliest opportunity for a stable and loving family, ensuring all children feel a sense of identity, belonging and connection.

Through these standards greater emphasis is being placed on trauma-informed practice that helps us understand the impact of negative experiences on children so we can support them to recover and build safe and secure relationships.

SEE AND ENGAGE TAMARIKI

"I will see and engage each tamaiti I am working with, in order to understand their needs, build their trust and ensure they have a say in decisions that affect them."

ENSURE SAFETY AND WELLBEING

"I will take action every time I am worried about harm to a tamaiti, in order to protect them from harm and the impact of this on their long term wellbeing."

SEE AND ENGAGE WHĀNAU, WIDER FAMILY, CAREGIVERS AND WHEN APPROPRIATE VICTIMS OF OFFENDING BY TAMARIKI

"I will see and engage with the whānau, wider family, caregivers and when appropriate victims of offending by tamariki, in order to understand their needs and ensure they have a say in decisions about the tamaiti."

USE PROFESSIONAL SUPERVISION

"I will use professional supervision to critically reflect on my practice, in order to ensure my decision making is robust and to build the quality of my professional practice."

WORK CLOSELY IN PARTNERSHIP WITH OTHERS

"I will engage and collaborate with key people working with each tamaiti, in order to ensure their full range of needs are identified and addressed in a coordinated way."

KEEP ACCURATE RECORDS

"I will document my key actions and decisions for each tamaiti I am working with, in order to ensure the rationale for significant decisions about tamariki are clearly evidenced and transparent."

WHAKAMANA TE TAMAITI: PRACTICE EMPOWERING TAMARIKI MĀORI

"I will apply the principles of Mana Tamaiti, Whakapapa and Whanaungatanga to my practice, in order to ensure my practice is responsive to tamariki and whānau Māori.

CREATE, IMPLEMENT AND REVIEW A WRITTEN ASSESSMENT AND PLAN

"I will create a written assessment and plan with each tamaiti and review these when circumstances change, in order to identify and address their full range of needs at the earliest opportunity."

A fresh approach to Social Worker recruitment

In order to find the right social workers, we continually review our approach to recruitment. Our key initiatives are focused on workforce planning and sourcing and selecting quality candidates.

From previous campaigns we have learnt that a number of people who were successfully appointed were referred by staff within Oranga Tamariki—Ministry for Children. To build on this we are developing an employee referral programme.

We have also been testing people's aptitudes around their written skills, how they engage with young people, and how they engage with each other. This process has included the use of assessment centres, where young people and those who have previously been through our care are involved in the assessment process. These young people help by playing the role of children in our care and testing how potential social workers react or interact with them.

Since the establishment of Oranga Tamariki—Ministry for Children there has been an increase of 150 social workers working directly with children and young people.

Improving outcomes for tamariki Māori

Oranga Tamariki—Ministry for Children has started the work required under legislation to ensure we have regard to mana tamaiti, whakapapa and whanaungatanga in the development of our policies, practices and services. The outcomes associated with this will be measured from 1 July 2019.

A Māori Design Group meets monthly and represents a wide range of interests including representatives of iwi, hapū, urban authorities, NGOs, national bodies such as the Māori Women's Welfare League and Whānau Ora commissioning agencies. The group comprises ten members and provides ministry-wide direction and advice on key developments such as National Care Standards and caregiver recruitment.

Collaborative design ensures that children and young people, and their families and whānau, caregivers, NGOs, iwi, community representatives, and education and other professionals inform the development and design of our services.

It also ensures that the services reflect the Māori world view and that they are responsive to the needs of tamariki Māori and their whānau.

We expect all of our NGO providers to demonstrate cultural competence and focus to improve service delivery outcomes for tamariki Māori and their whānau.

Whakamana Te Tamaiti

Through the Practice Framework, we have established what the standard is across Oranga Tamariki, when we are working with tamariki Māori. The standard is known as Whakamana Te Tamaiti (Practice Empowering Tamariki Māori).

This focuses on empowering tamariki Māori in their identity and culture through connection to whānau and whakapapa that support and grow their resilience, protective factors and wellbeing.

We have developed practice initiatives for staff that ensure we are working in an environment where we are empowering tamariki Māori. These include supporting tamaiti to be proud of being Māori, engaging with whānau, hapū and iwi members in decision-making about their tamariki, facilitating and strengthening the connection of the tamaiti to their whakapapa, and using te reo Māori and tikanga to support meaningful relationship building with tamariki and their whānau.

New roles to support tamariki Māori

We have established a number of specialist roles at all levels within the organisation to support greater integration and effectiveness of services for tamariki and rangatahi Māori.

At the frontline we have introduced a number of new practitioner roles so social workers can spend more time with tamariki. These include Kairaranga-a-Whānau roles, which are being piloted across 21 sites in partnership with iwi/Māori organisations.

The Kairaranga-a-Whānau roles aim to support tamariki and their whānau by undertaking whānau searching, whakapapa research and hui-a-whānau services for our tamariki, particularly at the intake and referral stage. Once whānau have been identified connections are made between them and the tamariki we are working with. The Kairaranga-a-Whānau role is a key enabler of our operating model, helping us to better engage with whānau.

Pacific Work Programme

The aim of the Pacific Work Programme is to build tools and capability within the organisation, and includes the development of an integrated Pacific cultural framework that will underpin all policies, practices and services for vulnerable Pacific children and young people. A key component of all this work is ensuring we reflect the voices of Pacific children and young people in the design of any new services.

A Pacific Strategy for Oranga Tamariki—Ministry for Children setting out the priorities for Pacific children and young people for the next three years is also being developed. The implementation of the Pacific Strategy will rely on all of Oranga Tamariki—Ministry for Children working more closely together in relation to achieving better outcomes for Pacific children and young people.

We have developed a Pacific Engagement Plan to help build and maintain enduring relations with Pacific stakeholders nationally, regionally and locally so that we can build a new and transformative conversation across all communities.

A Pacific Panel, made up of nine Pacific leaders from academic, faith and community sectors was established in November 2016. This group meets bi-monthly and provides Pacific perspectives and input into the design and implementation of Oranga Tamariki—Ministry for Children policies, practices and services.

Committed to the voice of children and young people

The Voices of Children and Young People team within Oranga Tamariki—Ministry for Children help ensure children and young people's voices are heard at both the individual and system level. By engaging directly with children and young people and conducting research and analysis, the Voices team develop a deeper understanding of how children and young people are experiencing Oranga Tamariki—Ministry for Children services, what they need from the organisation, and what their aspirations are, particularly for Māori.

One piece of work that the Voices team has undertaken is to engage with young people on their education experiences. This project involved interviewing children and young people in care about their experiences of school including their experiences of achievement and engagement. The key insights gained from this piece of work will guide the improvement to our services, to better support the educational engagement and outcomes of children in care.

As Oranga Tamariki—Ministry for Children is the only government organisation that has a team dedicated to the voices of children and young people, the Voices team is well placed to lead government practice in relation to valuing children's voices.

Alongside their own work, the Voices team has worked with the independent advocacy service VOYCE Whakarongo Mai. VOYCE Whakarongo Mai is a non-government organisation established to facilitate children and young people having their voices heard within the care system and to use their own stories and concerns to drive positive change. A VOYCE National Youth Council has also been established to provide independent advice on the system-wide transformation of care, protection, and youth justice services.

Stronger Partnerships

Building stronger partnerships is one of the three priorities of Oranga Tamariki—Ministry for Children. During 2017/18, we have engaged with our partners on the future direction for Oranga Tamariki—Ministry for Children, provided additional funding for more care options for children and young people in times of crisis and improved our commissioning and contract management practice. During this time we provided over $270 million through contracts with 566 providers.

Throughout the year we have worked with our partner organisations (NGOs, iwi, Māori, government and others) on the development of our response to new legislative requirements. Our partners have helped us define the need, co-design responses and test service options.

At a regional level we recognise that a shared overview of need and the potential responses is critical to achieving more holistic, wrap-around support for tamariki and whānau.

Our investment to increase care options for children and young people in times of crisis has meant that many tamariki have not had to stay in unsatisfactory or inappropriate situations. We have also invested directly in the capability of our partners to allow them to be more child-centred in their approach.

We have made strong progress in moving from annual provider contracts to longer-term multi-year contracts (two or more years). Over the year, we have increased the proportion of funding that is in multi-year contracts from 30% to 80%. This gives providers greater certainty over the short to medium term and allows them to focus on their core work.

Regional and National Hui

During May and June 2018 Oranga Tamariki—Ministry for Children held regional hui in 14 locations from Balclutha in the South Island to Kaitaia in the North. The hui provided an opportunity for us to engage with our partners from across New Zealand and discuss how we can all work together effectively to meet the needs of children and families. Following the regional hui, a national NGO Forum was held in Wellington.

NGOs were very engaged in the regional and national hui, with over 750 people attending from over 570 organisations.

People attending told us that they particularly valued the opportunity to hear what Oranga Tamariki—Ministry for Children had achieved in its first year, provide input into the work we have underway, and discuss how we can work effectively together in the future to meet the needs of children and families.

Partnerships with iwi and Māori

Oranga Tamariki—Ministry for Children continues to lead on-going engagement with iwi and Māori stakeholders. We have commissioned a stock-take of our current engagement with iwi and Māori organisations and this, along with the expectations set out in legislation, has guided the development of an iwi and Māori engagement plan. The engagement plan outlines the approach we are taking to establishing and strengthening our partnerships with iwi and Māori.

Our main focus has been on progressing strategic partnerships with the five iwi whose tamariki make up the majority of Māori tamariki in our care. With each of these iwi our priority is to reduce the need for tamariki Māori to be in statutory care; if the tamariki need to be in care that they have a better experience; and helping them transition out of care.

We are working with individual iwi on establishing agreements which will enable us to work together for tamariki, ensuring local needs are met and are tailored to the requirements of that iwi and their tamariki.

Family Group Conferences with iwi

Ngāti Porou became the first iwi in the country to facilitate Family Group Conferences (FGCs) for their young people who had offended. Traditionally FGCs are organised by either a youth justice coordinator or an Oranga Tamariki—Ministry for Children social worker.

At Youth Justice FGCs, whānau come together to support a young person to establish a plan which will help reduce the young person's re-offending. The aim of undertaking FGCs in the youth justice sphere is for the young person to take responsibility for their actions and make lasting, positive changes.

Iwi-led FGCs bring a cultural perspective and ensure rangatahi are supported by their whānau and iwi to make positive changes to their lives.

Iwi have also taken a lead in the facilitation of care and protection FGCs, with Rangitāne ki Wairarapa delivering these in the Wairarapa and Tararua districts. In addition, we have established relationships with Ngāti Kahungunu, Ngāti Toa and Ngāti Raukawa, to enable them to deliver FGCs on our behalf with their tamariki over the coming year.

Partnerships in action - Te Rōpū Wahine Māori Toko i te Ora

Oranga Tamariki—Ministry for Children, the Ministry of Education and the Ministry of Health have an integrated agreement with Te Rōpū Wahine Māori Toko i te Ora (Māori Women's Welfare League Inc) to fund the He Kete Aronui programme.
This programme includes an intensive home visiting social work service which aims to help whānau become a strong united group. The work undertaken with each whānau differs depending on the needs of the family.

One such whānau was struggling with a number of issues, including a lack of trust in the system and a fear that their tamariki would be taken into care. The mother and father had a lifetime affiliation with gangs and drugs. Following the father being incarcerated, the mother decided to rebuild her life for herself and her tamariki. Through support from He Kete Aronui, the mother was able to address her own behaviours and became a positive role model for her tamariki and other whānau members.

Working with partners to enable children to be safe and nurtured, in their whānau and in their homes, is critical to the success of Oranga Tamariki—Ministry for Children. We cannot do this alone. Partnerships with organisations such as the Māori Women's Welfare League are essential and it is through these partnerships that children, young people and whānau are supported.

Youth Justice partnerships

The Taupō Collective Impact Governance Group (TCIGG) was established at the end of 2017 in response to the need for a cohesive and collaborative cross sector approach to improve outcomes for whānau in the Taupō area so that children are brought up in a safe, loving nurturing and healthy environment. The TCIGG is made up of government agencies (Oranga Tamariki—Ministry for Children, New Zealand Police, Department of Corrections, Ministry of Justice, Ministry of Education, Housing New Zealand, ACC, Te Puni Kokiri and Ministry of Social Development, the Taupō District Council and the Lakes District Health Board) and a representative from Ngāti Tūwharetoa iwi.

A Memorandum of Understanding has been signed which aligns with a local iwi strategic plan, and focuses on increasing responsiveness to meet the needs of the local iwi and Māori through collaborative working relationships.

The TCIGG has a broader remit of work than youth justice; however the partnerships have a direct benefit for the young people in the region, with agencies working together to undertake a cohesive approach to improve outcomes for young people.

Developed from the TCIGG, the partnership between Oranga Tamariki—Ministry for Children, Ngāti Tūwharetoa and the New Zealand Police in the Taupō and Tokoroa region has been recognised in the research paper entitled Rangatahi Māori and Youth Justice, Oranga Rangatahi, prepared for the Iwi Chairs Forum by the Henwood Trust.

Building this relationship between the three organisations has ensured that Oranga Tamariki—Ministry for Children and the New Zealand Police consider the iwi in their day-to-day work, each agency supports each other in major incidents, and has ensured innovative ways to work together to support children and young people in the region.

OUR ORGANISATION

Oranga Tamariki—Ministry for Children was established on 1 April 2017. At this time some functions of the Ministry of Social Development (MSD) were transferred directly to Oranga Tamariki—Ministry for Children.

At the same time, some corporate services and many of the systems continued to be provided by MSD under a shared services agreement to ensure that there were no interruptions to delivery of our core services. We have used this past 15 months to evolve our organisation so that our front line is well supported in their work.

OUR ORGANISATION

Our people

The strength of Oranga Tamariki—Ministry for Children is in our people being supported and enabled to do their best for children, young people and their whānau and communities every day. Since our establishment, we have been working to set a strong foundation for and with our people. We are making sure everything we do is aligned with our values, through what we do and how we do it.

In the early stages of establishing Oranga Tamariki—Ministry for Children, we focused on ensuring that the existing workforce was able to transition smoothly from MSD, and were supported to continue the delivery of our core services with limited interruptions. This was achieved without disruption to frontline services.

Our people have a very strong connection to our vision, purpose and values. This strong connection has contributed to the smooth transition from MSD into the establishment of Oranga Tamariki—Ministry for Children.

Supporting our frontline

Since our establishment we have been building a picture of the frontline workforce capacity needed to deliver services for children. We have focused on addressing frontline vacancies, recruiting 150 more social workers since our establishment.

In addition to increasing our capacity, we have also been working on gaining a deeper understanding of what children and families need, and what implications this may have on appropriate resourcing.

As well as increasing our capacity on the frontline, we have considered our longer-term approach to attracting, growing and retaining talented people throughout Oranga Tamariki—Ministry for Children.

Developing our people

A core value of Oranga Tamariki—Ministry for Children is to put tamariki first, which has required the organisation to critically examine all that we do, to ensure we are living this value. Leaders are critical to changing how we work across the organisation, and in order to maximise these changes we have created a range of programmes aimed at developing leaders and talented people.

Leading the Oranga Tamariki Way is a 9-month leadership programme that has been developed with the aim to strengthen leader capability in values-based leadership, leading through others, collaboration, working with complexity and change, and leading with impact. The programme is being run regionally from hubs in Auckland, Hamilton, Wellington and Christchurch. The first two cohorts started their programme in April 2018, and are expected to graduate in January 2019. At 30 June 2018, 60 of our leaders were enrolled on this programme.

Alongside this programme, we have supported the capability development of staff through offering a number of Essential Leader Conversations clinics that cover a range of topics such as giving and receiving feedback, having good development conversations, leading and navigating change and making good recruitment decisions.

Creating opportunities for connecting with colleagues, we have implemented a leader's induction reinforcing connection to the Oranga Tamariki Way from the start, and holding annual leaders forums for our senior managers across the organisation.

3,991 Total staff working together to make a difference at Oranga Tamariki—Ministry for Children

Gender
76% Female
24% Male

Age
49% Aged 40-60
45.7 Average age of our workforce

Ethnicity*
64% European
27% Māori
15% Pacific
8% Asian
2% Middle Eastern, Latin American, African or other

Annual Turnover
12% turnover of staff within Oranga Tamariki—Ministry of Children

Disability
3% Identify with a disability

*These figures are based on disclosed ethnicities. People may identify and choose more than one ethnicity.

Please note that the statistics relate to Permanent and Fixed-Term employees, and are as at 30 June 2018.

Staff engagement

In October 2017, we undertook our first engagement survey, Kōrero Mai – Have Your Say, which provided an opportunity for all staff to share their thoughts on the organisation, how connected to our values they feel and how engaged they are with the work we do.

This survey is an important part of how we measure the progress we are making on living our values and delivering our purpose. It is the voice of our people and their experience, and it helps our organisation understand how people are feeling about working in the organisation and in their team.

The inaugural survey provided us with an opportunity to benchmark how engaged our staff are with results showing an engagement score of 63%, which was not significantly different from the New Zealand Public Sector benchmark of 64%. Our strongest results were related to connection to our vision, purpose and values with 80% of our staff indicating they understand their role and responsibilities and how they contribute to outcomes for tamariki, whānau and the communities we serve.

In April 2018, six months after the first survey, we ran a short, focused pulse survey to see how we are progressing against the organisational focus areas and help target efforts for the following six months. There was a positive increase for all four questions asked. At this time 82% of staff identified that they were connected to the vision, mission and purpose, with the majority of staff identifying that they had seen a positive change in their work environment over the previous six months.

Growing union relationships

There is a strong sense of collectivism within Oranga Tamariki—Ministry for Children, with 67% of staff either a PSA or NUPE member.

The relationship between Oranga Tamariki—Ministry for Children and the two union partners is constructive with different points of engagement occurring across the organisation.

Oranga Tamariki—Ministry for Children and the PSA have agreed the first relationship agreement. The relationship agreement is a principle-based document, focusing our efforts on priorities that are important to both organisations, including pay equity for social workers.

Diversity and Inclusion

Our approach to Diversity and Inclusion (D&I) is focused on three areas aimed at delivering the biggest impact for the organisation and the tamariki, whānau and communities we serve. Developing our approach we canvassed a range of information and perspectives, including the voice of our people. Our three focus areas are creating a culturally competent workforce, kaimahi ora (staff wellbeing) and supporting a family friendly environment.

Each focus area has an executive sponsor and work plans are in development. Work currently underway includes setting a bi-cultural framework as a standard for all of our people to support and develop knowledge; helping our people to prioritise their own wellbeing in a holistic way; and creating an environment where our people are supported to prioritise their own families through flexible working and an inclusive environment.

Alongside the focus areas, are related areas such as supporting gender and sexuality diversity and disability needs for the tamariki and whānau we work with and our people. These areas are an important way we attend to our aspirations for an inclusive environment where our people feel valued, respected and comfortable to bring their whole self to work.

We are committed to providing equal employment opportunities. Our Equal Employment Opportunities (EEO) policy and practices ensure equality in the workplace for everyone.

We want to remove barriers so all our people have opportunities to develop and progress in the workplace. We apply our EEO policy in our people processes, including recruitment and development.

Women in leadership and gender pay gap

Getting more women into senior leadership roles and closing the gender pay gap is a Government and State Services Commissioner priority. Oranga Tamariki—Ministry for Children has a high percentage of women in leadership roles, with 71% of people managers being women, six of whom form over half of the Leadership Team (55%).

In June 2018 our overall gender pay gap was negative 0.4%. This is defined as the difference between the average salary for women and the average salary for men, expressed as the average salary for men. This has been consistent since the establishment of Oranga Tamariki—Ministry for Children.

While there was no evidence of an overall gender pay gap, there was evidence of a gender pay gap in some roles, for example, managers and policy analysts. So as part of our gender pay action plan we are undertaking further analysis of the factors driving the pay gap for these groups, including examining the policies and practices in relation to remuneration and starting salaries.

Centralised Legal Team

When Oranga Tamariki—Ministry for Children was established most legal services were provided through an interim shared service agreement with MSD, alongside a small legal team within Oranga Tamariki—Ministry for Children. In January 2018 it was agreed that each agency would be best served by establishing its own legal function. In June 2018, the regional legal teams within MSD that focused on care and protection and youth justice work transitioned to Oranga Tamariki—Ministry for Children.

The new legal team delivers all our legal needs, including litigation and advice, and supports the frontline as well as national office. This includes progressing care and protection applications through the Family Court, assisting with youth justice proceedings, assisting on adoption applications, advising on complex privacy or official information matters, and supporting and guiding major policy or legislation change relating to Oranga Tamariki—Ministry for Children.

Establishing the Evidence Centre

The establishment of the Evidence Centre is enabling Oranga Tamariki—Ministry for Children to embed a culture of evidence informed decision making, in policy and practice.

Evidence and insights from the Evidence Centre inform policy, service design and delivery through a continuous knowledge and evaluation cycle. Our evidence team build the evidence base that helps us better understand wellbeing and what works to improve outcomes for New Zealand's children, young people, and their whānau. They conduct research, evaluation and data analysis to support decisions and develop insights about child and young people's wellbeing.

Since the establishment of the Evidence Centre, the following studies have been completed and promoted on the newly established Oranga Tamariki—Ministry for Children research website:

- KickStart Breakfasts and Indicators of Child Health in Linked Administrative Data;
- Youth Remand Trends;
- Reoffending Patterns Following Police Warnings;
- Social Workers in Schools Evaluation;
- Enhanced Intake Decision Making Project;
- Transition From Care to Independence;
- Inside Out Evaluation Findings; and
- Safety of Children in Care report.

Tamariki Advocate, Voices of Children Group

The Tamariki Advocate, Voices of Children group ensures that tamariki and whānau are listened to and their needs and aspirations are delivered on by Oranga Tamariki—Ministry for Children and the wider public sector. The group is also responsible for engaging all New Zealanders to take action in support of at-risk tamariki and rangatahi.

The group does this by:

— engaging with tamariki and whānau to gain a deep understanding of their experiences and aspirations through research and analysis;

— advocating for the interests of at-risk tamariki and rangatahi across the public sector;

— using human-centred design expertise to develop and improve systems and services;

— motivating New Zealanders to support tamariki and their whānau through social media, communications and community engagement; and

— ensuring Oranga Tamariki—Ministry for Children upholds its commitments to improve outcomes for tamariki Māori.

Compliments, Complaints and Suggestions

Responding in a timely and child-centred way to feedback, and using it to improve services for the people who use them is an important part of the changes we are making at Oranga Tamariki—Ministry for Children.

A significant amount of work has been completed in our first 15 months to move to a more consistent approach to feedback, and we have seen early signs of improvement. We have made our feedback mechanisms more accessible, which has seen a doubling in the feedback we record each month. Despite this increase in volume, we are resolving feedback faster with a reduction of over 20 percent in the number of days to resolve a complaint in the year to July 2018.

We have work underway to drive further improvements over the 2018/19 year, with a focus on faster responses, an emphasis on resolving any issues raised through feedback and using what we learn from feedback to improve our services.

Digital Workplace

Oranga Tamariki—Ministry for Children is committed to empowering our staff to increase their effectiveness and productivity in supporting the children and young people of New Zealand. Part of this commitment will be achieved through our Digital Workplace programme that will create modern workplaces by upgrading the infrastructure that runs our technology in offices such as data networks, email systems and office software. The programme also includes the introduction of new technology for all staff to enable them to continue their work whether in an office or out in the community.

By modernising our workplaces, we are able to spend more time within communities, collaborate with peer organisations and NGOs, as well as being able to access critical information regarding children securely from outside office premises. The Digital Workplace is one of the key technology foundations for our new operating model and future service design.

Leadership and governance

Our Leadership Team is made up of our Chief Executive, nine Deputy Chief Executives and the Director of the Office of the Chief Executive. These leaders have collective responsibility for ensuring our organisational health, capability and capacity to deliver services and achieve outcomes.

There are three Oranga Tamariki—Ministry for Children Leadership Team Governance Committees. They each exist to make decisions on organisational direction, focus and priorities to ensure we deliver improved outcomes for tamariki Māori, children, and young people. The Committees, and their individual focuses are:

— Business Committee – this committee is responsible for making decisions on organisational matters that are significant in terms of people, risk, impact or investment required.

— Change Board – this board is responsible for overseeing the performance of our change programme.

— Performance Committee – this committee has oversight of organisational health and operational performance.

In addition to the Committees, the Leadership Team sets aside significant time to explore topics related to building the new organisation.

Risk and Assurance Committee

The Risk and Assurance Committee has been established by the Chief Executive to provide independent advice and challenge on risk, internal control and assurance matters.

The Committee met six times during 2017/2018 and is comprised of four independent external members:

— Geoff Dangerfield (Chair)

— Leo Foliaki

— Jo-anne Wilkinson

— Traci Houpapa

They have provided advice on the following key areas:

— organisational risks and approach to managing risk;

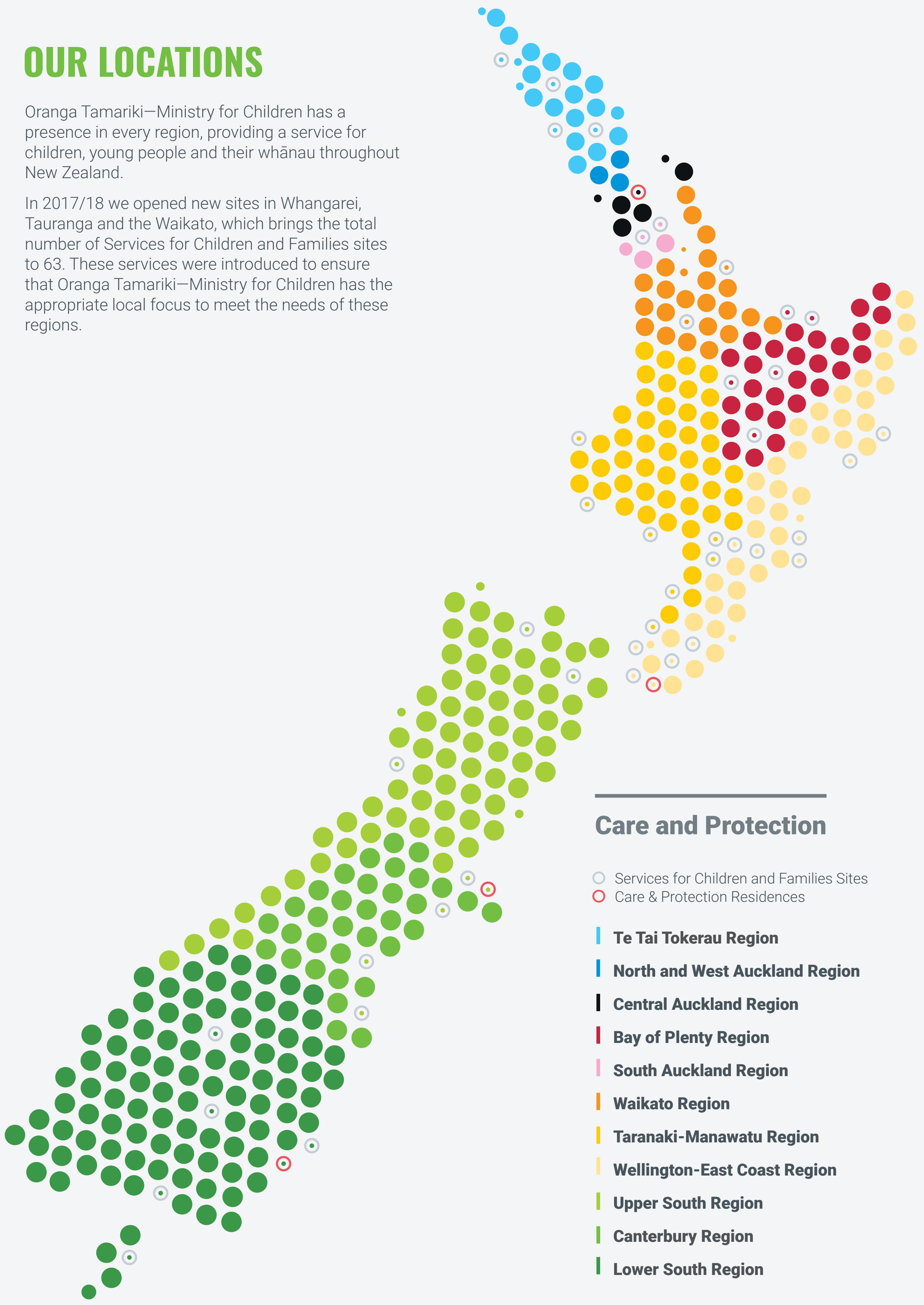
— organisational governance arrangements; and

— financial and non-financial performance.

OUR LOCATIONS

Oranga Tamariki—Ministry for Children has a presence in every region, providing a service for children, young people and their whānau throughout New Zealand.

In 2017/18 we opened new sites in Whangarei, Tauranga and the Waikato, which brings the total number of Services for Children and Families sites to 63. These services were introduced to ensure that Oranga Tamariki—Ministry for Children has the appropriate local focus to meet the needs of these regions.



Care and Protection

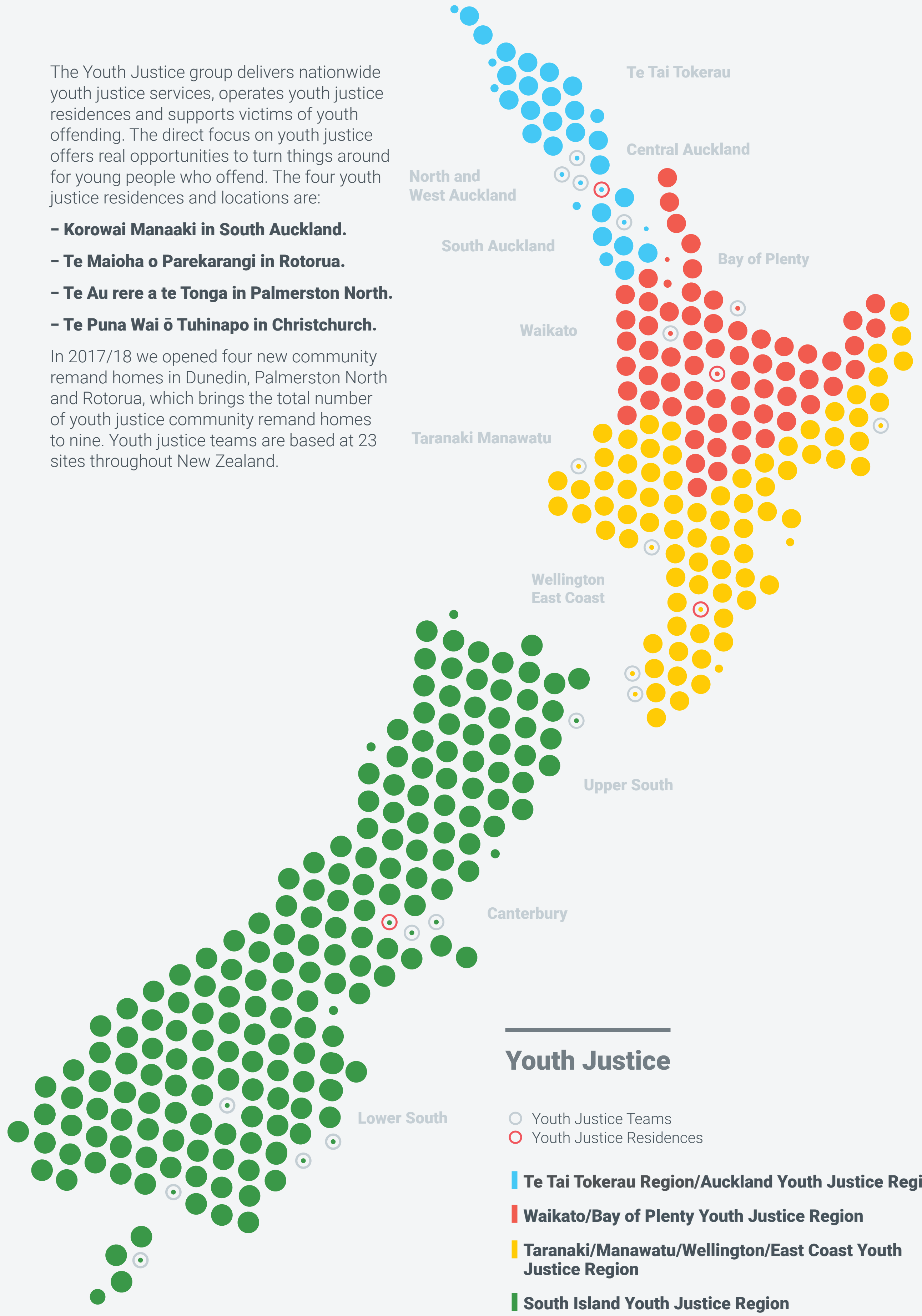
- Services for Children and Families Sites
- Care & Protection Residences

- Te Tai Tokerau Region
- North and West Auckland Region
- Central Auckland Region
- Bay of Plenty Region
- South Auckland Region
- Waikato Region
- Taranaki-Manawatu Region
- Wellington-East Coast Region
- Upper South Region
- Canterbury Region
- Lower South Region

The Youth Justice group delivers nationwide youth justice services, operates youth justice residences and supports victims of youth offending. The direct focus on youth justice offers real opportunities to turn things around for young people who offend. The four youth justice residences and locations are:

- **Korowai Manaaki in South Auckland.**
- **Te Maioha o Parekarangi in Rotorua.**
- **Te Au rere a te Tonga in Palmerston North.**
- **Te Puna Wai ō Tuhinapo in Christchurch.**

In 2017/18 we opened four new community remand homes in Dunedin, Palmerston North and Rotorua, which brings the total number of youth justice community remand homes to nine. Youth justice teams are based at 23 sites throughout New Zealand.



Youth Justice

- Youth Justice Teams
- Youth Justice Residences

- Te Tai Tokerau Region/Auckland Youth Justice Region
- Waikato/Bay of Plenty Youth Justice Region
- Taranaki/Manawatu/Wellington/East Coast Youth Justice Region
- South Island Youth Justice Region

OUR PARTNERS

To achieve our purpose of ensuring that all children and young people are in loving whānau and communities where their oranga tamariki can be realised, we need to work with other government agencies, NGOs, iwi, Māori organisations as well as communities throughout New Zealand.

Further information on our partnerships with iwi, Māori organisations and NGOs can be found in the Stronger Partnerships section (pages 32-34).

Social sector partnerships

Oranga Tamariki—Ministry for Children works closely with a range of key government partners including the Ministries of Health, Education, Justice, and Social Development, the New Zealand Police and Te Puni Kōkiri. Other government agencies have vital roles to play in meeting the needs of the children and families we work with, whether that is through providing specific services and support to children and whānau, or working with us in the youth justice area.

Together we are working to develop the 'Oranga Tamariki system' which includes the statutory care and protection and youth justice system in the Oranga Tamariki Act 1989. It also includes the system for responding to children with early risk factors for future involvement in the statutory care and protection and youth justice systems, and young people transitioning from care.

Child Wellbeing Strategy

The Government has announced the development of a Child Wellbeing Strategy. Required under the Child Poverty Reduction Bill, the Strategy is an opportunity to significantly improve the lives of New Zealand's children. The Strategy will address improving the wellbeing of all children, with a particular focus on children in poverty, those with greater needs, and the core populations of interest to Oranga Tamariki—Ministry for Children.

Along with the Department of the Prime Minister and Cabinet (DPMC) we are jointly funding and supporting the Child Wellbeing Unit and are jointly responsible for the development of the first Child Wellbeing Strategy. Oranga Tamariki—Ministry for Children's principal contribution to this strategy at this stage is to build our new, core services to meet the needs of those children at risk of harm.

Following the release of the Child Wellbeing Strategy, children's agencies will develop an Oranga Tamariki Action Plan. The plan will relate specifically to the steps that will be taken to improve the wellbeing of the core populations of interest to Oranga Tamariki—Ministry for Children. We will lead the development of this plan working closely with other children's agencies.

Partnerships with iwi, Māori and NGOs

We work with many different NGOs, iwi, Māori and community organisations throughout New Zealand communities. We have worked to deepen our relationships and build these around a shared and long-term commitment to create better outcomes for tamariki and whānau.

We are looking at the ways we involve our partners and the wider community in our work at a local level. The nature of the challenges children and young people face and the potential responses vary from community to community around New Zealand. We are committed to working with local partners to enhance our understanding and develop effective, joined up solutions.

Developing and strengthening these relationships is one of the key priorities for Oranga Tamariki—Ministry for Children and the work we have done over the last year with NGOs, iwi, Māori and community organisations is key to creating an environment where we work in partnership with others, rather than as a funder of services.

VOYCE - Whakarongo Mai

We need to enable children's voices to be heard and influence decisions that are made about them, as individuals and as a group. Children and young people need empowerment to use their voice, and connection with others with similar experiences.

This work has led to the establishment of VOYCE - Whakarongo Mai, an independent NGO connection and advocacy service. The name VOYCE - Whakarongo Mai stands for 'Voice of the Young and Care Experienced - Listen to me', and represents the need for children and young people in care to be heard and their voices kept at the centre of all decisions made about them.

VOYCE is an independent organisation that helps ensure every child and young person in New Zealand with care experience can thrive and reach their potential, and we have been working closely with VOYCE to assist them to connect with children in care.

Engaging all New Zealanders

From research commissioned via the Engaging all New Zealanders programme (EaNZ), we have found that about 90% of New Zealanders feel a personal responsibility to support children and young people they know in their communities, but only 49% feel the same responsibility for children and young people they don't know.

Through EaNZ activity we want to raise awareness and create a sense of responsibility, shift attitudes and social norms and encourage New Zealanders to take action to support vulnerable children and young people.

To do this the EaNZ team uses a range of approaches, such as social media, marketing and community engagement, to create awareness and engage people throughout the nation to help us provide the love, care and support that New Zealand's young people need to thrive. EaNZ-led social media activity has reached over two million people, highlighting the potential of young people in care, sharing their stories and encouraging New Zealanders to play their part.

The EaNZ team has also run a pilot that connects tamariki with people in their community through sports and recreational activities. This has resulted in hundreds of new relationships being forged between tamariki and people in their community. The team has also recently launched a supported employment pilot that focuses on connecting care experienced young people with relevant employment opportunities.

OUR CAREGIVERS

Our caregivers are essential to ensuring a loving home for our most vulnerable children. They provide the love, support and stability the children and young people need to help them thrive. There are many different types of care that a caregiver can provide including emergency placements, respite care, family home care and permanent care.

Our caregivers come from many walks of life and have a diverse range of experience and backgrounds.

Supporting our caregivers 24/7

In 14 May 2018, we launched a 24/7 Caregiver Guidance and Advice support phone line. This line is staffed by a team of trained social workers who understand what it takes to be a caregiver. In the first six weeks, over a thousand calls were received, with caregivers seeking advice or support. The social workers taking these calls were able to provide a listening ear, practical advice and support when it was needed.

Designed by caregivers, for caregivers, the line is especially valuable for those living in remote and rural areas who due to location are unable to have day-to-day contact with a social worker.

"If I couldn't get hold of my social worker, the new phone line would be the first place I would go to," says Bryan, an Auckland-based caregiver. "As they say, it takes a village to raise a kid. The more support you have got, the better you feel about yourself and also the kids that you're caring for."

Lesieli, who has two young sisters in her care, agrees. "It's an extra support that caregivers can have when social workers aren't available, because issues don't just arise from Monday to Friday between 9 and 5pm."

"The particular issue I was phoning for was a bit overwhelming. But when I spoke to the lady over the phone she just calmed it right down and made it more bearable," Lesieli says.

Caregiver recruitment, retention and support

A key priority for Oranga Tamariki—Ministry for Children over the last year has been the drive to recruit and retain a diverse pool of caregivers who can provide safe and loving homes for children and young people. In the last 15 months, we increased our total available caregivers by 220, with 3,805 caregivers at 30 June 2018.

Our new Caregiver Contact Team is transforming the way we recruit our caregivers. Based in the National Contact Centre in Auckland, the team has been set up to receive enquiries, facilitate the application process, and provide administrative support to regional sites. This is making the application process easier and faster for caregivers and frees up our social workers to spend more time with tamariki, whānau and existing caregivers.

The role of a caregiver can be challenging and in recognition of this we have created better support mechanisms to help existing caregivers. The caregiver induction programme has been reviewed to ensure caregivers are getting good support and information, so that they are able to provide a safe and loving home for the children and young people in their care.

To enable us to better understand our caregivers we have selected a provider to work with us to develop a Caregiver Information System. This system will enable us to understand what they experience and how we can improve working with them as they progress through their journey with us.

Managing difficult behaviour in children can be a challenge. We have provided 300 caregiver families with access to evidence-informed programmes to help them manage difficult behaviours in the children they care for. In addition to this, we are exploring new support options such as local peer support networks, building stronger partnerships with iwi and professionals, and facilitating better access to specialist advice to help support caregivers further.

3,805 Caregivers

Caregivers

62% Whānau caregivers
38% Non-whānau caregivers

Age

2% Under 24
12% 25-34
23% 35-44
29% 45-54
22% 55-64
11% Over 65
2% Not recorded

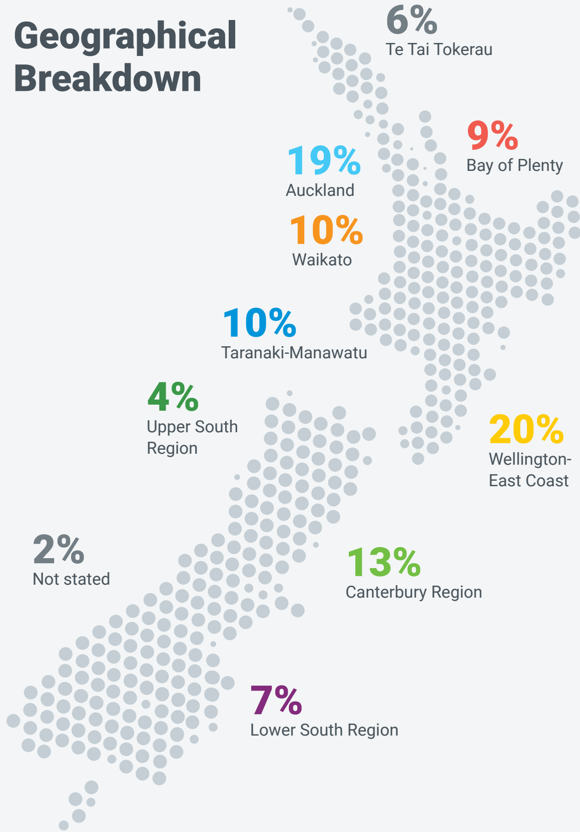
Ethnicity*

28% Maori
4% Pacific
1% Māori/ Pacific
42% Other**
25% Not stated

*These figures are based on disclosed ethnicities. People may identify and choose more than one ethnicity.

**Other ethnicities include European, Asian, Middle Eastern, Latina American, African or other

Geographical Breakdown



Tina and Dave's Story

Tina and Dave have been caregiving for twelve years. They live in Auckland with the six children they look after - three boys and three girls. The children are aged three, four, five, seven, eight and ten years old.

Dave was also brought up in care, so he understands the situation of many of the children in his care.

"Overall, I'm reasonably easy. I understand a lot of the cultural aspects of a lot of these children – as a Māori, and as a caregiver."

Dave is always aware that caregiving and parenting are similar, but with a key difference.

"We take these children on – just the same as our own children – with parental glasses, because we're gonna look after them. But we also realise that it's our job to help them move on, into whatever environment they're going into in the future."

Jamie's Story

"It's just a part of me." That's how Jamie Downes of Taumarunui (Te Ātihaunui-a-Papārangi, Ngāti Tūwharetoa) describes being a caregiver.

Jamie comes from a loving family that gives back generously to its people and community. He grew up seeing his grandparents and parents being caregivers.

Jamie became an official caregiver in 2016. He is now using his years of experience to develop the Breakthrough Community Trust, an organisation that uses matauranga Māori and whanaungatanga-based programmes to support tamariki, and whānau.

LOOKING FORWARD

Looking forward - transforming service delivery

Having focused in our first 15 months on essential foundations for Oranga Tamariki—Ministry for Children, our principal organisational aims for the year ahead (to July 2019) are twofold.

First, we will build on the momentum from our first 15 months to deliver **further improvements in each of our three priority areas:** loving places; quality practice; and stronger partnerships. This will include:

Loving Places

- The Care Taskforce will roll out a caregiver demand management tool to the front line and provide a further 54 crisis or high needs placements.
- We will develop trauma informed training, respite care and peer support for caregivers.
- We will review and improve our residential options and the regulatory framework for residential placements. For the 2018/19 year we will be designing, implementing and transferring to new residential settings.

Quality Practice

- We will undertake further work to strengthen the Practice Framework, including further developing and implementing a quality assurance process.

Stronger Partnerships

- We will develop our Strategic Partnership Agreements with initial iwi partners.
- We will co-design and develop, additional iwi-led FGCs and begin implementing these.

Second, we will complete the design and **prepare to implement our new operating model in line with the legislative changes from 1 July 2019.** This includes:

- the development of new services to reduce the risk of harm for children we have found to be at risk;
- a significant improvement in the quality of support we provide to children in care, in line with the new Care Standards;
- an expansion of our youth justice services to include 17 year olds;
- building a new transitions support service to assist young adults leaving care and custody into independence; and
- working with agencies across Government, including through the Child Wellbeing Strategy, to coordinate more effective early intervention services for those showing signs of 'early risk'.

The table below sets out the key changes we want to lead.

Our core functions

What we do

Intake, referral and assessment
We identify the needs of children and whānau notified to us and find the best help for them

Early intervention	Intensive intervention	Care	Youth Justice	Transition
We coordinate support and services for children and whānau showing early signs of need	We support children at risk of harm and their whānau to keep them safely at home	We keep children in the custody of the Chief Executive safe and promote their wellbeing	We support young people, whānau, and victims of youth crime to restore their mana	We prepare and support young people leaving care and youth justice to transition successfully to adulthood

How we will do it differently

Early intervention	Intensive intervention	Care	Youth Justice	Transition
We will ensure more effective and better targeting of services to meet the needs of children and prevent escalation of risk	We will build an effective, targeted set of responses that keep children safe and out of care	We will increase the quality of care, in accordance with the Oranga Tamariki Act 1989 and the new Care Standards	We will implement legislation bringing most 17 year olds into the youth justice system and increase community-based alternatives to custodial remand	We will build a new transition service, in accordance with legislation, to support young adults leaving care and custody

OUR PERFORMANCE

This part outlines the Oranga Tamariki—Ministry for Children service performance for the 12 months 1 July 2017 to 30 June 2018.

Service performance for the three months between 1 April 2017 and 30 June 2017 is contained in Appendix A[1].

[1] Oranga Tamariki—Ministry for Children is reporting for a 15 month period. As a newly established entity, it received an exemption under section 45I(1) of the Public Finance Act 1989 from producing an annual report for the period 1 April to 30 June 2017.

Statement of Responsibility

As Chief Executive of Oranga Tamariki—Ministry for Children, I am responsible for:

— the preparation of the Ministry's financial statements and statements of expenses and capital expenditure, and for the judgements expressed in them;

— having in place a system of internal control designed to produce reasonable assurance as to the integrity and reliability of financial reporting;

— ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in the annual report ; and

— the accuracy of any end-of-year performance information prepared by Oranga Tamariki—Ministry for Children, whether or not that information is included in the annual report.

In my opinion:

— the financial statements fairly reflect the financial position of the Ministry as at 30 June 2018 and its operations for the 15 months ended on that date; and

— the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2019 and its operations for the year ending on that date.

Gráinne M Moss

Gráinne Moss | Chief Executive

28 September 2018

Independent Auditor's Report

To the readers of the Oranga Tamariki—Ministry for Children, annual report for the period ended 30 June 2018

The Auditor-General is the auditor of the Oranga Tamariki—Ministry for Children. The Auditor General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of Oranga Tamariki—Ministry for Children on pages 82 to 115, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2018, the statement of comprehensive revenue and expense, statement of changes in equity, statement of cash flows for the 15 month period ended on that date, and statement of trust monies for the year ended 30 June 2018 and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by Oranga Tamariki—Ministry for Children for the year ended 30 June 2018 on pages 62 to 79;
- the statements of expenses and capital expenditure of Oranga Tamariki—Ministry for Children for the year ended 30 June 2018 on pages 126 to 128; and
- the schedules of non-departmental activities which are managed by Oranga Tamariki—Ministry for Children on behalf of the Crown on pages 118 to 125 that comprise:
    - the schedules of assets; liabilities; commitments; and contingent liabilities and contingent assets as at 30 June 2018;
    - the schedules of expenses for the 15 month period ended 30 June 2018; and
    - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of Oranga Tamariki—Ministry for Children on pages 82 to 115:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2018; and
        - its financial performance and cash flows for the 15 month period ended on that date; and
        - the statement of trust monies for the year ended 30 June 2018; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information of Oranga Tamariki—Ministry for Children on pages 62 to 79:
    - presents fairly, in all material respects, for the year ended 30 June 2018:
        - what has been achieved with the appropriation; and
        - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
    - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of Oranga Tamariki—Ministry for Children on pages 126 to 128 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by Oranga Tamariki—Ministry for Children on behalf of the Crown on pages 118 to 125 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 2018; and
    - expenses for the 15 month period ended 30 June 2018.

Our audit was completed on 28 September 2018. 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 Oranga Tamariki—Ministry for Children for preparing:

- financial statements that present fairly Oranga Tamariki—Ministry for Children'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 Oranga Tamariki—Ministry for Children, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by Oranga Tamariki—Ministry for Children 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 Oranga Tamariki—Ministry for Children 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 Oranga Tamariki—Ministry for Children, 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 Strategic Intentions 2017-2022 and relevant Estimates and Supplementary Estimates of Appropriations 2017/18.

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 Oranga Tamariki—Ministry for Children's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within Oranga Tamariki—Ministry for Children's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Oranga Tamariki—Ministry for Children'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 Oranga Tamariki—Ministry for Children 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 5 to 55, 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 Oranga Tamariki—Ministry for Children in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in Oranga Tamariki—Ministry for Children.

Kelly Rushton | Audit New Zealand

On behalf of the Auditor General, Wellington, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Departmental Output Expense:

Adoption Services

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to achieve the legal adoption of children by approved parents and to provide access to information on adoptions.

How well we delievered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
The number of requests (see note 1) from adults seeking identifying information on birth parents will be between	150-200	221 [1]

Note 1: Under section 9(4)(c) of the Adult Adoption Information Act 1985. Statistics on adoptions within New Zealand are provided on request by the Ministry of Justice. The Department of Internal Affairs can provide information on inter-country adoptions finalised overseas and recognised by New Zealand.

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	7,247	7,422	7,422
Department	-	-	-
Other	-	-	-
Total Revenue	**7,247**	**7,422**	**7,422**
Total Expense	**7,247**	**7,422**	**7,144**
Net Surplus/(Deficit)	**-**	**-**	**278**

1 This is a demand driven measure

Departmental Output Expense:

Data Analytics and Evidence Services

Scope

This appropriation is limited to providing data, analytics and evidence services to better inform government decision-making on vulnerable children and young people.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve an increase in evidence-based decision making to improve outcomes for vulnerable children and young people.

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
Develop a tool to capture the Voice of the Child by 30 June 2018	Achieved	Not Achieved [2]
Where appropriate (see Note 1) new data assets will align to Ministry for Vulnerable Children, Oranga Tamariki strategic objectives by 30 June 2018	Achieved	Achieved
All new analytical models and tools[3] to support operational decision-making meet or exceed independent quality review standards by 30 June 2018	Achieved	Achieved
Where appropriate, and in the public interest, evaluations of the Ministry for Vulnerable Children, Oranga Tamariki programmes and services are pro-actively released to the public by 30 June 2018	Achieved	Achieved
Where appropriate (see Note 2) new initiatives to include a plan for evaluation to promote better understanding of what works and for whom by 30 June 2018	Achieved	Achieved

Note 1: Not all datasets will align with strategic objectives. There will also be a need to develop and design datasets to meet operational needs.

Note 2: Not all initiatives are amenable to evaluation.

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	2,915	2,979	2,979
Department	-	-	-
Other	-	-	-
Total Revenue	**2,915**	**2,979**	**2,979**
Total Expense	**2,915**	**2,979**	**2,832**
Net Surplus/(Deficit)	**-**	**-**	**147**

2 The Children's Experiences Survey will help Oranga Tamariki—Ministry for Children understand the impact we are having on children's and young people's experiences and drive service improvements based on what we find. The first wave of data collection is planned for early 2019. The lead-in time required for the development of a robust and child-centred survey tool and platform, including engaging with children and young people to inform design of the questionnaire and survey approach, precluded implementation by 30 June 2018.

3 The Child Lifetime Wellbeing Model's quality assurance requirements are consistent with the brief for Ernst & Young.

Departmental Output Expense: Evaluation and Auditing Expenses for the Reducing Youth Reoffending Social Bond Pilot

Scope

This appropriation is limited to the costs of evaluating and auditing the Reducing Youth Reoffending Social Bond Pilot.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve effective and efficient evaluations and audits of the Reducing Youth Reoffending Social Bond Pilot.

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
Establish a social bond to address youth reoffending. [4]	Achieved	Achieved

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	75	-	-
Department	-	-	-
Other	-	-	-
Total Revenue	**75**	**-**	**-**
Total Expense	**75**	**-**	**-**
Net Surplus/(Deficit)	**-**	**-**	**-**

4 Funding carried forward to 2018/19. Refer also the non-departmental expense category for Reducing Youth Reoffending Social Bond Pilot.

Departmental Output Expense: Ministerial Services

Scope

This appropriation is limited to providing services to Ministers to enable them to discharge their portfolio responsibilities (other than policy decision-making) relating to vulnerable children and young people.

What is intended to be achieved with this appropriation

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

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
The percentage of ministerial correspondence replies completed within 20 working days of receipt by the Ministry for Vulnerable Children, Oranga Tamariki, unless otherwise agreed, will be between	95-100%	93% [5]
The percentage of Parliamentary question responses provided to the Minister's Office so that the answers can meet the timeframe set in Parliamentary Standing Orders will be between	95-100%	100%
The percentage of ministerial Official Information Act request replies completed five days prior to the statutory time limit (unless otherwise agreed) will be between	95-100%	94% [6]

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	1,156	1,181	1,181
Department	-	-	-
Other	-	-	-
Total Revenue	**1,156**	**1,181**	**1,181**
Total Expense	**1,156**	**1,181**	**1,065**
Net Surplus/(Deficit)	**-**	**-**	**116**

5 Of 138 pieces of ministerial correspondence, 10 were delivered late due to a greater than expected volume of Ministerial correspondence between January and March 2018.

6 Of 34 Ministerial OIAs completed during the year, 2 were provided to the Minister late.

Departmental Output Expense: Policy Advice

Scope

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 policy matters relating to vulnerable children and young people.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve high quality policy decisions in relation to vulnerable children and young people.

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
The technical quality of policy advice papers assessed by a survey with a methodological robustness of 85% (see Note 1) will be no less than	73%	75%
The satisfaction rating (see Note 2) given by Ministers for the quality and timeliness of policy advice, as per the Common Satisfaction Survey will be no less than	8.0	8.0
The total cost (see Note 3) per hour per person of producing outputs will be between	Establishing Baseline	$115 - $130

Note 1: This measure is a compulsory policy advice measure for all public sector agencies.

Note 2: The Common Satisfaction Survey rating measures Ministers' satisfaction with the quality, timeliness and value for money of policy advice on a scale from 1-10, where 1 means unsatisfied and 10 means extremely satisfied.

Note 3: The total cost of an hour of professional staff time devoted to both policy advice and other policy unit outputs. Total cost includes the cost of labour, overheads, support staff, direct costs and outsourced work to support output production.

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	4,184	4,275	4,275
Department	-	-	-
Other	-	-	-
Total Revenue	**4,184**	**4,275**	**4,275**
Total Expense	**4,184**	**4,275**	**3,939**
Net Surplus/(Deficit)	**-**	**-**	**336**

Departmental Output Expense: Transformation Programme: Investing in New Zealand Children and their Families

Scope

This appropriation is limited to the co-design and implementation of system-wide reform of services provided to New Zealand's vulnerable children, young people and their families.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve the delivery of a new operating model to support the system-wide reform of services provided to New Zealand's vulnerable children, young people and their families.

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
Report back on the recruitment of caregiver's communications programme will be provided by 31 July 2017	Achieved	Achieved [7]
Baseline actuarial valuation for children and young people completed by 30 June 2018 [8]	Achieved	Achieved
National services (see Note 1) in place for Voice of the Young and Care Experienced (VOYCE) - Whakarongo Mai by 30 September 2017	Achieved	Achieved
Report back on learnings from the early enhancements and recommendations as to next steps will be provided by 31 August 2017	Achieved	Achieved [9]

Note 1: Services include: access to VOYCE - Whakarongo Mai via 0800 number and online services for VOYCE - Whakarongo Mai operational.

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	21,624	26,024	26,024
Department	-	-	-
Other	-	-	-
Total Revenue	**21,624**	**26,024**	**26,024**
Total Expense	**21,624**	**26,024**	**23,612**
Net Surplus/(Deficit)	**-**	**-**	**2,412**

7 Refer *Investing in Children Update on Early Enhancements*. The Caregiver Communication Programme is being used to recruit and retain a diverse pool of caregivers who can provide safe and loving homes for children and young people.

8 The Child Lifetime Wellbeing Model, developed in 2017/18, helps us to better understand wellbeing and what works to improve outcomes for New Zealand's children and young people and their families.

9 The project closure report confirmed that the objectives and scope were achieved. The report also included lessons learnt and an approach for future monitoring and benefit realisation.

Departmental Other Expense: Supporting Equitable Pay For Care and Support Workers

Scope

This appropriation is limited to the additional costs of worker hours resulting from the Care and Support Workers (Pay Equity) Settlement Act 2017.

What is intended to be achieved with this appropriation

This appropriation is intended to enable the additional costs of worker hours resulting from the Care and Support Workers (Pay Equity) Settlement Act 2017.

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
Oranga Tamariki will meet all Departmental costs related to workers in the care and support sector, incurred as a result of legislation giving effect to the pay equity settlement with care and support workers	100%	100%

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	-	323	323
Department	-	-	-
Other	-	-	-
Total Revenue	**-**	**323**	**323**
Total Expense	**-**	**323**	**323**
Net Surplus/(Deficit)	**-**	**-**	**-**

Capital Expense: Oranga Tamariki—Ministry for Children: Capital Expenditure PLA

Scope

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

What is intended to be achieved with this appropriation

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

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
Those capital projects currently that were transferred to the Ministry upon establishment on 1 April 2017	Achieved	Achieved
To complete the Digital Workplace Programme approved in Budget 2017	Achieved	Not Achieved [10]
Ensure existing assets are maintained and renewed as scheduled within its current asset management plan [11]	Achieved	Achieved

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Capital Expenditure (PLA)	**9,150**	**14,635**	**5,922**

10 Capital expenditure for the Digital Workplace Programme is now scheduled for completion in 2018/19.

11 Includes improvements to family homes and residences, scheduled on a greatest needs basis.

Multi-Category Expense and Capital Expenditure: Investing in Children and Young People

Scope

Early and intensive intervention

This category is limited to intake assessments and early and intensive intervention services for children and young people exhibiting needs which place them at risk of poor life outcomes and/or requiring a statutory intervention.

Prevention

This category is limited to providing prevention and awareness programmes and services to identify and support children, young people and their families at risk of poor life outcomes.

Statutory intervention and transition

This category is limited to providing statutory care and youth justice services, and services to transition children and young people from statutory intervention.

Supporting and developing providers and services

This category is limited to service development; and approving, monitoring, contracting and managing the relationship with, and developing the capacity and capability of, service providers.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve an improvement in the expected lifetime wellbeing of vulnerable children and young people.

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
The % of children and young people re-notified to Oranga Tamariki—Ministry for Children will be no more than 69%	69%	69%
Early and Intensive Intervention		
The percentage of children and young people who have notifications assessed as 'no further action' who are re-notified to the Oranga Tamariki—Ministry for Children will be no more than	43%	37% [12]
Establish an effective measure for the percentage of cases with appropriate assessments completed by 30 June 2018	Achieved	Achieved [13]
Establish an effective measure for the percentage of assessments that meet quality standards by 30 June 2018	Achieved	Achieved [14]
The percentage of critical (within 24 hours) notifications of immediate concern which are assessed within operational standards appropriate to the needs of the child or young person will be between	95 - 100%	97%
The percentage of very urgent (within 48 hours) notifications of immediate concern which are assessed within operational standards appropriate to the needs of the child or young person will be between	95 - 100%	95%
Establish an effective measure for the percentage of children and young people with a notification of abuse and or neglect who have a repeat notification by 30 June 2018	Achieved	Achieved [13]

12 Measures those re-notifications within 12 months of a previous notification.

13 Oranga Tamariki—Ministry for Children has developed a new Quality Assurance mechanism that will enable reporting on the quality of assessments against the 8 Core Practice Standards. Data will be available from 2018/19.

14 The % of children re-notified to Oranga Tamariki—Ministry for Children is currently reported and is considered to be an effective measure of re-notification.


EVERY CHILD
DESERVES
TO BE HEARD

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
The percentage of children and young people (0-17 year olds) who were present at, or reside in a house where Police attended more than one family violence callout will be no more than	4%	4%
The rate in 1,000 of children and young people (0-17 year olds) admitted to hospital as a result of a preventable illness or injury more than once will be no more than [15]	5.0	6.0 [16]
The percentage of children who have had a substantiated notification of abuse to the Oranga Tamariki—Ministry for Children within 12 months after leaving the Family Start programme or receiving support from Social Services in Schools providers will be no less than	Establishing Baseline	5% [17]
Prevention		
The percentage of children and young people notified to the Ministry for Vulnerable Children, Oranga Tamariki will be no more than	6%	6%
The rate in 1,000 of children and young people (0-17 year olds) admitted to hospital as a result of a preventable illness or injury will be no more than[15]	36.0	44.0 [18]
Establish an effective measure for the proportion of services with evidence of effectiveness by 30 June 2018	Achieved	Achieved [19]
The percentage of children and young people (0-17 year olds) who were present at, or reside in a house where Police attended a family violence callout will be no more than	6%	6%
Establish an effective measure for the percentage of communities funded by prevention programmes that show evidence of reducing risk factors for vulnerable families by 30 June 2018	Achieved	Achieved [19]
Statutory Intervention and Transition		
Establish an effective measure for percentage of children and young people abused in care by 30 June 2018	Achieved	Not achieved [20]
The percentage of children and young people referred to a youth justice family group conference who are re-referred within 12 months will be no more than	40%	36%

15 Data sourced from the Integrated Data Infrastructure (IDI), managed by Statistics New Zealand. We have used the most up-to-date data available at the time of reporting. From 2018/19, Oranga Tamariki—Ministry for Children will be replacing these measures and focusing more on monitoring the wellbeing of children and young people.

Disclaimer

The results in this document are not official statistics; they have been created for research purposes from the Integrated Data Infrastructure (IDI), managed by Statistics New Zealand.

The opinions, findings, recommendations, and conclusions expressed in this document are those of the author(s), not Statistics NZ.

Access to the anonymised data used in this study was provided by Statistics NZ in accordance with security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, household, business, or organisation, and the results in this document have been confidentialised to protect these groups from identification.

Careful consideration has been given to the privacy, security, and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the Privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz.

16 The measure is based on the rate in 1000 of all children and young people (0-17 year olds) at December 2016 – who were admitted to hospital multiple quarters in the last year as a result of a preventable illness or injury. December 2016 data has been used due to the considerable lag time needed to collect health data for the Integrated Data Infrastructure (IDI). December 2017 data was not available at the time of reporting.

17 Based on a study of children leaving the Family Start programme between July 2017 and June 2018. Data is not available for children receiving support from Social Services in Schools. The data is for planned exits only.

18 The measure is based on the rate in 1000 of all children and young people (0-17 year olds) at December 2016 – who were admitted to hospital within the last year as a result of a preventable illness or injury. December 2016 data has been used due to the considerable lag time needed to collect health data for the Integrated Data Infrastructure (IDI). December 2017 data was not available at the time of reporting.

19 Oranga Tamariki—Ministry for Children has developed a six-monthly survey of contract manager confidence in the performance of services and the capability and capacity of providers to achieve positive client outcomes. Data will be reported from 2018/19 and used to inform improvements.

20 Oranga Tamariki—Ministry for Children is developing a revised measure for the % of children and young people who experience harm while in care. The measure has been carried over to 2018/19 and will now be reported on in the Annual Report 2018/19.

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
The percentage of children and young people in care who have completed an appropriate needs assessment will be no less than	70%	70% [21]
Establish an effective measure for the percentage of assessments that meet quality standards by 30 June 2018	Achieved	Achieved [13]
The percentage of children and young people placed with siblings if in care will be no less than	75%	71% [22]
The percentage of children and young people who have been in care for 12 months or less with more than one caregiver will be no more than	58%	46%
The percentage of children and young people who have been in care for more than 12 months with more than one caregiver will be no more than	41%	36%
The percentage of exits from care which are sustainable for children and young people will be no less than [23]	83%	85%
Report on the percentage of children and young people (15-17 year olds) with youth justice history not in education, training or employment following intervention[15]	Achieved	Achieved 46%
The percentage of victims engaging in family group conferences will be no less than	50%	50%
The percentage of children and young people subject to a notification and/or investigation for an incident while in care will be no more than	20%	17%
Report on the percentage of children and young people enrolled in an appropriate education service while in statutory care [15]	Achieved	Achieved 93%
Report on the percentage of children and young people enrolled in an appropriate education service after having left statutory care [15]	Achieved	Achieved 86%
Report on the percentage of children and young people that have achieved NCEA level 2 or an equivalent qualification while in statutory care [15]	Achieved	Achieved 20% [24]
Report on the percentage of children and young people that have achieved NCEA level 2 or an equivalent qualification after leaving statutory care [15]	Achieved	Achieved 42% [25]
Report on the truancy rates for children and young people while in statutory care [15]	Achieved	Achieved [26] 10%
Report on the truancy rates for children and young people after having left care [15]	Achieved	Achieved 12% [27]
Report on the proportion of children and young people not in education, employment or training (NEET) after having left care [15]	Achieved	Achieved 14%

21 The measure is based on the number of children and young people in custody, at 30 June, who have had a Gateway Assessment completed. The measure includes those in custody whose assessments are yet to be completed.

22 The result is consistent with 2017/18 (72% for the three months April to June 2017). At times it can be inappropriate for some children and young people to be placed with siblings.

23 The measure is based on children and young people, aged less than 16 years, who exited custody 24-36 months ago – and the proportion who subsequently re-enter care in the following 24 months.

24 NCEA achievement for children while in statutory care is difficult to accurately report as most children in care are not old enough to attain NCEA level 2. The measure is based on the % of 17 year olds in out of home care at 30 June 2017 – and the proportion who have achieved NCEA level 2 or an equivalent qualification.

25 The measure is based on the % of 18-19 year olds with previous out of home care history at 30 June 2017 – and the proportion who have achieved NCEA level 2 or an equivalent qualification. Younger age groups will not provide an accurate measure due to the likelihood that they would not have had an opportunity to complete the qualifications.

26 The measure is based on 5-17 year olds in out of home care at 30 June 2017 - and the proportion who were truant within the last year.

27 The measure is based on 5-17 year olds with previous out of home care history at 30 June 2017 - and the proportion who were truant within the last year.

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
Supporting and Developing Providers and Services		
The percentage of providers contractually required to supply client level data to the Oranga Tamariki—Ministry for Children who comply with this requirement will be no less than	100%	No longer applicable [28]
The percentage of funding for contracted services that will have appropriate result measures by 30 June 2018 will be no less than	50%	72%
The percentage of contracted services which achieved or exceeded the target for their primary contracted measure will be no less than	75%	74% [29]
The percentage of providers that meet their contractual reporting requirements will be no less than	100%	90% [30]
Implement the commissioning framework to provide the tools, systems and resources to help shift the Oranga Tamariki—Ministry for Children from the purchaser of services to the commissioner of services, and to support the adoption of different delivery models that better meet the needs of vulnerable children by 30 June 2018	Achieved	Achieved
Establish relationships with at least three strategic partners by 30 June 2018	Achieved	Achieved
The percentage of Level 1 and Level 2 Oranga Tamariki—Ministry for Children contracted providers who will be assessed at least once every 2 years against the Ministry of Social Development approval standards will be no less than	100%	100%
The percentage of Level 3 Oranga Tamariki—Ministry for Children contracted providers who will be assessed within the review frequency against the Ministry of Social Development approval standards will be no less than	90%	92%

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	792,145	810,458	810,458
Department	9,041	9,941	9,041
Other	1,812	3,724	4,045
Total Revenue	**802,998**	**824,123**	**823,544**
Total Expense	**802,998**	**824,123**	**816,161**
Net Surplus/(Deficit)	**-**	**-**	**7,383**

28 There is no longer a contractual obligation for providers to supply client level data to Oranga Tamariki—Ministry for Children.

29 Providers report that they are finding our contractual targets challenging in the current environment due to increased demand and financial pressures.

30 10% of providers do not currently have contract reports entered into our contract management system at the date of reporting. Contract reports for 2017/18 will continue to be received and uploaded during the first quarter of 2018/19.

Non Departmental Output Expense: Connection & Advocacy Services

Scope

This appropriation is limited to supporting an independent connection and advocacy service for children and young people in statutory care.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve reduced isolation for children and young people in care by connecting them with each other, promoting their individual and collective voice and building their leadership.

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
The percentage of children and young people in statutory care who receive an initial contact from the connection and advocacy service will be no less than	95%	Not Achieved [31]
A nationally delivered online and phone advice and support service to be established and accessible to children and young people in care by 30 June 2018	Achieved	Achieved
A minimum of one event to begin to connect local children and young people in care with each other will have been held in each Ministry for Vulnerable Children, Oranga Tamariki region by 30 June 2018	Achieved	Achieved
All children and young people in care (including those who were in care prior to 1 April 2017 and those who come into care from then) will be given a welcome pack which includes information about the connection and advocacy service and their rights in care by 30 June 2018	Achieved	Not Achieved [31]

Financial Performance (figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Revenue			
Crown	2,900	2,900	2,900
Department	-	-	-
Other	-	-	-
Total Revenue	**2,900**	**2,900**	**2,900**
Total Expense	**2,900**	**2,900**	**2,400**
Net Surplus/(Deficit)	**-**	**-**	**500**

31 Oranga Tamariki—Ministry for Children takes the privacy and legal rights of the children and young people we work with very seriously. Before sharing children's personal contact details with VOYCE Whakarongo Mai, Oranga Tamariki—Ministry for Children first sought advice through a Privacy Impact Assessment (PIA) on the legalities and privacy implications of information sharing, and the safeguards necessary to protect children's rights when their information is shared. Conducting a PIA created a delay in our ability to share children's contact details with VOYCE, impacting on VOYCE's ability to make contact with children and young people. We now have the advice we need to ensure information sharing with VOYCE can occur in the 2018/19 reporting period, in a way that safeguards the rights and interests of children and young people.

Non Departmental Output Expense: Reducing Youth Reoffending Social Bond Pilot

Scope

This appropriation is limited to the outcome payments incurred under the Reducing Youth Reoffending Social Bond Pilot.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve a reduction in reoffending by children and young people.

How well we delivered it

Performance Measure	2017/2018 Budgeted Standard	2017/2018 Actual Standard
Establish a social bond to address youth reoffending.	Achieved	Achieved

Financial Performance (Figures are GST exclusive)	Budgeted $000	Supplementary Estimates Budget $000	Actual $000
Total Expense	5,398	439	429

FINANCIAL STATEMENTS

Oranga Tamariki—Ministry for Children

Statement of Comprehensive Revenue and Expense

For the 15 months ended 30 June 2018

Actual 3 Months 2017 $000		Notes	Actual 15 Months 2018 $000	Actual 12 Months 2018 $000	Unaudited Budget 2018 $000	Unaudited Forecast 2019 $000
	Revenue					
161,000	Revenue Crown		1,013,662	852,662	829,271	920,603
2,750	Department Revenue	2	11,791	9,041	9,041	9,041
1,019	Other Revenue	2	5,064	4,045	1,812	3,724
164,769	**Total revenue**		**1,030,517**	**865,748**	**840,124**	**933,368**
	Expenses					
66,939	Personnel costs	3	368,379	301,440	268,448	286,200
1,324	Depreciation and amortisation expense	10,11	7,219	5,895	8,951	6,958
-	Capital charge	4	11,431	11,431	11,140	9,636
25,000	Shared service fees		111,907	86,907	105,500	86,618
61,500	Other expenses	5	511,158	449,658	446,085	543,956
59	Loss on disposal of property, plant and equipment/write off		296	237	-	-
-	Loss on foreign exchange		2	2	-	-
154,822	**Total expenses**		**1,010,392**	**855,570**	**840,124**	**933,368**
9,947	**Surplus/(deficit)**		**20,125**	**10,178**	**-**	**-**
	Other comprehensive revenue and expense Item that will not be reclassified to net surplus/(deficit)					
31,702	Gain on property revaluations		31,702	-	-	-
31,702	**Total other comprehensive revenue and expense**		**31,702**	-	-	-
41,649	Total comprehensive revenue and expense		51,827	10,178	-	-

Explanations of significant variances against the original 2017/18 budget are provided in Note 20.

No comparatives have been included because the 15-month reporting period is the first reporting period of Oranga Tamariki—Ministry for Children. Periods of 3 and 12 months have been provided to align the 12-month period with appropriation schedules.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.

Oranga Tamariki—Ministry for Children

Statement of Financial Position

As at 30 June 2018

Actual 2017 $000		Notes	Actual 2018 $000	Unaudited Budget 2018 $000	Unaudited Forecast 2019 $000
	Equity				
121,316	Taxpayers' funds	16	126,316	128,164	126,316
66,702	Property revaluation reserve	16	66,702	35,000	66,702
188,018	**Total equity**		**193,018**	**163,164**	**193,018**
	Assets Current assets				
8,398	Cash and cash equivalents	7	34,288	26,794	13,888
3,384	Receivables	8	428	-	3,293
876	Prepayments		1,474	11,275	876
13,340	Crown receivable	9	29,927	-	-
10,565	Receivables from MSD		484	-	656
36,563	**Total current assets**		**66,601**	**38,069**	**18,713**
	Non-current assets				
231,522	Property, plant and equipment	10	233,374	201,057	242,098
9,200	Intangible assets	11	6,505	13,220	11,533
240,722	**Total non-current assets**		**239,879**	**214,277**	**253,631**
277,285	**Total assets**		**306,480**	**252,346**	**272,344**
	Liabilities Current liabilities				
36,454	Payable and accruals	12	55,519	25,970	36,460
9,947	Return of operating surplus	13	10,178	-	-
27,010	Employee entitlements	15	30,123	56,286	27,010
414	Other provisions	14	591	6,926	414
73,825	**Total current liabilities**		**96,411**	**89,182**	**63,884**
	Non-current liabilities				
15,442	Employee entitlements	15	17,051	-	15,442
15,442	**Total non-current liabilities**		**17,051**	**-**	**15,442**
89,267	Total liabilities		113,462	89,182	79,326
188,018	Net assets		193,018	163,164	193,018

Explanations of significant variances against the original 2017/18 budget are provided in Note 20.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.

Oranga Tamariki—Ministry for Children
Statement of Changes in Equity

For the 15 months ended 30 June 2018

Actual 3 months 2017 $000		Notes	Actual 15 Months 2018 $000	Actual 12 Months 2018 $000	Unaudited Budget 2018 $000	Unaudited Forecast 2019 $000
-	**Balance at 1 April 2017**		**-**	**188,018**	**158,164**	**193,018**
41,649	Total comprehensive revenue and expense		51,827	10,178	-	-
	Owner transactions					
(9,947)	Return of operating surplus to the Crown	13	(20,125)	(10,178)	-	-
121,316	Capital injections		126,316	5,000	5,000	-
35,000	Transfers from Ministry of Social Development to Oranga Tamariki—Ministry for Children		35,000	-	-	-
188,018	**Balance at 30 June**		**193,018**	**193,018**	**163,164**	**193,018**

Explanations of major variances against the original 2017/18 budget are provided in Note 20.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.

Oranga Tamariki—Ministry for Children
Statement of Cash Flows

For the 15 months ended 30 June 2018

Actual 3 months 2017 $000		Actual 15 Months 2018 $000	Actual 12 Months 2018 $000	Unaudited Budget 2018 $000	Unaudited Forecast 2019 $000
	Cash flows from operating activities				
147,660	Receipts from Revenue Crown	983,736	836,076	829,270	920,603
398	Receipts from other revenue	16,293	15,895	10,854	12,856
(69,764)	Payments to suppliers	(591,416)	(521,652)	(551,585)	(630,574)
(73,360)	Payments to employees	(369,681)	(296,321)	(268,448)	(286,200)
-	Payments for capital charge	(11,431)	(11,431)	(11,140)	(9,636)
2,469	Goods and services tax (net)	6,580	4,111	-	-
(10,565)	Payments to the Ministry of Social Development	(484)	10,081	-	9,909
(3,162)	**Net cash flow from operating activities**	**33,597**	**36,759**	**8,951**	**16,958**
	Cash flows from investing activities				
(807)	Purchase of property, plant and equipment	(6,428)	(5,621)	(6,150)	(10,860)
(175)	Purchase of intangible assets	(476)	(301)	(3,000)	(250)
(982)	**Net cash flow from investing activities**	**(6,904)**	**(5,922)**	**(9,150)**	**(11,110)**
	Cash flows from financing activities				
12,542	Capital injections	17,542	5,000	5,000	-
-	Return of operating surplus	(9,947)	(9,947)	-	-
12,542	**Net cash flow from financing activities**	**7,595**	**(4,947)**	**5,000**	**-**
8,398	Net (decrease)/ increase in cash	34,288	25,890	4,801	5,848
-	Cash at the beginning of the period	-	8,398	21,993	8,040
8,398	Cash at the end of the period	34,288	34,288	26,794	13,888

The goods and services tax (GST) (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component is presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

Explanations of major variances against the original 2017/18 budget are detailed in Note 20.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.

Oranga Tamariki—Ministry for Children
Statement of Cash Flows

For the 15 months ended 30 June 2018

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

Actual 3 months 2017 $000		Actual 15 Months 2018 $000	Actual 12 Months 2018 $000	Unaudited Budget 2018 $000	Unaudited Forecast 2019 $000
9,947	**Net surplus/(deficit)**	**20,125**	**10,178**	**-**	**-**
	Add/(less) non-cash items				
862	Depreciation and amortisation expense	4,392	3,531	7,341	3,774
463	Amortisation	2,827	2,364	1,610	3,184
1,325	**Total non-cash items**	**7,219**	**5,895**	**8,951**	**6,958**
	Add/(less) items classified as investing or financing activities				
59	(Gains)/losses on disposal property, plant and equipment or write off	926	867	-	-
	Add/(less) movements in statement of financial position items				
(27,285)	(Increase)/Decrease in receivable	(30,835)	(3,550)	-	43,010
16,932	(Increase)/Decrease in prepayments	16,333	(599)	-	-
(2,471)	Increase/(Decrease) in payable and accruals	16,596	19,067	-	(33,010)
(17,210)	Increase/(Decrease) in employee entitlements	(14,097)	3,113	-	-
99	Increase/(Decrease) other provisions	276	177	-	-
(29,876)	**Total net movements in working capital items**	**(10,801)**	**19,075**	**-**	**10,000**
	Add/(less) movements in non-current liabilities				
15,442	Increase/(Decrease) in employee entitlements	17,054	1,611	-	-
15,442	**Net movements in non-current liabilities**	**17,054**	**1,611**	**-**	**-**
(3,162)	Net cash flow from operating activities	33,597	36,759	8,951	16,958

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.

Oranga Tamariki—Ministry for Children
Statement of Commitments

As at 30 June 2018

Actual 2017 $000		Actual 2018 $000
	Capital commitments	
-	Digital work programme	3,000
-	**Total capital commitments**	**3,000**
	Operating leases as lessee	
	The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	
223	Not later than one year	223
879	Later than one year and not later than five years	752
782	Later than five years	685
1,884	**Total non-cancellable accommodation leases**	**1,660**
1,884	Total commitments	4,660

Non-cancellable accommodation leases

Oranga Tamariki—Ministry for Children leases property in the normal course of its business. These leases are for premises which have non-cancellable leasing periods, ranging from three to 20 years. Oranga Tamariki—Ministry for Children's non-cancellable operating leases have varying terms, escalation clauses and renewal rights.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.

Oranga Tamariki—Ministry for Children

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2018

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 2017 $000		Actual 2018 $000
10	Personal grievances	112
150	Other claims	100
160	Total contingent liabilities	212

Personal grievances

Personal grievances claims represent amounts claimed by employees, which all relate to an alleged breach of contract with employees of Oranga Tamariki—Ministry for Children. There are 17 personal grievances claims (2017: Two personal grievances claims).

Other claims

Other claims represent outstanding grievances. There is one claim (2017: Two claims).

Quantifiable contingent assets

Oranga Tamariki—Ministry for Children has no contingent assets.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.

Oranga Tamariki—Ministry for Children

Statement of Trust Monies

For the year ended 30 June 2018

Oranga Tamariki—Ministry for Children operates trust accounts as the agent under section 66 of the Public Finance Act 1989. The transactions through these accounts and their balances as at 30 June 2018 are not included in the financial statements for Oranga Tamariki—Ministry for Children.

Actual 2017 $000		Actual 2018 $000
	William Wallace Trust	
419	**Balance at 1 July**	**475**
-	Contributions	-
(37)	Distributions	(26)
93	Revenue	44
475	**Balance at 30 June**	**493**
	Custody Trust	
-	**Balance at 1 July**	**6**
6	Contributions	-
-	Distributions	-
-	Revenue	-
6	**Balance at 30 June**	**6**

William Wallace Trust Account

The William Wallace Awards were held by Ministry of Social Development (MSD) on an annual basis to celebrate the achievements of young people in care. The awards were in the form of scholarship funding for tertiary study or a contribution to vocational and leadership programmes. The trust was established in May 1995 and administered by MSD to hold funds from an estate for the above purpose. The administration of the trust was transferred to Oranga Tamariki—Ministry for Children from 1 May 2018.

Custody Trust Account

The Custody Trust account has been established and administered by MSD to administer donations received from the public on behalf of children who were under the care and guardianship of the Chief Executive of the Ministry of Social Development. The administration of the trust was transferred to Oranga Tamariki—Ministry for Children from 1 May 2018.

NOTES TO FINANCIAL STATEMENTS

Note 1: Statement of Accounting Policies: Departmental

Reporting entity

Oranga Tamariki—Ministry for Children is a government department as defined by section 2 of the Public Finance Act 1989 (PFA) and is domiciled and operates in New Zealand. The relevant legislation governing the operations for Oranga Tamariki—Ministry for Children includes the PFA, Vulnerable Children Act 2014 and Oranga Tamariki Act 1989. The ultimate parent for Oranga Tamariki—Ministry for Children is the New Zealand Crown.

In addition, Oranga Tamariki—Ministry for Children has reported on trust monies administered by the department and Crown activities that it administers in the non-departmental statements and schedules on page 118 to 121.

These are the first financial statements for Oranga Tamariki—Ministry for Children and are for the 15 months ended 30 June 2018. The Minister of Finance gave Oranga Tamariki—Ministry for Children an exemption from preparing accounts for the three months to 30 June 2017, therefore all actuals presented in these financial statements for this period were not public previously. The financial statements were authorised for issue by the Chief Executive of Oranga Tamariki—Ministry for Children on 28 September 2018.

The primary objective for Oranga Tamariki—Ministry for Children is to provide services to support any child in New Zealand whose wellbeing is at significant risk of harm now, or in the future. Oranga Tamariki—Ministry for Children also supports young people who may have offended, or are likely to offend. It is believed the right environment, with the right people surrounding and nurturing them, any child can, and should flourish which in turn will reduce re-offending. Oranga Tamariki—Ministry for Children does not operate to make a financial return.

Oranga Tamariki—Ministry for Children has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

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 Oranga Tamariki—Ministry for Children have been prepared in accordance with the requirements of the PFA, which includes the requirements to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and Treasury Instructions.

These financial statements have been prepared in accordance with and comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000), other than the related party transaction disclosures in note 17. The related party transaction disclosures are rounded to the nearest dollar.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to Oranga Tamariki—Ministry for Children are:

Financial instruments

In January 2017, the External Reporting Board issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard are:

— New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.

— A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

— Revised hedge accounting requirements to better reflect the management of risks.

Oranga Tamariki—Ministry for Children will adopt PBE IFRS 9 for the financial year ending 30 June 2019. The Ministry is currently assessing the effects of the new standard.

Impairment of Revalued Assets

In April 2017 the XRB issued Impairment of Revalued Assets (Amendments to PBE IPSASs 21 and 26), which now clearly scopes in revalued property, plant and equipment into the impairment accounting standards. Previously only property, plant and equipment measured at cost were scoped into the impairment accounting standards.

This amendment is effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The main change under the amendment is that a revalued asset can be impaired without having to revalue the entire class-of-asset to which the asset belongs.

Oranga Tamariki—Ministry for Children will adopt this amendment for the financial year ending 30 June 2020. Oranga Tamariki—Ministry for Children is currently assessing the effects of the new standard.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Oranga Tamariki—Ministry for Children is only permitted to expend 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 on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

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

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

Income tax

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

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may 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 in respect of:

Estimating the fair value of land and buildings – see Note 10

Assessing the useful lives of software – see Note 11

Measuring long service leave and retirement gratuities – see Note 15

Budget and forecast figures

Basis of the budget and forecast figures

The 2018 budget figures are for the year ended 30 June 2018. They are consistent with the best estimate financial forecast information for Oranga Tamariki—Ministry for Children submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2017/18.

The 2018 forecast figures are for the year ending 30 June 2019 which are consistent with the best estimate financial forecast information submitted to the Treasury for the BEFU for the year ending 2018/19.

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

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

The 30 June 2019 forecast figures have been prepared in accordance with PBE FRS 42 Prospective Financial Statements.

The forecast financial statements were approved for issue by the Chief Executive on 10 April 2018.

The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While Oranga Tamariki—Ministry for Children regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2019 will not be published.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the purpose and activities of Oranga Tamariki—Ministry for Children and are based on a number of assumptions of what may occur during the 2018/19 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the Main Estimates were finalised.

The main assumptions, which were adopted as at 10 April 2018, were as follows:

— The activities of Oranga Tamariki—Ministry for Children and output expectations will remain substantially the same as the previous year focussing on the Government's priorities.

— Personnel costs were based on 3,870 full time equivalent staff positions, which take into account staff turnover.

— Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the best estimate of future costs that will be incurred by Oranga Tamariki—Ministry for Children.

— Remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes.

— Land and buildings are not revalued.

— Estimated year-end information for 2017/18 was used as the opening position for the 2018/19 forecasts.

The actual financial results achieved for 30 June 2019 are likely to vary from the forecast information presented, and the variations may be material.

Critical judgements in applying accounting policies

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

Classification of leases – see Note 5

Note 2: Revenue

Accounting policy
The specific accounting policies for significant revenue items are explained below:

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

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

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

Breakdown of Department and Other Revenue

Actual 2017 $000		Actual 2018 $000
2,750	Department Revenue	9,041
1,019	Other Revenue (Other recoveries)	4,045
3,769	**Total revenue other**	**13,086**

Department Revenue

Revenue from other government departments is the Funding & Contracting Services from MSD. Revenue is recognised when the obligation is incurred.

Other Revenue

Oranga Tamariki—Ministry for Children received revenue from child support receipts on behalf of children in foster care. Revenue is recognised when the obligation is incurred.

Note 3: Personnel costs

Actual 2017 $000		Actual 2018 $000
65,020	Salaries and wages	283,021
(1,336)	Increase/(decrease) in employee entitlements	4,432
1,743	Employer contributions to defined contrubution plans	7,703
1,512	Other	6,284
66,939	**Total personnel costs**	**301,440**

Accounting policy

Salaries and Wages

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

Superannuation schemes - defined contribution scheme

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 the surplus or deficit as incurred.

Note 4: Capital charge

Oranga Tamariki—Ministry for Children pays a capital charge to the Crown on its equity at 31 December and 30 June each financial year. The capital charge rate for the year ended 30 June 2018 was 6 percent (2017: 6 percent)

Accounting policy

The capital charge is recognised as an expense in the financial year to which the charge relates.

Note 5: Other expenses

Actual 2017 $000		Actual 2018 $000	Unaudited Forecast 2019 $000
180	Audit fees [1]	374	300
3,557	Rental, leasing and occupancy costs	7,868	8,035
-	Impairment of receivables	43	-
34,397	Client financial plan costs [2]	176,762	170,000
9,460	Non-specific client costs [3]	205,167	291,055
1,614	Office operating expenses	6,779	13,289
1,114	IT related operating expenses	10,307	23,409
982	Travel expenses	4,616	4,581
6,248	Consultancy and contractors' fees	19,938	20,218
265	Professional fees	6,817	1,492
3,683	Other operating expenses	10,987	11,577
61,500	**Total operating costs**	**449,658**	**543,956**

Accounting policy

Operating leases

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

Other expenses

Other expenses are recognised as an expense in the financial year in which they are incurred.

1 Audit fees includes statutory audit fees only.

2 Client financial plan costs includes monies paid for the provision of the care and protection of children and young persons, and the provision of programmes and services to support the resolution of behaviour and relationship difficulties. A portion of these costs is used to support statutory processes to promote opportunities for family/whānau, hapū/iwi and family groups to consider care and protection and youth justice issues and to contribute to a decision-making process that often removes the need for court involvement.

3 Non-specific client costs include costs which cannot be attributed to a specific client. It includes costs for maintaining an infrastructure that supports Oranga Tamariki—Ministry for Children to meet its legal and support obligations for the care and protection of children and young persons and the casework resolution process. The costs can be grouped into four main categories:

- family home costs including bed availability allowances, family home supplies and foster parent resettlement grants
- residential costs including programmes and client costs
- costs for Care and Protection resource panels of external advisors mandated by the Oranga Tamariki Act 1989, to advise on procedures
- external provider contract costs for specific programmes run by non-government organisations to help children and young people.

Note 6: Loss on disposal of property, plant and equipment

During the year, Oranga Tamariki—Ministry for Children did not dispose any property, plant and equipment (2017: $0.059 million).

Note 7: Cash and cash equivalents

Actual 2017 $000		Actual 2018 $000
8,398	Cash at bank and on hand	34,288
8,398	**Total cash and cash equivalents**	**34,288**

Accounting policy

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

Note 8: Debtors and other receivables

Actual 2017 $000		Actual 2018 $000
	Trade and other receivables	
3,384	Debtors (Gross)	471
-	Less provision for uncollectability	(43)
3,384	**Net debtors**	**428**
3,384	Receivables from exchange transactions	428
	Impairment of trade and other receivables	
-	Balance at 1 July	-
-	Additional provisions made during the year	43
-	**Balance at end of the year**	**43**
-	Collective impairment allowance	43
-	**Balance at end of the year**	**43**

The ageing profile of receivables at year end is detailed below:

	As at 30 June 2017			As at 30 June 2018		
	Gross $000	Provision for uncollectability $000	Net $000	Gross $000	Provision for uncollectability $000	Net $000
Not past due	3,221	-	3,221	9	(1)	8
Past due 1-30 days	163	-	163	97	(7)	90
Past due 31-60 days	-	-	-	19	-	19
Past due 61-90 days	-	-	-	17	-	17
Past due >91 days	-	-	-	329	(35)	294
	3,384		**3,384**	**471**	**(43)**	**428**

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

Debtors uncollectability

As at 30 June 2018 (and 30 June 2017) impairment of trade and other receivables has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

As at 30 June 2018 Oranga Tamariki—Ministry for Children had no debtors deemed insolvent (2017: nil).

All receivables more than 30 days in age are considered to be past due.

Note 9: Crown receivable

Crown receivable represents cash yet to be drawn down from The Treasury. As at 30 June 2018 Crown Receivable was $29.927 million (2017: $13.340 million).

Oranga Tamariki—Ministry for Children

Note 10: Property, plant and equipment

	Land $000	Buildings $000	Furniture & Fittings $000	Computer Equipment $000	Motor Vehicles $000	Plant & Equipment $000	Total $000
Cost or revaluation							
Balance at 1 April 2017	**41,973**	**157,954**	**-**	**-**	**1**	**-**	**199,928**
Additions	-	429	311	67	-	-	807
Revaluation increase	31,522	180	-	-	-	-	31,702
Work in progress movement	-	(505)	-	-	-	-	(505)
Other asset movement	-	505	-	-	-	-	505
Disposals	-	(59)	-	-	-	-	(59)
Balance at 30 June 2017/ 1 July 2017	**73,495**	**158,504**	**311**	**67**	**1**	**-**	**232,378**
Additions	-	1,462	36	-	-	24	1,522
Revaluation increase	-	-	-	-	-	-	-
Work in progress movement	-	4,155	-	(65)	1	8	4,099
Other asset movement	-	-	(300)	-	-	-	(300)
Balance at 30 June 2018	**73,495**	**164,121**	**47**	**2**	**2**	**32**	**237,699**
Accumulated depreciation and impairment losses							
Balance at 1 April 2017	-	-	-	-	-	-	-
Depreciation expense	-	851	10	-	-	-	861
Impairment losses	-	-	(5)	-	-	-	(5)
Balance at 30 June 2017/ 1 July 2017	**-**	**851**	**5**	**-**	**-**	**-**	**856**
Depreciation expense	-	3,462	67	-	-	2	3,531
Impairment losses	-	1	(63)	-	-	-	(62)
Balance at 30 June 2018	**-**	**4,314**	**9**	**-**	**-**	**2**	**4,325**
Carrying amounts							
At 1 April 2017	**41,973**	**157,954**	**-**	**-**	**1**	**-**	**199,928**
At 30 June and 1 July 2017	**73,495**	**157,653**	**306**	**67**	**1**	**-**	**231,522**
At 30 June 2018	**73,495**	**159,807**	**38**	**2**	**2**	**30**	**233,374**

Accounting policy

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

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset 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.

Revaluations

Land and buildings are revalued at least every three years to ensure the carrying amount does not differ materially from the fair value. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure those values are not materially different from fair value. Additions to assets between revaluations are recorded at cost.

Oranga Tamariki—Ministry for Children accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluations are recorded in the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, the balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase in value after revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable the future economic benefits or service potential associated with the item will flow to Oranga Tamariki—Ministry for Children 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 recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Disposals

Gains and losses on 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 assets 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 subsequent to initial acquisition are capitalised only when it is probable the future economic benefits or service potential associated with the item will flow to Oranga Tamariki—Ministry for Children 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 property, plant and equipment have been estimated as follows:

Asset Type	Estimated Life	Estimated Life
Buildings (including components)	10–80 years	1.25%–10%
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%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Impairment

Oranga Tamariki—Ministry for Children does not hold any cash-generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, plant and equipment held at cost that have a finite useful life are reviewed for impairment at each balance date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amountis the higher of an asset's fair value less costs to sell and its 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 considered to be impaired and the carrying amount is written-down to the recoverable service amount.

The reversal of an impairment loss is recognised in the surplus or deficit.

Critical accounting estimates and assumptions

Estimating the fair value of land and buildings

A desktop valuation of land and buildings owned by Oranga Tamariki—Ministry for Children was completed by Quotable Value Limited as at 30 June 2018. Registered valuer Alan Chadderton MPINZ, from Quotable Value Limited was the project manager.

A full valuation involving the physical inspection of all land and buildings assets was conducted by Quotable Value Limited as at 30 June 2017. The next full valuation is scheduled for 2019/20.

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. Residential centres have been valued using market-based evidence where it exists. If there is no active market evidence the optimised depreciated replacement cost has been used.

The total amount of property, plant and equipment under construction and work in progress is $4.648 million (2017: $0.549 million).

Restrictions

There are no restrictions over the title for Oranga Tamariki—Ministry for Children property, plant and equipment assets; nor are any property, plant and equipment assets pledged as security for liabilities.

Note 11: Intangible assets

	Internally Generated Software $000	Total $000
Cost		
Balance at 1 April 2017	**9,493**	**9,493**
Additions	1,962	1,962
Work in progress movement	(1,792)	(1,792)
Balance at 30 June 2017/ 1 July 2017	**9,663**	**9,663**
Additions	3,622	3,622
Work in progress movement	(3,953)	(3,953)
Balance at 30 June 2018	**9,332**	**9,332**
Accumulated amortisation and impairment losses		
Balance at 1 April 2017	**-**	**-**
Amortisation expense	463	463
Balance at 30 June/ 1 July 2017	**463**	**463**
Amortisation expense	2,364	2,364
Balance at 30 June 2018	**2,827**	**2,827**
Carrying amounts		
At 1 April 2017	**9,493**	**9,493**
At 30 June and 1 July 2017	**9,200**	**9,200**
At 30 June 2018	**6,505**	**6,505**

The total amount of intangibles in the course of construction is $0.042 million (2017: $3.996 million).

Accounting policy

Software acquisition and development

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

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

Costs associated with maintaining computer software and staff training costs 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 website are recognised as an expense when incurred for Oranga Tamariki—Ministry for Children.

Critical accounting estimates and assumptions

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 financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rate is as follows:

Asset Type	Estimated Life	Estimated Life
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 not subject to amortisation and are tested annually for 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.

Restrictions

There are no restrictions over the title of the intangible assets, nor are any pledged as security for liabilities.

Note 12: Payables and accruals

Actual 2017 $000		Actual 2018 $000
	Payables and deferred revenue under exchange transactions	
587	Creditors	717
33,396	Accrued expenses	48,221
33,983	**Total Payables and deferred revenue under exchange transactions**	**48,938**
	Payables and deferred revenue under non-exchange transactions	
2,471	GST payable	6,581
36,454	**Total payables and accruals**	**55,519**

Accounting policy:

Short-term payables are recorded at the amount payable.

Note 13: Return of operating surplus

Actual 2017 $000		Actual 2018 $000
9,947	Net surplus/(deficit)	10,178
9,947	**Total return of operating surplus**	**10,178**

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

Note 14: Provisions

Actual 2017 $000		Actual 2018 $000
-	Restructuring provision	70
300	Lease make-good	-
114	Other provisions	521
414	Total provisions	591

Accounting policy

A provision is recognised for future expenditure of uncertain amount or time 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 based on market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated timing of the future cash outflows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Restructuring

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

Provisions by category

	Lease Reinstatement $000	Restructure $000	Others $000	Total $000
2017				
Balance as at 1 April 2017	**-**	**-**	**-**	**-**
Additional provisions made	300	-	114	414
Balance as at 30 June 2017	**300**	**-**	**114**	**414**
2018				
Balance as at 1 July 2017	**300**	**-**	**114**	**414**
Additional provisions made	-	70	407	477
Unused amounts reversed	(300)	-	-	(300)
Balance as at 30 June 2018	**-**	**70**	**521**	**591**

Others

Oranga Tamariki—Ministry for Children has a provision of $27,500 (2017: $21,000) for family home resettlement. A $1,000 a year resettlement grant is paid to resigning or retiring family home caregivers after five or more years of unbroken service (up to a maximum of $10,000 per couple).

Note 15: Employee entitlements

Note 15A: Employee entitlements

Actual 2017 $000		Actual 2018 $000
	Current liabilities	
6,008	Retirement and long service leave	6,777
20,995	Provision for annual leave	23,343
7	Provision for sickness leave	3
27,010	**Total current portion**	**30,123**
	Non-current liabilities	
15,442	Retirement and long service leave	17,051
15,442	**Total non-current portion**	**17,051**
42,452	**Total employment entitlements**	**47,174**

Short-term employee entitlements

Employee entitlements that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlement at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months and sick leave.

Oranga Tamariki—Ministry for Children recognises a liability for sick leave to the extent absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent Oranga Tamariki—Ministry for Children anticipates they will be used by staff to cover future absences.

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

Long-term employee entitlements

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

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

Critical accounting estimates and assumptions

Long service leave and retirement gratuities

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.

Oranga Tamariki—Ministry for Children uses the interest rates and the salary inflation factor as supplied and published by the Treasury.

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

Note 15B: Discount rates and salary inflation applied

as at 30 June 2017			Employee Entitlement Variables	as at 30 June 2018		
2017 %	2018 %	2019 %		2018 %	2019 %	2020 %
1.97	2.36	3.92	Discount rates	1.78	1.90	3.55
3.10	3.10	3.10	Salary inflation	-	3.10	3.10

Note 15C: The financial impact of changes to the discount rates and salary inflation variables

Movements	Actual 2018 $000	Salary + 1% 2018 $000	Salary - 1% 2018 $000	Discount + 1% 2018 $000	Discount - 1% 2018 $000
Current	6,777	21	(21)	11	(11)
Non-current	17,051	1,596	(1,405)	1,312	(1,517)
Total	**23,828**	**1,617**	**(1,426)**	**1,323**	**(1,528)**

Note 16: Equity

Actual 2017 $000		Actual 2018 $000
	Taxpayers' funds	
-	**Balance at 1 July**	**121,316**
9,947	Surplus/(deficit)	10,178
121,316	Capital contribution	5,000
(9,947)	Repayment of surplus	(10,178)
121,316	**Balance at 30 June**	**126,316**
	Property revaluation reserves	
-	**Balance at 1 July**	**66,702**
31,702	Revaluation gains	-
35,000	Transfer to taxpayer/s funds on disposal	-
66,702	**Balance at 30 June**	**66,702**
	Property revaluation reserves consists of:	
37,971	Land revaluation reserve	37,971
3,074	Non residential building	3,074
25,657	Building revaluation reserve	25,657
66,702	**Total property revaluation reserves**	**66,702**
188,018	Total Equity	193,018

Accounting policy

Equity is the Crown's investment in Oranga Tamariki—Ministry for Children 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.

Capital management

Oranga Tamariki—Ministry for Children's capital is its equity, which comprise taxpayers' funds and property revaluation reserves. Equity is represented by net assets.

Oranga Tamariki—Ministry for Children manages its revenues, expenses, assets, liabilities and general financial dealings prudently. Oranga Tamariki—Ministry for Children's equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities and compliance with the government budget processes, Treasury Instructions and the Public Finance Act 1989.

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

Note 17: Related party transactions

Oranga Tamariki—Ministry for Children is a wholly-owned entity of the Crown and received funding of nearly $853 million from the Crown to provide services to the public for the year ended 30 June 2018 (2017: $161 million). The Government significantly influences the role of Oranga Tamariki—Ministry for Children as well as being its major source of revenue. All related party transactions are entered into on an arm's-length basis.

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 favorable than those that it is reasonable to expect Oranga Tamariki—Ministry for Children would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken in the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

There have been no related party transactions other than transactions that would occur within a normal supplier or client/recipient relationship. The terms and conditions are no more or less favourable than those which it is reasonable to expect Oranga Tamariki—Ministry for Children would have adopted if dealing with that individual entity at arm's length in the same circumstance.

Transactions with key management personnel

Key management personnel compensation includes the remuneration for the Chief Executive and 10 members of the Senior Management Team (2017: Chief Executive and 10 members of the Senior Management Team).

Actual 2017		Actual 2018
$847,321	Leadership Team, including the Chief Executive Remuneration	$3,526,457
11	Full-time equivalent members	11

The above key management personnel disclosure excludes the Minister for Children. The Minister's remuneration and other benefits are received not only for her role as a member of the key management personnel of Oranga Tamariki—Ministry for Children. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority and are not paid by Oranga Tamariki—Ministry for Children.

Note 18: Events after the balance sheet date

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

Note 19: Financial instruments

Financial instrument categories

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

Actual 2017 $000		Actual 2018 $000
	Loans and receivables	
8,398	Cash and cash equivalents	34,288
27,289	Receivables	30,839
35,687	**Total loans and receivables**	**65,127**
	Financial liabilities measured at amortised cost	
36,454	Payables	55,519
36,454	**Total financial liabilities measured at amortised cost**	**55,519**

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

— Quoted market price (level 1) – Financial instruments with quoted process for identical instruments in active markets

— Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable

— Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

Financial instrument risks

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

Market risk

Currency risk and interest rate risk

Oranga Tamariki—Ministry for Children has no exposure to interest rate risk or currency risk on its financial instruments, as there were no foreign currency forward contracts at balance date and Oranga Tamariki—Ministry for Children does not hold any interest bearing financial instruments.

Credit risk

Credit risk is the risk a third party will default on its obligation to Oranga Tamariki, causing Oranga Tamariki—Ministry for Children to incur a loss.

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

Oranga Tamariki—Ministry for Children is permitted to deposit funds only with Westpac (Standard & Poor's credit rating of AA-), a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard & Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, Oranga Tamariki—Ministry for Children does not have significant concentrations of credit risk.

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

Liquidity risk

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

As part of meeting its liquidity requirements, Oranga Tamariki—Ministry for Children closely monitors its forecast cash requirements with expected cash draw-downs from the New Zealand Debt Management Office. Oranga Tamariki—Ministry for Children maintains a target level of available cash to meet liquidity requirements.

The table below analyses the financial liabilities of Oranga Tamariki—Ministry for Children (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 2017 $000		Actual 2018 $000
	Creditors and other payables	
36,454	Less than six months	55,519
36,454	**Total creditors and other payables**	**55,519**

Contractual maturity analysis of derivative financial instrument liabilities

Oranga Tamariki—Ministry for Children currently does not have any forward exchange contract derivatives (2017: $nil).

The capital for Oranga Tamariki—Ministry for Children is its equity (or taxpayers' funds), which comprises general funds and revaluation reserves. Equity is represented by net assets.

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

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

Note 20: Explanations of major variances against budget

Explanations for major variances from the estimated figures in the Forecast Financial Statements 2017/18 are as follows:

	Notes	Actual 2018 $000	Unaudited Budget 2018 $000	Variance 2018 $000
Statement of Comprehensive Revenue and Expense				
Revenue				
Revenue Crown	a	852,662	829,271	(23,391)
Expenses				
Personnel costs	b	301,440	268,448	(32,992)
Shared service fees	c	86,907	105,500	18,593
Statement of Financial Position				
Assets				
Current assets				
Prepayments	d	1,474	11,275	9,801
Non-current assets				
Payable and accruals	e	55,519	25,970	(29,549)
Property, plant and equipment	f	239,879	214,277	(25,602)
Liabilities				
Employee entitlements	g	47,174	56,286	9,112
Statement of Cash flows				
Cash flows from operating activities				
Payments to employees	b	(296,321)	(268,448)	27,873

a. Increase in Revenue Crown of $23.391 million largely related to:

— Increase in corporate services for Oranga Tamariki—Ministry for Children ($17.824m)

— Increase in progressing the delivery of a new operating model for Oranga Tamariki—Ministry for Children ($7m).

b. Personnel/Payment to employees variance to budget is mainly due to an increase in front line staff and an increase in staff and related costs for the establishment of Oranga Tamariki—Ministry for Children.

c. Shared Service budget variance is due to an amendment in services provided by Ministry of Social Development to Oranga Tamariki—Ministry for Children, agreed between the two agencies during the year.

d. Prepayments is lower than budget due to the cyclical nature and the timing of carer support contracts, programmes and bed-nights being expensed compared to how it was budgeted.

e. Payable and accruals are higher than budget due to an increase in carer support payments and an increase in the delivery of the operating model.

f. Property, plant and equipment variance is made up of two components, due to timing the budget did not include the $29.274 million buildings revaluation, this was partially offset by unspent budget of $7.5 million for the Digital Work Programme.

g. Employee entitlements is less than budget primarily due to the overestimated provisions for holiday pay, long service leave for the establishment of Oranga Tamariki—Ministry for Children.

NON-DEPARTMENTAL FINANCIAL STATEMENTS

Non-Departmental Financial Statements and Schedules

For the 15 months ended 30 June 2018

The following non-departmental statements and schedules record the revenue, capital receipts, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets and trust accounts that Oranga Tamariki—Ministry for Children manages on behalf of the Crown.

Schedule of Non-Departmental Expenses

For the period ended 30 June 2018

Actual 2017 $000		Actual 2018 $000	Unaudited Budget 2018 $000
-	Non-departmental output expenses	2,829	8,298
-	Non-departmental other expenses	-	-
-	Non-departmental capital expenditure	-	-
-	Benefits or related expenses	-	-
-	Loss on foreign exchange	-	-
-	Other operating expenses	-	-
-	**Total non-departmental expenses**	**2,829**	**8,298**

These non-departmental balances are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2017/18.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.
For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statement of the Government for the year ended 30 June 2018.

Schedule of Non-Departmental Assets

As at 30 June 2018

Actual 2017 $000		Actual 2018 $000	Unaudited Budget 2018 $000
	Current assets		
-	Cash and cash equivalents	6,469	500
-	**Total current assets**	**6,469**	**500**

Explanations of significant variances against budget are detailed in Note 2

These non-departmental balances are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2017/18.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.
For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statement of the Government for the year ended 30 June 2018.

Schedule of Non-Departmental Liabilities

As at 30 June 2018

Actual 2017 $000		Actual 2018 $000	Unaudited Budget 2018 $000
	Current liabilities		
-	Accruals - other than government departments	156	500
-	**Total non-departmental liabilities**	**156**	**500**

Explanations of significant variances against budget are detailed in Note 2.

These non-departmental balances are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2017/18.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.
For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statement of the Government for the year ended 30 June 2018.

Schedule of Non-Departmental Commitments

As at 30 June 2018

Oranga Tamariki—Ministry for Children on behalf of the Crown has no lease commitments (2017: $nil).

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2018

Unquantifiable contingent liabilities

Oranga Tamariki—Ministry for Children on behalf of the Crown has no unquantifiable contingent liabilities (2017: $nil).

Quantifiable contingent liabilities

There are no quantifiable cases lodged against Oranga Tamariki—Ministry for Children that remain unresolved as at 30 June 2018 (2017: $nil).

Contingent assets

Oranga Tamariki—Ministry for Children on behalf of the Crown has no contingent assets (2017: $nil).

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2017/18.

The accompanying notes form part of these financial statements. The notes for 2017 reflect three months ended 30 June 2017 and the 2018 notes reflect 12 months ended 30 June 2018.
For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statement of the Government for the year ended 30 June 2018.

NOTES TO NON-DEPARTMENTAL FINANCIAL STATEMENTS & SCHEDULES

Note 1: Statement of Accounting Policies: Non-Departmental

Reporting entity

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

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2018. 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 2018.

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 New Zealand generally accepted accounting practice (Tier 1 Public Sector Benefit Entity Accounting Standards) as appropriate for public benefit entities.

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.

Expenses

Expenses are recognised in the period they relate to.

Financial instruments

Financial assets

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

Financial liabilities

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

Commitments

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

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

Goods and services tax

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

Contingent assets and liabilities

Contingent assets and liabilities are disclosed at the point the contingency is evident.

Critical accounting estimates

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilites within the next financial year.

Budget figures

The 2018 budget figures are for the year ended 30 June 2018, which are consistent with the best estimate financial information submitted to the Treasury for the BEFU for the year ended 30 June 2018.

Non-departmental statements and schedules on pages 118 to 121 and Notes 1 to 4 on pages 124 to 125 form part of these financial statements.

Note 2: Explanation of major variances against budget

Explanations for major variances from the non-departmental budget figures for Oranga Tamariki—Ministry for Children, is as follows:

Schedule expenses

Non-departmental output expenses were lower than budget by $5.469 million mainly due to the impact of reforecasting of the Reducing Youth Reoffending Social Bond Pilot Multi-Year Appropriation (MYA), due to a change in delivery timeframes negotiated with the provider. This included transferring $4.959 million of funding from 2017/2018 to 2021/2022. This pilot is intended to achieve a reduction in reoffending by children and young people over five years with the appropriation expiring on 30 June 2022.

There are no other significant variances against budget.

Schedule of assets and liabilities

Cash and cash equivalents is higher in 2017/2018 compared with the unaudited budget by $5.969 million mainly due to the timing of the cash draw-down from the Treasury. This is associated with the Reducing Youth Reoffending Social Bond Pilot MYA reforecast (refer above). The cash has been drawn down into 2017/2018 while as the expenditure has been recently reforecast into future financial years.

There are no other significant variances against budget.

Note 3: Financial instruments

Financial instrument categories

Funds must be deposited with Westpac, a registered bank.

The 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, including those instruments that are overdue or impaired. Other than Westpac bank, there are no significant concentrations of credit risk.

Note 4: Payables

Credit risk

Credit risk is the risk a third party will default on its obligation, causing a loss to be incurred. Credit risk arises from deposits with banks and receivables.

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables, and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank there are no significant concentrations of credit risk.

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

For the period ended 30 June 2018

The statements report information about the expenses and capital expenditure incurred against each appropriation administered by Oranga Tamariki—Ministry for Children for the year ended 30 June 2018. They are prepared on a GST exclusive basis.

Expenditure including Remeasure-ments 3 months 2017 $000	Appropriation title	Expenditure including Remeasure -ments 12 months 2018 $000	Remeasure -ments [4] 12 months 2018 $000	Expenditure excluding Remeasure -ments 12 months 2018 $000	Main Estimates 2018 $000	Appropriation Voted [5] 2018 $000	Location of end-of-year performance information [6]
	Vote Vulnerable Children Departmental output expenses						
1,296	Adoption Services	7,153	9	7,144	7,247	7,422	1
455	Data, Analytics and Evidence Services	2,834	2	2,832	2,915	2,979	1
481	Ministerial Services	1,066	1	1,065	1,156	1,181	1
868	Policy Advice	3,943	4	3,939	4,184	4,275	1
-	Supporting Equitable Pay for Care	323	-	323	-	323	1
3,100	**Total departmental output expenses**	**15,319**	**16**	**15,303**	**15,502**	**16,180**	
	Departmental other expenses						
4,848	Transformation Programme: Investing in New Zealand Children and their Families	23,629	17	23,612	21,624	26,024	1
4,848	**Total departmental other expenses**	**23,629**	**17**	**23,612**	**21,624**	**26,024**	
	Department capital expenditure						
982	Oranga Tamariki—Ministry for Children: Capital Expenditure Permanent Legislative Authority under section 24(1) of the PFA	5,922	-	5,922	9,150	14,635	1
982	**Total departmental capital expenditure**	**5,922**	**-**	**5,922**	**9,150**	**14,635**	
	Non-departmental output expenses						
-	Connection and Advocacy Service	2,400	-	2,400	2,900	2,900	2
-	**Total non-departmental output expenses**	**2,400**	**-**	**2,400**	**2,900**	**2,900**	
	Multi-category appropriations Investing in Children and Young People MCA Departmental output expenses						
24,075	Early and Intensive Intervention	255,501	108	255,393	251,076	258,380	1
-	Prevention	11,909	-	11,909	13,372	14,926	1
114,616	Statutory Intervention and Transition	530,511	333	530,178	503,087	523,048	1
9,008	Supporting and Developing Providers and Services	18,701	20	18,681	35,463	27,769	1
147,699	**Total multi-category appropriations**	**816,622**	**461**	**816,161**	**802,998**	**824,123**	
	Total annual and permanent appropriations						
	Multi-Year Appropriations Departmental output expenses						
-	Evaluation and Auditing Expenses for the Reducing Youth Reoffending Social Bond Pilot	-	-	-	75	-	1
	Non-Departmental Output Expenses						
-	Reducing Youth Reoffending Social Bond Pilot	429	-	429	5,398	439	2
-	**Total multi-year appropriation**	**429**	**-**	**429**	**5,473**	**439**	
156,629	**Total annual, permanent and multi-year appropriations**	**864,321**	**494**	**863,827**	**857,647**	**884,301**	

4 The remeasurement adjustment to departmental output expense appropriations relates to movement in the unvested long service leave provision due to changes in discount rates. Oranga Tamariki—Ministry for Children is appropriated for expenditure excluding remeasurements.

5 These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act.

6 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by Oranga Tamariki—Ministry for Children, as detailed below:

1. The annual report for Oranga Tamariki—Ministry for Children.
2. To be reported by Oranga Tamariki—Ministry for Children in the Vote Ministry Non-Departmental Appropriations Report.

Transfers approved under section 26A of the Public Finance Act

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

Statement of Expenses and Capital Expenditure incurred without, or in excess of, appropriation or other authority

For the period ended 30 June 2018

Expenses and capital expenditure approved under section 26B of the PFA

Nil

Expenses and capital expenditure incurred in excess of appropriation

Nil

Statement of Departmental Capital Injections

For the period ended 30 June 2018

Actual capital injections 2017 $000		Actual capital Injections 2018 $000	Approved appropriation 2018 $000
	Vote Vulnerable Children		
156,316	**Ministry for Children**	**5,000**	**5,000**

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

For the period ended 30 June 2018

Oranga Tamariki—Ministry for Children has not received any capital injections during the year without, or in excess of, authority.

APPENDIX A:

Vote Oranga Tamariki Service Performance

for the period 1 April 2017 to 30 June 2017

Output Expense: Adoption Services

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to achieve the legal adoption of children by approved parents and to provide access to information on adoptions.

How well we delivered it

Performance Measure	2016/17 Budgeted Standard	2016/17 Actual Standard
The number of requests (see note 1) from adults seeking identifying information on birth parents will be between:	44-50	42 [1]

Note 1: Under section 9(4)(c) of the Adult Adoption Information Act 1985. Statistics on adoptions within New Zealand are provided on request by the Ministry of Justice. The Department of Internal Affairs can provide information on inter-country adoptions finalised overseas and recognised by New Zealand.

Financial Performance

Adoption services Financial performance (figures are GST exclusive)	Supplementary Estimates Budget 2016/17 $000	Actual 2016/17 $000
Revenue		
Crown	1,795	1,795
Department	-	-
Other	-	-
Total Revenue	**1,795**	**1,795**
Total Expense	**1,795**	**1,296**
Net Surplus/(Deficit)	**-**	**499**

1 This is a demand driven measure.

Output Expense: Data Analytics and Evidence Services

Scope

The provision of data, analytics and evidence services to better inform government decision-making on vulnerable children and young people.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve an increase in evidence-based decision making to improve outcomes for vulnerable children and young people.

How well we delivered it

Measure	2016/17 Budgeted Standard	2016/17 Actual Standard
All new analytical models and tools to support operational decision making meet or exceed independent quality review standards by 30 June 2017	Achieved	Achieved [2]
Where appropriate, and in the public interest, evaluations of the Ministry for Vulnerable Children, Oranga Tamariki programmes and services are pro-actively released to the public by 30 June 2017	Achieved	N/A [3]
Where appropriate (see note 1) new initiatives to include a plan for evaluation to promote better understanding of what works and for whom by 30 June 2017	Achieved	Achieved [4]

Note 1: Not all initiatives are amenable to evaluation.

Financial Performance

Data analytics and evidence services Financial performance (figures are GST exclusive)	Supplementary Estimates Budget 2016/17 $000	Actual 2016/17 $000
Revenue		
Crown	660	660
Department	-	-
Other	-	-
Total Revenue	**660**	**660**
Total Expense	**660**	**455**
Net Surplus/(Deficit)	**-**	**205**

2 Reviewed at 30 June 2017

3 No evaluations have been completed to 30 June 2017

4 Completed evaluation plans include:
- Children's Teams Evaluation
- Family Start Impact Evaluation Kaupapa Māori enhancement
- Services in Schools Impact Evaluation
- Family Start National Expansion Evaluation

Output Expense: Ministerial Services

Scope

Providing services to Ministers to enable them to discharge their portfolio responsibilities (other than policy decision-making) relating to vulnerable children and young people.

What is intended to be achieved with this appropriation

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

How well we delivered it

Measure	2016/17 Budgeted Standard	2016/17 Actual Standard
The percentage of ministerial correspondence replies completed within 20 working days of receipt by the Ministry for Vulnerable Children, Oranga Tamariki, unless otherwise agreed, will be between	95-100%	96%
The percentage of Parliamentary question responses provided to the Minister's Office so that the answers can meet the timeframe set in Parliamentary Standing Orders will be between	95-100%	98%
The percentage of ministerial Official Information Act request replies completed five days prior to the statutory time limit (unless otherwise agreed) will be between	95-100%	N/A [5]

Financial Performance

Ministerial services Financial performance (figures are GST exclusive)	Supplementary Estimates Budget 2016/17 $000	Actual 2016/17 $000
Revenue		
Crown	490	490
Department	-	-
Other	-	-
Total Revenue	**490**	**490**
Total Expense	**490**	**481**
Net Surplus/(Deficit)	**-**	**9**

5 No ministerial OIA requests were received that required a response within the three month period ended 30 June 2017

Output Expense: Policy Advice

Scope

Providing advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to vulnerable children and young people.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve high quality policy decisions in relation to vulnerable children and young people.

How well we delivered it

Performance Measure	2016/17 Budgeted Standard	2016/17 Actual Standard
The technical quality of policy advice papers assessed by a survey with a methodological robustness of 85% (see Note 1) will be no less than	7.3 [6]	7.36
The satisfaction rating (see Note 2) given by Ministers for the quality and timeliness of policy advice, as per the Common Satisfaction Survey will be no less than	8.0	9.0
The total cost (see Note 3) per hour per person of producing outputs will be between	Establishing Baseline	$148.44

Note 1: This measure is a compulsory policy advice measure for all public sector agencies. Due to the minimal number of policy advice papers prepared between April to June 2017, the assessment includes policy papers relating to the Child, Youth and Family Group (Ministry of Social Development) up to 31 March 2017.

Note 2: The Common Satisfaction Survey rating measures Ministers' satisfaction with the quality, timeliness and value for money of policy advice on a scale from 1-10, where 1 means unsatisfied and 10 means extremely satisfied.

Note 3: The total cost of an hour of professional staff time devoted to both policy advice and other policy unit outputs. Total cost includes the cost of labour, overheads, support staff, direct costs and outsourced work to support output production.

Financial Performance

Policy advice Financial performance (figures are GST exclusive)	Supplementary Estimates Budget 2016/17 $000	Actual 2016/17 $000
Revenue		
Crown	955	955
Department	-	-
Other	-	-
Total Revenue	**955**	**955**
Total Expense	**955**	**868**
Net Surplus/(Deficit)	**-**	**87**

6 The budgeted standard is incorrectly shown in the supplementary estimates (states 73%) and should have been stated as 7.3.

Other Expense: Transformation Programme: Investing in New Zealand Children and their Families

Scope

The co-design and implementation of system-wide reform of services provided to New Zealand's vulnerable children, young people and their families.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve the delivery of a new operating model to support the system-wide reform of services provided to New Zealand's vulnerable children, young people and their families.

How well we delivered it

Measure	2016/17 Budgeted Standard	2016/17 Actual Standard
Report back on the Access to Services (direct purchase trial) by 30 April 2017	Achieved	Achieved [7]
Report back on the first public relations programme will be provided by 31 May 2017	Achieved	Achieved [8]
Initial actuarial valuation for vulnerable children and young people completed by 30 June 2017	Achieved	Achieved [9]
Report back on collective progress for developing the system performance framework for improving the outcomes of vulnerable children, will be provided by 30 June 2017	Achieved	Achieved [10]
Report back on the progress of early enhancement initiatives and the practice framework will be provided by 30 June 2017	Achieved	Achieved [11]

Financial Performance

Transformation programme Financial performance (figures are GST exclusive)	Supplementary Estimates Budget 2016/17 $000	Actual 2016/17 $000
Revenue		
Crown	11,600	11,600
Department	-	-
Other	-	-
Total Revenue	**11,600**	**11,600**
Total Expense	**11,600**	**4,848**
Net Surplus/(Deficit)	**-**	**6,752**

7 Agencies direct purchasing of partner services for children and young people in care – there are currently 201 children and young people in the trial of whom 20 per cent require direct purchasing and 20 per cent require brokerage in order to access services.

8 The Ministry progressed work to build trust, confidence and engagement with the broader New Zealand public – recently it has: launched the Oranga Tamariki Facebook page, released the first three of the Trails of Taonga series of videos via the Facebook page, and partnered with Sport New Zealand to connect children in care to sports, recreation and cultural activities in their community.

9 Documented in *Lifetime Investment Model for New Zealand Children*.

10 An initial set of metrics has been developed.

11 A number of early enhancements to the care and protection and youth justice system have been put in place, such as increasing front-line capacity and increasing the provision of remand facilities. The practice framework is on track for being implemented by June 2018.

Departmental capital expenditure and capital injections

Scope

Limited to the purchase or development of assets by and for the use of the Ministry for Vulnerable Children, Oranga Tamariki; as authorised by section 24(1) of the Public Finance Act 1989.

What is intended to be achieved with this appropriation

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

How well we delivered it

Measure	2016/17 Budgeted Standard	2016/17 Actual Standard
The Ministry for Vulnerable Children, Oranga Tamariki will be preparing a Long Term Investment Plan in November 2017 and this will include details on its future capital expenditure plans. In the interim, the Ministry intends to complete:		
Those capital projects transferred to the Ministry upon establishment on 1 April 2017	Achieved	Achieved
The Digital Workplace programme approved in Budget 2017	Achieved	Achieved [12]
Ensure existing assets are maintained and renewed as scheduled within its current asset management plans	Achieved	Achieved

Financial Performance (capital expenditure)

	Supplementary Estimates Budget 2016/17 $000	Actual 2016/17 $000
Ministry for Vulnerable Children, Oranga Tamariki – capital expenditure PLA	4,001	982
	4,001	**982**

12 The Digital Workforce programme has reached the end of a procurement phase, with a vendor contract expected to be signed in early 2017/18.

Multi-category expense and capital expenditure: investing in children and young people

Scope

Early and intensive intervention

This category is limited to intake assessments and early and intensive intervention services for children and young people exhibiting needs which place them at risk of poor life outcomes and/or requiring a statutory intervention.

Statutory intervention and transition

This category is limited to providing statutory care and youth justice services, and services to transition children and young people from statutory intervention.

Supporting and developing providers and services

This category is limited to service development; and approving, monitoring, contracting and managing the relationship with, and developing the capacity and capability of, service providers.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve an improvement in the expected lifetime wellbeing of vulnerable children and young people.

How well we delivered it

Measure	2016/17 Budgeted Standard	2016/17 Actual Standard
The percentage of children and young people re-notified to the Ministry for Vulnerable Children, Oranga Tamariki will be no more than	69%	69%
Early and intensive intervention This category is intended to achieve an improvement in the expected lifetime wellbeing for children and young people exhibiting needs which place them at risk of poor life outcomes and a reduction in the recurrence and escalation of need.		
The percentage of children and young people who have notifications assessed as 'no further action' who are re-notified to the Ministry for Vulnerable Children, Oranga Tamariki will be no more than	43%	37% [13]
The percentage of critical (within 24 hours) notifications of immediate concern which are assessed within operational standards appropriate to the needs of the child or young person will be between	97-100% [14]	95%
The percentage of very urgent (within 48 hours) notifications of immediate concern which are assessed within operational standards appropriate to the needs of the child or young person will be between	97-100% [15]	96%
The percentage of children and young people (0-17 year olds) who were present at, or reside in a house where Police attended more than one family violence callout will be no more than	4%	3%

13 There has been a greater awareness of the cumulative effect of repeat family violence incidents, which has increased the likelihood of a decision to assess as further action required.

14 The budgeted standard is incorrectly shown in the supplementary estimates (states 97%) and should have been stated as 95%.

15 The budgeted standard is incorrectly shown in the supplementary estimates (states 97%) and should have been stated as 95%.

Measure	2016/17 Budgeted Standard	2016/17 Actual Standard
The percentage of children who have had a substantiated notification of abuse to the Ministry for Vulnerable Children, Oranga Tamariki within 12 months after leaving the Family Start programme or receiving support from Social Services in Schools providers will be no less than	Establish baseline	6% [16]
Statutory intervention and transition This category is intended to achieve an improvement in the expected lifetime wellbeing for children and young people receiving, or transitioning from, statutory intervention, and a reduction in the recurrence and escalation of need.		
The percentage of children and young people referred to a youth justice family group conference who are re-referred within 12 months will be no more than	40%	40%
The percentage of children and young people in care who have completed an appropriate needs assessment will be no less than	70%	70% [17]
The percentage of children and young people placed with siblings if in care will be no less than	75%	72% [18]
The percentage of children and young people who have been in care for 12 months or less with more than one caregiver will be no more than	58%	52% [19]
The percentage of children and young people who have been in care for more than 12 months with more than one caregiver will be no more than	41%	40%
The percentage of exits from care which are sustainable for children and young people will be no less than	83%	86% [20]
The percentage of victims engaging in family group conferences will be no less than	50%	55%
The percentage of children and young people subject to a notification and/or investigation for an incident while in care will be no more than	20%	18%
Supporting and developing providers and services This category is intended to achieve an increase in provider capacity and capability, and effective monitoring and management of contracted services.		
The percentage of Level 1 and Level 2 Ministry for Vulnerable Children, Oranga Tamariki contracted providers who will be assessed at least once every 2 years against the Ministry of Social Development approval standards will be no less than	100%	97% [21]
The percentage of Level 3 Ministry for Vulnerable Children, Oranga Tamariki contracted providers who will be assessed within the review frequency against the Ministry of Social Development approval standards will be no less than	90%	94%

16 Based on a study of children leaving the Family Start programme between April 2015 and March 2016. Data is not available for children receiving support from Social Services in Schools. The data is for planned exits only.

17 This measure looks at the number of children and young people in care who have had a Gateway Assessment completed.

18 The result is a "snapshot" measured on 30 June each year. For the previous five years, it ranged between 69-71%, and in 2015/16 was 71%. The standard of 75% was set as an aspirational target for this three month reporting period and for 2017/18.

19 There has been a particular focus on ensuring the stability of children in care, which involves making better decisions about matching caregivers with children.

20 This measure looks at whether a child or young person has returned to care within 2 years of exit.

21 Level 1: 100% achieved, level 2: 97% achieved. The Ministry focused on the higher priority level 1 care assessments and so 4% of the level 2 provider assessments were not completed. Results include the Full year from 1 July 2016 to 30 June 2017.

Financial Performance

Investing in children and young people Financial performance (figures are GST exclusive)	Supplementary Estimates Budget 2016/17 $000	Actual 2016/17 $000
Revenue from crown		
Early and intensive intervention	24,587	24,587
Statutory invervention and transition	110,439	110,439
Supporting and developing providers and services	10,474	10,474
Revenue from others		
Early and intensive intervention	-	-
Statutory invervention and transition	350	1,019
Supporting and developing providers and services	2,750	2,750
Total revenue	**148,600**	**149,269**
Early and intensive intervention	24,587	24,075
Statutory invervention and transition	110,789	114,616
Supporting and developing providers and services	13,224	9,008
Total Expense	**148,600**	**147,699**
Net Surplus/(Deficit)	**-**	**1,570**

ORANGA
TAMARIKI
Ministry for Children

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