

*Annual Report* For the year ended 30 June **2010**



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## **Our vision**

- ✘ Successful Pacific peoples**
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## **Our mission**

- ✘ Provide leadership and enable improved outcomes for Pacific peoples**
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## **Our overall outcomes**

- ✘ Lifting income and living standards for Pacific peoples**
  - ✘ Cohesive and resilient Pacific families and communities**
- 

## **Our values**

- ✘ Respect – treat others the way you want to be treated**
  - ✘ Excellence – achieve your best and strive for better**
  - ✘ Leadership – serve and lead by example**
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# Ministry of Pacific Island Affairs

# Annual Report For the year ended 30 June 2010



New Zealand Government

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# Part One: Overview

## Chief Executive's overview for the year

***During the year, the Ministry's work was strongly focused on the implementation of the government's three priorities which included lifting the incomes and living standards of Pacific peoples, making progress in Auckland and promoting Pacific languages and cultures.***

The Ministry took a mid-term approach to achieving these aims, all of which were captured within our first strategic plan which was finalised in May of this year. The strategic plan outlines how we intend to enhance the impact of our work and improve social outcomes, employment prospects and economic development opportunities.

The Ministry of Pacific Island Affairs worked hard to consolidate and strengthen relationships with key government agencies and Pacific communities. Respectful and effective interactions with selected service delivery agencies have been essential for achieving our vision of successful Pacific people. Internally, we continued to invest in the development of staff capacity and capability, simultaneously improving internal systems and procedures. Our ability to influence agencies and maintain sound relationships with communities ultimately dictates how effective we are. The platform laid in the last year will enable the Ministry to lift its impact in the vital few areas such as education, skills enhancement and economic development.

Within the wider Pacific region there were two devastating disasters that stood out with significant impact on Pacific communities in New Zealand. The first of these, the *Princess Ashika* sinking, rocked the Tongan and the wider community. However, it was during the aftermath of the second disaster, the tsunami in Samoa and Tonga, that the Ministry was able to throw its weight behind helping individuals and families touched by the devastation. The outpouring of concern and generosity from all sectors of New Zealand society reflected a wide awareness of the hardship and pain of the event. I was humbled, but not surprised, by the way our communities worked together to help our Pacific neighbours. I was pleased that we could act as the facilitator, whilst providing vital links between community groups and government agencies.

Within New Zealand the ongoing recession continued to impact adversely on the local Pacific community. The Ministry worked to ensure Pacific people were receiving the most accurate, up-to-date information in a timely manner. We hosted several community sessions with various Pacific leaders and groups. During these fono we provided information on entitlements but key to success was listening to our community and being able to relay and act on community-raised concerns.

Focusing on young people has also been a critical area of work. Demographics suggest that successful Pacific peoples are critical to New Zealand's vision of itself as a prosperous and productive society. The Ministry supported various government activities designed to support skill development and job opportunities for young people. We will continue to focus on supporting young Pacific people in education, skills development and job opportunities.

In this work and more, detailed in the body of this Annual Report, I have been ably supported by our staff and by colleagues in other agencies. I extend to all of them my thanks.



**Dr Colin Tukuitonga**  
Chief Executive

A handwritten signature in black ink, appearing to read 'Colin', written over a white background.

## Our role

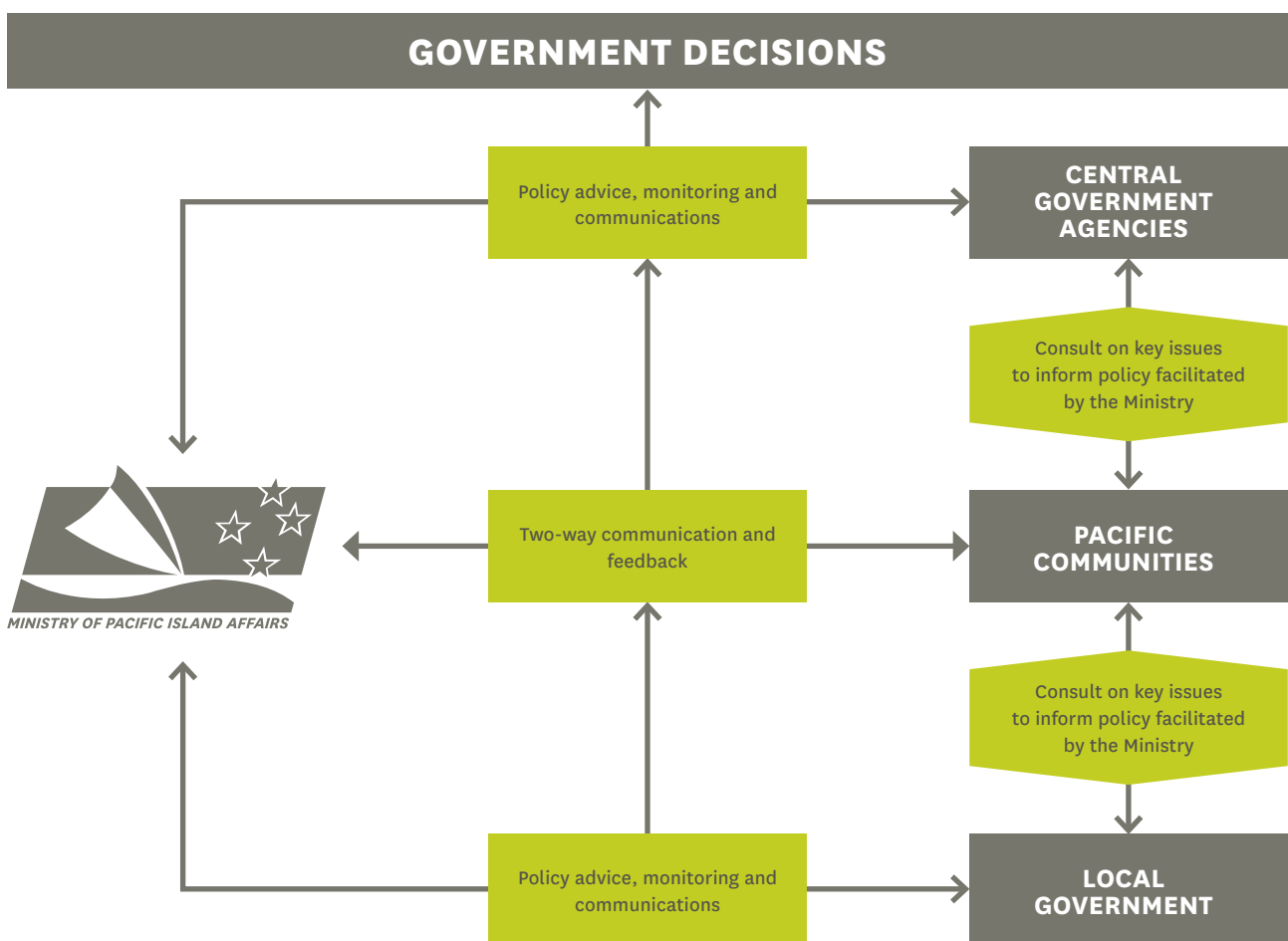
***The Ministry is government's premier advisor on policies and interventions to promote the social, economic and cultural development of Pacific people in New Zealand.***

All of our work is designed to enable and foster our vision of successful Pacific peoples.

- We bring a Pacific perspective to the work of central and local government agencies responsible for making policy that affects the lives of Pacific peoples. We also ensure effective communication and delivery of services to Pacific communities.
- Our main functions are policy, research, communications and relationship management. We are mandated to:
  - provide policy advice, information and assistance to the Minister of Pacific Island Affairs. This includes facilitating contact with Pacific communities in New Zealand and preparing briefings, speech notes and support as required, for Cabinet committees, select committees and Parliament
  - provide advice and information to other public service departments on the context, circumstances, issues and opportunities faced by Pacific communities in New Zealand
  - liaise and communicate with Pacific communities in New Zealand so that they are knowledgeable about government policies, processes and services of relevance to them, to foster greater engagement with, and participation by Pacific people in decision-making
  - provide servicing for the Minister of Pacific Island Affairs' Advisory Council, draft replies to Ministerial correspondence, Official Information Act 1982 requests, Ombudsmen's enquires and Parliamentary Questions, addressed to the Minister of Pacific Island Affairs or referred from other Ministers
  - undertake other projects, including from time to time giving strategic advice, that are within our capability and required by the Minister of Pacific Island Affairs.

## How we relate to others

To successfully achieve its mission, the Ministry works collaboratively with Pacific communities and other government agencies. The diagram below shows these relationships.



## Organisational structure

The Ministry’s current organisational structure, below, gives effect to and implements the key functions of the Ministry.



# Part Two: Reporting on the Ministry's operations

## Our highlights

*In all the work we do at the Ministry, we remain committed to lifting incomes and living standards, and fostering strong and resilient Pacific families and communities – but our Strategic Plan 2010–2015 takes our thinking to the next level.*

It suggests our primary focus should be to ensure that young Pacific people, who will make up one-eighth of the younger working-age population by 2026, are given every opportunity to make their jobs higher-skilled and better-paid than most Pacific jobs are now.

Successful Pacific peoples are fundamental to New Zealand's ongoing economic and social development. We continued to put the issues before mainstream opinion leaders and decision-makers, to cultivate national acknowledgement and ownership of Pacific success. Actions are needed at all levels of our society.

Nowhere is this more important than in Auckland, the country's economic engine room and home to two-thirds of the Pacific population. Conversations with Aucklanders including politicians, Pacific communities and leaders, business people and other stakeholders came together in our **Auckland Pacific Strategy**.

We have worked to encourage more Pacific parents onto school boards of trustees, to set up new early childhood education centres in Manukau and to develop and deliver governance training opportunities for Pacific early childhood education centres. We have also instituted weekly newsletters to Auckland's Pacific communities, promoted opportunities connected with the Rugby World Cup 2011, investigated new ways of enabling Pacific people to live in affordable and appropriate houses, given structure to our work with particular ethnic groups through community compacts, and have done some preparatory work to ensure Pacific participation in local body elections.

Inevitably there is some crossover with our focus on Pacific young people, a fast-growing component of New Zealand's population. Recognising the increasing role they will play in the future workforce, we have concentrated our efforts on their education. Early in the year we worked with the Ministry of Education on a revised **Pasifika Education Plan**, launched in November 2009. In June 2010 we saw the fruits of another collaboration, with the e-publication of a comprehensive report on how Pacific young people fare at all levels of the education system. **Education and Pacific Peoples in New Zealand** is part of a series entitled **Pacific Progress 2010**. Combining Statistics New Zealand data and Ministry of Pacific Island Affairs' analysis and commentary, the series aims to provide a statistical overview of Pacific peoples in New Zealand. This will inform our understanding of how to improve educational outcomes. We hope that the report is used to help devise strategies to improve educational outcomes for Pacific young people.

We are taking a different approach to raising the bar for Pacific people in an innovative research project, funded through the cross-departmental research pool and using some uniquely Pacific research methodology. The **Mobilising Pacific Collective Wealth** project aims to identify Pacific participants' understandings, concepts, sources of and options for using wealth held collectively rather than individually. Results are expected to be published later in 2010, but preliminary findings suggest we are identifying exciting and fundamentally different ways of thinking about and potentially unlocking and mobilising collective wealth to improve individual outcomes and the lives of Pacific families.

Our research team has also commissioned work looking at Pacific communities' contributions to migrant settlement, and preventing sexual violence. The opportunity to use Pacific methodologies in research on Pacific issues is creating a buzz, not only within the team but also in partner agencies which see the opportunity to capture more information than has previously been the case. In time, we believe Pacific knowledge generated in this way will add value to policies and practices across government.

This year we have also embarked on work which builds on last year's New Zealand Pacific Remittances project. Taking the **SendmoneyPacific** website as our starting point for raising financial awareness, we and partner agencies produced a Pacific-themed 2010 calendar which includes a financial tip each month along with information on budgeting and financial advisory services. This information is supported by an advertising campaign running on Pacific radio and directing people to further web-based information. Early feedback suggests a marked increase in website traffic resulting from the promotion.

With other agencies we have completed housing and health strategies, and worked on the action plans which underpin them. We have evaluated the **Pacific Economic Action Plan** and completed most of the work on a revised version. The revised Action Plan takes greater account of the employment and economic challenges facing Pacific peoples at a time of recession. The recession also prompted us to host a series of seminars in main centres. These were aimed at sharing information with Pacific families and individuals.

We have continued to promote and build our nominations service, making it easier for people to register their interest online as well as promoting the New Zealand Honours programme to Pacific communities. As a result, increasing numbers of Pacific New Zealanders have been recognised in the New Zealand Honours lists and more are being nominated for governance roles in the public sector. Meanwhile, we sought new community homes for our three **Mind Your Language** websites. However, a due diligence process suggested we should retain short-term ownership.

## **Pacific Business Trust**

The Ministry continued to provide funding to the Pacific Business Trust (PBT) in the 2009/10 financial year. The funding supported delivery of economic and business development services for Pacific people. This directly contributes to the Ministry's outcome of improving the economic wellbeing and living standards for Pacific people.

The economic recession had a disproportionate affect on Pacific people, prompting the Ministry to widen the scope of the services delivered by PBT. This has included equipping Pacific business operators and workers with the necessary skills, training and development to sustain themselves in times of slowing economic activity.

PBT further enhanced its contribution by playing a significant role in the implementation of key initiatives under the **Pacific Economic Action Plan (PEAP)**. The plan is the Ministry's overarching strategy for addressing the economic development needs of Pacific people.

Developing the entrepreneurial skills and interests of young Pacific people is an increasingly important part of PBT's programmes in light of the Pacific's youthful population. During the year, PBT engaged 53 secondary students of Pacific descent in the Plantation Business Challenge programme. PBT also supported the Young Enterprise Scheme delivered by the Young Enterprise Trust. The scheme attracted 255 young people of Pacific descent from participating schools. Two Pacific groups progressed to produce and market innovative products. These products included a tailored fitness workout DVD for Pacific families and luxury soap for men, made with ingredients from Samoa.

The Ministry acknowledges the support of key government agencies including the Ministry of Education, Tertiary Education Commission, Te Puni Kōkiri and New Zealand Trade and Enterprise which collaborated with and supported PBT's delivery of services for Pacific people.

## **Responding to the unexpected**

### **Community support during Samoan tsunami relief efforts**

New Zealanders were struck with the shock and devastation of the September 2009 tsunami in Samoa and Tonga. The initial response was to help. While we were but one player in a large movement of people, agencies and communities, both the Ministry's readiness to respond and our unique role of linking Pacific communities and government agencies was evident. Ministry staff used their well established networks to provide vital links between community leaders and government agencies.

The Ministry worked with Samoan and Tongan leaders and played a pivotal role in establishing a dedicated tsunami website and the Samoa Tsunami 2009 Appeal Charitable Trust's office in Auckland. This became a hive of activity providing information to communities as well as providing a place where goods bound for Samoa and Tonga were sorted, packed and loaded. A hotline was set up to provide information on the types of goods needed and on the location of drop off points. Ministry staff worked with Pacific communities to set up similar sites across the country.

## Our work

**The Ministry of Pacific Island Affairs is tasked with supporting and focusing the work of larger agencies, ensuring that policies and interventions reflect the unique needs of Pacific peoples.**

All of our work contributes to our two key outcomes: Improved economic wellbeing and living standards; and cohesive and resilient Pacific families and communities. Our outcomes support and endorse government's three priorities for Pacific peoples in New Zealand, to:

- Lift incomes and living standards
- Make progress in Auckland
- Promote Pacific culture and languages.

### **LIFTING INCOMES AND LIVING STANDARDS**

All of the Ministry's activities directly or indirectly support our aim to lift the incomes and living standards of Pacific people. Improvements in incomes and living standards lead to improvements in health and employment prospects, and enable more choices for individuals and their families.

**By 2026 it is projected that Pacific people will be 10 percent (480,000) of the population, compared to 6.5 percent in 2001.**

### **Pacific Economic Action Plan**

The focus of the **Pacific Economic Action Plan 2010** is to address the economic development needs of Pacific communities in New Zealand. The plan builds on earlier work the Ministry completed in 2007 and is a roadmap for actions designed to improve the economic wellbeing and living standards of New Zealand's Pacific peoples. The Ministry has consulted across government in the production of the plan and encourages other government departments to incorporate relevant parts into their own programmes.

The plan has been adjusted through the year, to consider firstly the impacts of the economic recession and secondly to ensure new money allocated in budget 2010 is guided by the direction of the plan.

### **NZ Pacific Remittances Project**

Since 2008, the Ministry has worked with the Reserve Bank of New Zealand, NZAID and the World Bank to reduce the high transactional costs of remittances from New Zealand to Pacific Island countries. The *Financial Transactions Reporting (Interpretations) Regulation* enabled the launch of a new money transfer product, reducing the fees that operators charged for money transfers from 15–25 percent to 3 percent. This means significantly more money remains in the pockets of Pacific peoples.

Thirty five thousand wall calendars were printed and distributed in New Zealand, Samoa and Tonga. The aim of this pilot initiative was to provide financial awareness to as many Pacific families as possible. Each month provides targeted financial education, enabling more informed, confident choices. Feedback on the calendar has been very positive and there is demand for another in 2011.

**35,000 wall calendars were distributed in New Zealand, Samoa and Tonga.**

MoneyPACIFIC expanded on the calendar's message through Pacific Media Network Stations 531pi and NiuFM. A 12-month public awareness campaign commenced in June 2010 with a focus on remittances, and good money skills tips for children and parents.

### **Strengthening the nominations service**

The Ministry continued to build its nominations database and as at June 2010, 418 Pacific people were registered, an increase of 21 since last year.

Over the year, the Ministry processed 54 agency nomination requests for 130 boards and a further 50 Ministerial requests for 120 boards.

During the six-month period July to December 2009, 23 Pacific people were appointed or re-appointed to 16 boards. The Minister or Ministry endorsed 14 of these appointments and the remaining nine were endorsed by another agency or Minister.

Pacific appointments were concentrated on boards with a community focus. There are fewer Pacific people on boards with an economic, business, or financial focus. This is an area the Ministry will continue to build up over the coming year. A second six-monthly report for the period January to June 2010 will be completed in August 2010.

The Ministry encouraged Pacific communities to nominate people for New Year and Queen's Birthday Honours. Three Ministry nominees were successful in the New Year Honours List 2010, as were four nominated by communities. For the Queen's Birthday Honours List 2010, three Ministry nominees and five community nominees were successful.

The Ministry launched new promotional resources to encourage Pacific people to serve on public sector boards. Brochures and a web-based video tell the stories of Pacific board members, and explain how to join the nominations database. The Ministry made presentations about the service at Pacific Business Trust regional business networking meetings in Wellington, Auckland and Christchurch to help increase the number of Pacific candidates on our database.

### **Diversity in the public sector**

A Ministry-led Pacific Leadership Programme aimed at advancing management and senior leadership of Pacific employees in the state sector was developed this year in partnership with the Leadership Development Centre and other agencies. While Pacific people are well represented in the public service, most of them are employed in low-level administrative and processing roles. The programme is a way of increasing the number of Pacific people in senior positions in the public service.

Approximately 20 senior Pacific state sector employees have been nominated to attend the programme for the coming year. The aim of the programme is to identify and support state sector employees of Pacific descent with potential to advance senior leadership positions in the state sector.

The programme will be repeated in future years depending on its success and demand from the sector.

### **Pacific Health Action Plan**

The health status of Pacific people in New Zealand continues to be a concern. The Ministry of Health, district health boards and health care providers have the primary responsibility for the delivery of health services. The growth of Pacific-owned health providers, especially in Auckland, has provided better choices for Pacific people who have traditionally had difficulty accessing health care services.

The Ministry played an important support and monitoring role to these agencies and reported publicly on the progress being made. While health outcomes for Pacific people continue to be worse than for other New Zealanders, there is reason to be optimistic about future improvements.



During the year, the Ministry supported the Ministry of Health to complete *‘Ala Mo‘ui: Pathways to Pacific Health and Wellbeing 2010–2014*, published in March 2010.

Our focus in *‘Ala Mo‘ui* is on:

- improving the broader socio-economic determinants of health
- Pacific community and provider liaison
- Pacific health research and monitoring.

The Ministry is responsible for some of the actions identified in the plan. Improving the uptake of screening for breast and cervical cancer, and increasing the proportion of Pacific young people who do not start smoking were Ministry priorities. Our work on housing, education and employment was also recognised as critical in improving the health status of Pacific people.

### **More Pacific peoples in apprenticeship training**

Over the last two years the Ministry has worked to highlight the opportunities available to young Pacific peoples through apprenticeship training. The Modern Apprenticeship training campaign included awareness-raising activities, community-based events, local and national seminars and expos.

In Auckland the Ministry supported the Vahefoua Education and Training Expo, attended by more than 2,000 Pacific youth and parents. About 40 industry training organisations (ITOs) promoted their services. At similar events and workshops around the country the Ministry has promoted opportunities, role models and apprenticeship information through *The Apprentice* booklet. In response to demand, 11,000 copies of the booklet have been printed and distributed.

In total, it is estimated that the Modern Apprenticeship campaign has so far directly reached more than 5,000 Pacific youth and parents. The uptake of modern apprenticeships by Pacific youth has been most effective where ITOs have Pacific capability. To that end the Ministry will work more closely with the Tertiary Education Commission and ITOs to develop that capability.

**The Modern Apprenticeship campaign has so far directly reached more than 5,000 Pacific youth and parents.**

The Ministry has supported the work of C-ME Trust’s *Trades in School* project. The programme connects secondary school students enrolled in tertiary study at Manukau Institute of Technology with employers. It aims to prepare young people for direct entry into an apprenticeship or further trade training at the tertiary level. The project is expected to expand in the next year.

Ongoing work will focus on ensuring that more Pacific people complete modern apprenticeships and degrees.

### **Pacific report**

The *Pacific Progress 2010* series was developed in partnership with Statistics New Zealand. The first two reports, released in June 2010, were:

- **Demographics of New Zealand’s Pacific Population**
- **Education and Pacific Peoples in New Zealand.**

The series aims to provide a statistical overview of Pacific peoples in New Zealand to inform our understanding of how to improve outcomes for them. Statistics New Zealand provided official statistics for the analysis. Ministry authors provided commentary and liaised with other government agencies to produce the series.

The reports are available on the Statistics New Zealand website at [www.stats.govt.nz/pacific-progress](http://www.stats.govt.nz/pacific-progress) and linked to the Ministry's website. Other reports in the series to follow in 2010 include: economic development, health, incomes and living standards, and families and community strength.

*The series aims to provide a statistical overview of Pacific peoples in New Zealand to inform our understanding of how to improve outcomes for them.*

### Research

The Ministry has invested in a small research team in order to improve the relevance, utility and quality of the information we collect and share with agencies and communities. Providing useful and usable information to other agencies is an important contribution from the Ministry. The main research projects undertaken in the past year are:

- **Mobilising Pacific Community Wealth**

The **Mobilising Pacific Wealth Community** project sought to bridge the gaps that exist in understandings of Pacific wealth. With a view to future opportunities, the team explored how wealth is understood; how it is created, stored and mobilised within Pacific communities. They considered potential diasporic and generational differences between Pacific-born and New Zealand-born ideology surrounding wealth.

For this project the research team worked alongside several partner agencies including: the Department of Labour, the Ministries of Social Development, Education, Health, and Economic Development, the Families Commission, the Tertiary Education Commission and Statistics New Zealand. These partner agencies provided valuable input on the research process, design, development of policy options and projects based on these research findings. More importantly, with their involvement it is intended that the evidence

that is developed will lead to actionable outcomes for the community. The final report is expected to be completed during 2010.

- **Equal Employment Opportunities Trust (Auckland) - Pacific Youth Employee Engagement**

The Equal Employment Opportunities (EEO) Trust and the Ministry of Pacific Island Affairs are partnering in new research which aims to help employers enhance the engagement of young Pacific people at work. The research, titled **Engaging Young Pacific Workers**, has been prompted by concerns in some EEO Trust member organisations about the engagement at work of younger people, particularly Pacific people.

The research team is also working to build on these significant partner relationships, with further research projects in the pipeline for 2010.

- **Commissioned Research**

The Ministry commissioned two research works during the year which were recently finalised:

- a. **A Qualitative Investigation into Pacific Communities and Organisations' Social and Economic Contribution to Pacific Migrant Settlement Outcomes in New Zealand.**  
*Commissioned Research Team: The Family Centre, Anglican Social Services*

This research explored interactions between Pacific migrants and host communities. It examined the appropriateness and responsiveness of services for Pacific migrants and the support provided by

*In 15-20 years one in five New Zealand children will be Pacific. In the younger (15-39) workforce Pacific people will be one in eight.*



Pacific communities and organisations in being a conduit for accessing appropriate services or providing services themselves.

The intention of the study is to improve Pacific nations' understanding of the support services provided to Pacific migrants in New Zealand. It also contributes to ensuring government strategies, policies and programmes contribute to the well-being of Pacific communities and migrants specifically in terms of positive settlement outcomes.

**b. Pacific Pathways to Prevention of Sexual Violence.**

*Commissioned Research Team: Uniservices, Pacific Health, The University of Auckland*

This multi-ethnic (Samoa, Cook Islands, Tonga, Niue, Fiji, Tokelau and Tuvalu) research project aimed to:

- Document a range of sexual violence prevention strategies sourced from Pacific world views and indigenous knowledge
- Identify preventative factors and core protective principles
- Provide an analysis of whether these prevention methods have worked or failed within the New Zealand context
- Analyse the feasibility, appropriateness and effectiveness of traditional Pacific cultural sexual violence prevention approaches in the New Zealand Pacific context
- Identify Pacific cultural sexual violence prevention approaches that could be supported or further developed by the sexual violence workforce in New Zealand
- Make recommendations about the development of culturally innovative and responsive models of sexual violence prevention.

This project analysed relevant cosmology, language, rituals, protocols, behaviours, narratives, symbols, genealogies and practices as potential sources of Pacific core values, ethics and beliefs relevant to healthy and safe relationships and sexual violence prevention.

## **MAKING PROGRESS IN AUCKLAND**

### **Auckland Pacific Strategy**

Our Ministry vision is to see Pacific people succeeding in life through better health and education, higher living standards and employment which lead to our families and communities being strong. To make this happen we have identified five priorities:

- **Improve co-ordination**

A lot of work is being done by government agencies and community organisations to improve outcomes for Pacific peoples but it is not always well co-ordinated. A key role for the Ministry is to improve co-ordination.

- **Celebrate Pacific cultures**

Auckland, the biggest Pacific city in the world, has much to offer and celebrate. The Ministry works with the many Pacific communities to support language and cultural needs and helps to develop opportunities to showcase their talents.

- **Strengthen Pacific leadership and influence decision-making**

We support existing and emerging leaders to develop the skills and experience to play a full role in the Auckland region. Training and mentoring is needed to enable our peoples to not only run their own organisations but be part of running the city as well.

- **Strengthen Pacific economic development**

A growing city offers big potential for economic development. Pacific businesses need support to grab the opportunities provided by large infrastructure projects and events like the Rugby World Cup (RWC).

• **Improve employment opportunities with a focus on Pacific youth**

Improving educational outcomes will lead to better employment in industries with a future. We will work with other agencies and the community to make this happen.

This plan will guide our work over the next five years. It will only work with full engagement from our Pacific communities and other government agencies. Already we are working on projects to encourage more parents to seek election to school boards next year, developing governance training for Pacific Early Childhood Education boards, creating business opportunities for the RWC and co-operating with other government agencies to ensure Pacific organisations are fully aware of funding that can build their services.

We have a commitment from key community leaders who helped develop this plan to work with us and already they are helping us deliver some of the projects. With help from them and the peoples they represent the **Auckland Pacific Strategy** will deliver real results.

**Pasifika Education Plan - shaping our children's future**

The **Pasifika Education Plan** focuses on actions that will make the greatest impact for Pacific peoples, such as increasing participation in early childhood education.

The vision is that the education system must work for Pacific children and young people so they gain the knowledge and skills necessary to do well for themselves, their communities, New Zealand, the Pacific region and the world. The plan has been revised in collaboration with the Ministry of Education. As a member of the Early Childhood Education committee, the Ministry supported the creation of 20 playgroups in Counties Manukau and ten ECE

**20 playgroups in Counties Manukau and ten Early Childhood Education services on school sites.**

services on school sites. We have also developed a management and governance training programme in partnership with Manukau Institute of Technology to assist and support these centres.

**Tertiary education** – The Ministry was involved in the **Tertiary Education Strategy** developed by the Tertiary Education Commission. The Ministry responded to a request from communities to identify and prioritise Pacific people in the strategy.

**School boards of trustees** - In partnership with the Ministry of Education, the Ministry held fono across the Auckland and Wellington regions to raise awareness and encourage Pacific people to run for election to school boards of trustees.

**Samoan language** – The Samoan language is now a scholarship subject at year 13 in the New Zealand Qualifications Framework. The Ministry worked with the community, Ministry of Education and New Zealand Qualifications Authority to achieve this.

**The Samoan language is now a scholarship subject at year 13.**

**Housing opportunities for Pacific people**

The Ministry has been scoping and developing innovative housing opportunities for Pacific people, and supporting initiatives that assist Pacific people to make more informed decisions about their housing needs. One of these initiatives is to help Pacific churches develop frameworks that address their congregation's housing needs.

In October 2009, **Orama Nui: Housing Strategy for Pacific Peoples** was launched – a collaborative effort between the Ministry and Housing New Zealand. It sets out a strategic direction and a plan of action to improve Housing New Zealand's service delivery to Pacific peoples. The strategy's key focus is on

ensuring that the right services and opportunities are in place to meet the housing needs and aspirations of Pacific peoples.

Workshops held in Christchurch, Wellington and Auckland by the Ministry and Housing New Zealand provided community leaders with information to make better informed decisions about their housing needs. A few government departments presented information on their products and services, tenants and landlord rights, home loans options and retirement savings plans.

The Ministry also supported Pacific organisations which applied for the Housing New Zealand Pacific Capacity Fund, by providing specialist advice on governance, financial frameworks and business opportunities.

### **Auckland Super City**

The Ministry has been working with the Auckland Transitional Agency (ATA) and council officials ensuring there is strong Pacific representation in the Auckland Super City governance structures. We are encouraging Pacific people to participate in the electoral process and contribute to the development of the Pacific Peoples Advisory Panel. The Ministry has been developing proposals in relation to the establishment of this panel and will provide recommendations to the incoming Mayor. As part of this work we have worked with ATA and officials to develop an information campaign for potential Pacific candidates on the electoral process and how the new council will operate.

**Auckland is the largest Pacific city in the world, comprising 67 percent of the Pacific population in New Zealand.**

### **Tamaki Transformation Programme**

The Tamaki Transformation Programme is one of New Zealand's largest urban renewal projects and is being driven by a unique partnership between central government agencies, local government, the Tamaki community and the private sector.

All are striving to achieve ambitious housing, infrastructure, social services and economic performance goals for the area by working together in new ways.

Given that 40 percent of the population in Tamaki is Pacific, the Ministry actively participates in the programme, ensuring the

**40 percent of the population in Tamaki is Pacific.**

needs of the Pacific community are heard. Ministry staff are represented on the board, steering group, evaluation panel and in the role of community liaison. This past year the Ministry has participated in the formulation of the plan which will address housing, transport, infrastructure, employment, education and community development needs for the next 20 years.

## **PROMOTING PACIFIC CULTURE AND LANGUAGES**

Promoting Pacific languages and cultures is a unique and important part of the Ministry's work. It is well placed to lead policy development and service delivery in support of this area.

### **Pacific Languages Strategy**

The Ministry has drafted a **Pacific Languages Strategy** that seeks to revitalise, promote and maintain the use of Pacific languages in New Zealand. A number of agencies and community organisations were consulted and action plans for the strategy will be implemented in 2011. Community groups represented are Samoa, Cook Islands, Tonga, Niue, Fiji, Tokelau and Tuvalu.

### **Mind Your Language project**

The Ministry began exploring opportunities for ownership and further development of the ethnic-specific **Mind Your Language** websites. Electronic postcards promoting the Cook Islands, Niuean and Tokelauan language websites

were designed to get Pacific youth to access lessons and other interesting material about their culture, heritage and language. A due diligence process was completed with a number of organisations which could potentially manage the websites. (The Ministry currently manages the websites.)

### **Community compacts**

The purpose of Community Compacts is to respond to the needs of smaller Pacific islands such as Cook Islands, Niue, Tokelau, Fiji and Tuvalu. This year, we worked with these communities to strengthen our facilitation and linkage role.

Significant developments over this period include:

- supporting the establishment of an Auckland Cook Islands leadership group to implement a Cook Islands Cultural Village initiative. A Mangere site valued at \$5 million dollars was secured to develop this community complex with work continuing into 2010-2011.
- supporting the Niuean community with the establishment of a group to promote the use of Vagahau Niue and assisting with the promotion of the Niue Arts and Culture Festival.
- establishing a Tokelau Wellington leadership group that advises the Ministry on the Tokelau community's social, cultural and economic matters. The local Tokelau radio programme was reinstated in October 2009 and support given to complete translation of the Bible into the Tokelau language.
- Supporting the development of a Fijian Youth Strategy that will enhance youth leadership and development. A Fijian youth leadership forum is being planned that will involve communities throughout the Auckland and Waikato regions. Development of a Fijian Early Childhood Education Centre is also being explored and ongoing work continues on the development of Fijian cultural and language resources.



# Part Three: Managing the Department

## Maintaining and developing capability

### Capability

Following the Ministry's restructure in 2007 there was a settling in period. Over this time the Ministry refocused its activities. At the same time there was also a new government with different expectations. For these reasons in 2009/10 the Ministry reviewed its structure to identify any opportunities for realignment and improvement.

Teams, activities and reporting lines remained largely unchanged; more of a focus was placed on Auckland leadership and a 'one team' approach. We have retained and strengthened our focus on developing our people throughout the year.

As at June 2010 there were 44 full time staff and three vacancies. The turnover rate for the Ministry in 2009/10 was 12 percent compared to 15 percent in 2008/09.

### Employer of choice and excellent state servants: developing our people

We have continued to focus on ensuring we have the right skills to deliver on our commitments. Through our Capability Management Programme we have identified areas for Ministry wide-training, group training and individual development. Some of the ways we have continued to build our capability are:

- having our policy papers reviewed through the New Zealand Institute of Economic Research
- analysing and developing tailored training for our managers
- training all staff in plain English professional document-writing
- providing professional speaking training
- hosting secondees and post-graduate visitors (such as Ian Axford [New Zealand] Fellows in Public Policy from the United States in 2010) which provides mutually beneficial learning opportunities.

### Leadership and management

We continued to build on the capability of our senior leaders and have HR strategies that support this development. This year our senior leaders have participated in activities that have contributed to their ongoing development. These activities include:

- providing 360-degree feedback and responsive development planning
- identifying potential leaders and nominating them to participate in events such as the State Services Senior Leaders' Development Conference
- giving staff opportunities to lead projects and teams while senior recruitment takes place.

### Culture

In July 2009 100 percent of staff participated in an engagement survey. The result was a grand mean of 3.48<sup>1</sup>, an improvement on a mean of 3.25 in 2007/08. Overall satisfaction with the Ministry increased. Staff feel they have opportunities to grow and develop, receive regular recognition and are connected to the organisation. The Ministry has built on these strengths and identified areas for improvement through action planning and a commitment to keeping engagement alive at all levels of the organisation.

The Ministry has staff in three locations. Ministry-wide development days were held in October 2009 and March 2010. The development days provide team building activities, further team cohesion and performance, and contribute towards staff morale.

### Trusted state services

This year the Ministry completed an extensive induction programme and rolled this out to staff. The programme

<sup>1</sup> The grand mean is the overall engagement score for the Ministry. It is the average score on a 5-point scale in the Gallup Q12 survey.

includes a comprehensive schedule of induction activities and supporting documents. By the end of three months all staff know what is expected from them as public servants and as Ministry staff.

### **Performance improvement and effectiveness**

A range of policies, processes and systems have been reviewed and opportunities for improvement have been identified. The three most significant changes this year have been:

- our HR responsiveness to increasing demand and capability gaps
- increasing the effectiveness of our management and financial control environment
- cost effectiveness.

As an alternative to permanent recruitment, the Ministry has entered an arrangement with another department to provide financial management services. This has allowed the Ministry to maintain best practice while exploring future options for shared services.

To address immediate capability gaps or staff shortages the Ministry has sought innovative ways to collaborate across government. We have entered into a secondment arrangement at no cost. The short-term benefit of this arrangement has been the ability to deliver in one of our priority areas; and longer-term benefits have been mutual learning and maintaining networks with other agencies.

To increase the effectiveness of our internal controls, an audit and risk committee has been established with the purpose of reviewing the:

- integrity of financial management and reporting systems and processes
- adequacy, efficiency and effectiveness of the Ministry's management systems
- effectiveness of the Ministry's risk management framework, including legislative and regulatory compliance.

The Ministry has launched a new website that provides up-to-date information on its current projects, research and activities. It aims to link Pacific audiences to information they might require, and provides news and information to others who are interested in learning about Pacific communities in New Zealand.

We are collaborating with Government Technology Services, to review the Ministry's ICT systems. This work will inform the Ministry's strategic ICT priorities for the coming year and will identify any risk areas.

This year the Ministry's Christchurch office co-located with another department. This has improved services and facilities while significantly lowering overall property costs. The Ministry has started to review the Auckland office leasing arrangements and is looking at the most cost-effective options.



## ***Equal employment opportunities (EEO)***

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The Ministry has maintained a balance in gender at all levels of the organisation. We have experienced a high level of recruitment this year and have continued to ensure our recruitment processes are non-discriminatory. We have continued to develop our work:life balance and flexible working options and have been able to be responsive to the needs of our staff. We participate in an Employee Assistance Programme and the Ministry is a member of the EEO Trust.

## **Audit and Risk Committee report: for the year to 30 June 2010**

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**Members:** Ross Tanner, MA (Hons), MPA (Harvard), *Director, Ross Tanner Consulting Limited* (Chair) David Sinkins, Chartered Banker (England & Wales), *KPMG Caren Rangi* (Accountancy), CA, *Principal Consultant, Ei Mua Consulting Ltd*, Margaret Davison BA (Hons), MBA, *Director Policy & Research, Ministry of Pacific Island Affairs*

The Audit and Risk Committee is an independent committee established by and reporting directly to the Chief Executive. The committee was established in April 2010.

The purpose of the Committee is to oversee:

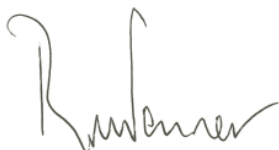
- risk management and internal control
- audit functions (internal and external) for the Ministry
- financial and other external reporting
- the governance framework and processes
- compliance with legislation, policies and procedures.

The Committee has no management functions.

Since its establishment the Committee:

- met on two occasions to pursue its duties and responsibilities
- received briefings from senior managers on key business activities of the Ministry, as a basis for ensuring risks facing the Ministry are being appropriately addressed
- reviewed the Ministry's risk management processes and the status of risks facing the organisation
- initiated, for the Chief Executive's endorsement, the development of an internal audit programme. The role of the committee will then be to monitor both the implementation of the programme and the timely implementation of endorsed recommendations
- discussed with the external auditors the findings from their audit work in 2009 and 2010
- monitored the implementation of recommendations made by the external auditors.

The Committee has reported to the Chief Executive on the above and other matters it has seen fit to do so. There are no outstanding or unresolved concerns which the Committee has brought to the attention of the Chief Executive.



**Ross Tanner**

Chairman

for the Audit and Risk Committee

# Part Four: Statement of Responsibility and Audit Report

## Statement of Responsibility

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In terms of the Public Finance Act 1989, I am responsible, as Chief Executive of the Ministry of Pacific Island Affairs, for the preparation of the Ministry's financial statements and statement of service performance, and for the judgements made in them.

I have the responsibility for establishing, and I have established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, the financial statements and statements of service performance fairly reflect the financial position of the Ministry as at 30 June 2010 and its operations for the year ended on that date.



**Dr Colin Tukuitonga**  
Chief Executive

30 September 2010

Countersigned by:



**Daile Bramwell**  
Corporate & Organisational  
Development Manager

30 September 2010

## Audit Report

### *To the readers of the Ministry of Pacific Island Affairs' financial statements and statement of service performance for the year ended 30 June 2010*

The Auditor General is the auditor of the Ministry of Pacific Island Affairs (the Ministry). The Auditor General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements, the schedules of non-departmental activities and statement of service performance included in the annual report of the Ministry, for the year ended 30 June 2010.

#### **Unqualified opinion**

In our opinion:

- The financial statements of the Ministry on pages 33 to 54:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Ministry's financial position as at 30 June 2010;
    - the results of its operations and cash flows for the year ended on that date;
    - its expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2010; and
    - its unappropriated expenses and capital expenditure for the year ended 30 June 2010.
- The schedules of non-departmental activities on pages 55 to 56 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2010.

- The statement of service performance of the Ministry on pages 27 to 32:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2010, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

#### **Basis of opinion**

We carried out the audit in accordance with the Auditor General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Chief Executive and the Auditor**

The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2010. The financial statements must also fairly reflect the Ministry's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Chief Executive is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2009 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2010.

The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.



The Chief Executive's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

### **Independence**

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

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



**Leon Pieterse**

Audit New Zealand

On behalf of the Auditor General

Wellington, New Zealand

## **MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE**

*This audit report relates to the financial statements and statement of service performance of the Ministry of Pacific Island Affairs for the year ended 30 June 2010 included on the Ministry of Pacific Island Affairs' website. The Ministry of Pacific Island Affairs' Chief Executive is responsible for the maintenance and integrity of the Ministry of Pacific Island Affairs' website. We have not been engaged to report on the integrity of the Ministry of Pacific Island Affairs' website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.*

*The audit report refers only to the financial statements and statement of performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 30 September 2010 to confirm the information included in the audited financial statements and statement of service performance presented on this website.*

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

# Part Five: Statement of Service Performance

## PERFORMANCE INFORMATION 2009/10

For year ending 30 June 2010

### OUTPUT CLASS:

#### POLICY AND MONITORING

*This appropriation is limited to the provision of information, policy advice and monitoring services to the Minister of Pacific Island Affairs and to local and central government agencies, and the development and piloting of innovative projects.*

*The Ministry provided policy advice on a wide range of issues including economic development, education, health, housing and justice. Research was carried out in areas covering education, immigration and community wealth.*

### QUANTITY

#### PERFORMANCE MEASURES AND TARGETS

#### ACTUAL

Policy advice will be delivered to the agreed policy and research work programme and any subsequent amendments:

100% of the work programme completed

#### ACHIEVED

In 2009/10 the Ministry delivered to its agreed work programme, including:

- providing advice on 88 Cabinet papers
- producing 79 policy briefings
- releasing 3 research reports, with a further 8 reports being finalised for release in the 2010/11 period.

Number of joint initiatives with central or local government agencies that the Ministry provides policy advice and assistance to:

20–30 initiatives

#### ACHIEVED

The Ministry has been involved in approximately 40 joint initiatives including:

- Waitakere Pacific Plan with Waitakere City Council and the Waitakere Pacific Board
- entitlements information with Inland Revenue and Ministry of Social Development
- seminars conducted with Ministry of Education, to encourage more Pacific peoples to become members of boards of trustees
- Orama Nui: Housing Strategy for Pacific Peoples
- Tamaki Transformation Project
- Samoan Language Week
- Auckland super city – Pacific Peoples Advisory Panel and Social Policy Forum
- Pacific Youth Leadership and Transformation.

**PERFORMANCE INFORMATION 2009/10**

For year ending 30 June 2010

**QUALITY**

The Ministry provided policy advice, research and monitoring activities in accordance with the following quality standards.

PERFORMANCE MEASURES AND TARGETS	ACTUAL
<p>Percentage of advice that leads to inclusion of Pacific perspective in policy:</p> <p>95%</p>	<p><b>NOT MEASURED</b></p> <p>We have responded to an increasing number of requests for advice on Pacific peoples from a wide range of government agencies. We received a satisfaction rating of 4.4 in our stakeholder survey on the usefulness and effectiveness of our policy advice. We will be refining this measure in future years so we can more accurately assess our impact in this area.</p> <p>This measure has now been reviewed and will be replaced with more relevant measures for future years.</p>

PERFORMANCE MEASURES AND TARGETS	ACTUAL
<p>Policy advice is delivered in accordance with agreed quality criteria and assessed by an independent review on Criteria.</p>	<p><b>NOT ACHIEVED</b></p> <p>The New Zealand Institute of Economic Research completed a review of the quality of the Ministry’s written policy advice. The mean score of the papers assessed was 6.63 out of 10, up from 6.58 in 2008. The Ministry is working to put in place new procedures to help address this issue.</p>

**STAKEHOLDER SATISFACTION**

A stakeholder satisfactory survey was carried out in 2009/10. A purposeful sample of individuals was selected to represent key government and organisational stakeholders that we engaged with during the year. Overall, 55 individuals were invited to take part in the survey. A total of only 24 replied. This is a response rate of 44 percent. Of the non-respondents, 61 percent were other public servants, another 29 percent were from community groups. The rest of the non-respondents were made up of representatives from tertiary institutions and other organisations. The survey asked individuals to rate how satisfied they were with the Ministry’s performance in a selected number of questions which represented the Ministry’s work. A scale of 1 (not satisfied) to 5 (very satisfied) was used to score each individual’s response.

PERFORMANCE MEASURES AND TARGETS	ACTUAL
<p>Stakeholder satisfaction with usefulness and effectiveness of the Ministry’s policy advice, as rated on a scale of 1 (not satisfied) to 5 (very satisfied):</p> <p>Average of all results will be 3 or better</p>	<p><b>ACHIEVED</b></p> <p>The Ministry received a rating of 4.4 out of 5 in the stakeholder satisfaction survey.</p>



**PERFORMANCE INFORMATION 2009/10**

For year ending 30 June 2010

**STAKEHOLDER SATISFACTION (CONTINUED)**

Stakeholder satisfaction with the usefulness of research reports completed as rated on a scale of 1 (not satisfied) to 5 (very satisfied):

Average of all results will be 3 or better

**ACHIEVED**

The Ministry received a rating of 4.3 out of 5 in the stakeholder satisfaction survey.

Stakeholder satisfaction with quality and effectiveness of the Ministry's monitoring role, as rated on a scale of 1 (not satisfied) to 5 (very satisfied):

Average of all results will be 3 or better

**ACHIEVED**

The Ministry received a rating of 4.3 out of 5 in the stakeholder satisfaction survey.

**Cost of the Output Class: Policy Advice**

	Actual 2009/10 \$000	Main Estimates 2009/10 \$000	Supp Estimates 2009/10 \$000	Actual 2008/09 \$000
Revenue Crown	3,224	4,692	3,224	5,073
Revenue Department	33	-	-	30
Revenue Other	165	79	200	24
Gain on Sale	-	-	-	17
Total Revenue	3,422	4,771	3,424	5,144
Total Expenses	3,372	4,771	3,424	3,407
<b>Net Surplus</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>1,737</b>

**PERFORMANCE INFORMATION 2009/10**

For year ending 30 June 2010

**OUTPUT CLASS:  
COMMUNICATIONS AND  
RELATIONSHIPS**

*This appropriation is limited to the establishment and maintenance of relationships with Pacific communities, in order to communicate government policy advice to Pacific communities, and the views of Pacific communities to government. It also includes the management of innovative projects, Ministerial servicing and the provision of a nominations service.*

**QUANTITY**

**PERFORMANCE MEASURES AND TARGET**

**ACTUAL**

Number of times the Ministry undertakes stakeholder engagement:

50-75

**ACHIEVED**

Key stakeholders were identified in all regions. Stakeholders were identified through key projects, key activities and ongoing relationships. Levels of engagement were established based on the role of the Ministry and the priority of the work. Ongoing engagement with all key stakeholders is critical for the Ministry's effectiveness and channels for regular engagement have been established.

The Ministry's Auckland, Wellington and Christchurch staff were involved in 86 stakeholder engagement activities where the Ministry played a significant role in that engagement (collaboration, lead or active participant).

The Ministry holds regular face-to-face meetings in Auckland, Wellington and Christchurch. In addition, a regular cycle of visits and meetings is held in regional centres (Northland, Waikato, Bay of Plenty, Otago/Southland and Nelson/Blenheim). Meetings are held to impart particular information to the Pacific community in conjunction with other agencies charged with service delivery. Over 65 of these regular meetings were held during the period.

Number of replies to Ministerials, Official Information Act (OIA) requests, Parliamentary Questions (PQs), briefings and speech notes:

200-250

**ACHIEVED**

The Ministry has produced 648 replies to Ministerial correspondence (73), Official Information Act requests (22), Parliamentary Questions (342), and speech notes (39) with background briefings (5).

Number of nominations to governance positions across the state sector:

170-210

**NOT ACHIEVED**

The Ministry nominated 134 Pacific people to governance positions across the state sector. The Ministry now prioritises boards that align with its strategic priorities which may have had an impact on this measure.



**PERFORMANCE INFORMATION 2009/10**

For year ending 30 June 2010

**QUALITY**

A stakeholder survey was carried out in 2010. This survey asked stakeholders to rate the Ministry's performance in terms of quality, effectiveness and timeliness from a scale of 1 (not satisfied) to 5 (very satisfied). Overall, 55 individuals were invited to take part in the survey. A total of only 24 replied. This is a response rate of 44 percent.

<b>PERFORMANCE MEASURES AND TARGET</b>	<b>ACTUAL</b>
<p>Stakeholder satisfaction with quality and effectiveness of the Ministry's stakeholder engagement, as rated on a scale of 1 (not satisfied) to 5 (very satisfied):</p> <p>Average results will be 3 or better</p>	<p><b>ACHIEVED</b></p> <p>The Ministry received a rating of 4.3 out of 5 in terms of quality and effectiveness.</p>
<p>Stakeholder satisfaction with quality and effectiveness of innovative projects, as rated on a scale of 1 (not satisfied) to 5 (very satisfied):</p> <p>Average results will be 3 or better</p>	<p><b>ACHIEVED</b></p> <p>The Ministry received a rating of 4.0 out of 5 in terms of quality and effectiveness.</p>
<p>Stakeholder satisfaction with quality and effectiveness of the Ministry's nominations service, as rated on a scale of 1 (not satisfied) – 5 (very satisfied):</p> <p>Average results will be 3 or better</p>	<p><b>ACHIEVED</b></p> <p>The Ministry received a rating of 4.5 out of 5 in terms of quality and effectiveness.</p>
<p>Percentage of Ministerial, Official Information Act (OIA) requests, Parliamentary Questions (PQs), briefings and speech notes which satisfy the Minister in terms of quality:</p> <p>90%</p>	<p><b>NOT MEASURED</b></p> <p>The Minister completes a satisfaction survey on a scale of 1 (poor) – 5 (excellent) in terms of quality the Ministry received an average rating of 3.4 out of 5.</p>
<p>Percentage of Ministerial, Official Information Act (OIA) requests, Parliamentary Questions (PQs), briefings and speech notes which satisfy the Minister in terms of timeliness agreed with the Minister:</p> <p>90%</p>	<p><b>ACHIEVED</b></p> <p>The Ministry is on average meeting 94.5% of ministerial servicing deadlines required by the Minister based on the monthly timeliness report the Ministry monitors.</p>

**Cost of the Output Class: Communications and Relationships**

	<i>Actual 2009/10 \$000</i>	<i>Main Estimates 2009/10 \$000</i>	<i>Supp Estimates 2009/10 \$000</i>	<i>Actual 2008/09 \$000</i>
Revenue Crown	2,811	1,343	2,811	1,405
Revenue Department	35	-	-	26
Revenue Other	18	150	46	56
Total Revenue	2,864	1,493	2,857	1,487
Total Expenses	2,854	1,493	2,857	3,076
<b>Net Surplus/(Deficit)</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>(1,589)</b>



# Part Six: Financial Statements

## Statement of Accounting Policies

For the year ended 30 June 2010

### Reporting entity

The Ministry of Pacific Island Affairs (the Ministry) is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

For the purposes of financial reporting the Ministry is a public benefit entity.

The Ministry has reported on Crown activities that it administers.

### Reporting period

The financial statements of the Ministry are for the year ended 30 June 2010. The financial statements were authorised for issue by the Chief Executive of the Ministry in September 2010.

### Basis of preparation

#### Statement of Compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP) and Treasury instructions.

These financial statements have been prepared in accordance with, and comply with, New Zealand International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for public benefit entities.

#### Measurement Base

The financial statements have been prepared on a historical cost basis.

### Functional and presentation currency

The financial statements are presented in New Zealand dollars and values are reported in thousands of dollars where marked with (\$'000). The functional currency of the Ministry is New Zealand dollars.

### Changes in accounting policies

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

The Ministry has adopted the following revisions to accounting standards during the financial year which have had only a presentational or disclosure effect.

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in equity resulting from transactions with the Crown in its capacity as “owner” separately from “non-owner” changes. The Ministry has decided to prepare a single statement of comprehensive income for the year ending 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly.
- Amendments to NZ IFRS7 *Financial Instruments: Disclosures*. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value

measurement by the significance of valuation inputs used, and requires the maturity analysis of derivative liabilities to be presented separately from non-derivative financial liability contractual maturity analysis. This has no effect on the Ministry’s accounts as it does not hold any financial instruments at fair value.

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

- NZ IAS 24 *Related Party Disclosures (Revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (Issued 2004)* and is effective from reporting periods commencing on or after 1 January 2011. The revised standard:
  1. Removes the previous disclosure concessions applied by the Ministry for arms-length transactions between the Ministry and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Ministry and entities controlled or significantly influenced by the Crown.
  2. Provides clarity on the disclosure of related transactions with Ministers of the Crown. Further, with the exception of the Minister of Pacific Island Affairs, the Ministry will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.
  3. Clarifies that related party transactions include commitments with related parties.

The Ministry expects that it will early adopt the revised standard for the year ended 30 June 2011.

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IFRS 9 *Financial Instruments: Recognition and Measurement*.

NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Ministry has not yet assessed the effect of the new standard and expects that it will not be early adopted.

### Significant accounting policies

#### Budget figures

The budget figures are those included in the Information Supporting the Estimates of Appropriations for the Government of New Zealand for the year ended 30 June 2010, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates.

An error was discovered in the Reconciliation of Net Surplus to Net Cash Flows within the Mains Estimates. This has been corrected in this report.

#### Revenue

Revenue is measured at the fair value of consideration received.

#### Revenue Crown

Revenue earned from the supply of outputs to the Crown is recognised as revenue when earned.

#### Other Revenue

Revenue earned from the supply of outputs to other entities and sponsorships from other agencies for programmes that enhanced the welfare of Pacific people. Revenue is recognised when earned.

#### Cost allocation

The Ministry has derived the costs of outputs using a cost allocation system that is outlined below.

“Direct Costs” are those costs directly attributed to an output. “Indirect Costs” are those costs that cannot be identified in an economically feasible manner with a specific output.



Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on the number of full time equivalents (FTEs) per output. Depreciation and capital charge are charged on the basis of budgeted direct expenditure.

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

### **Debtors and other receivables**

Debtors and other receivables are recorded at estimated realisable value, after providing for impairment charges.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default on payments are considered indicators that the debtor is impaired.

### **Leases**

#### **Finance leases**

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

The Ministry has no finance leases.

#### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense as they are incurred over the lease term.

### **Non-current assets held for sale**

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of comprehensive income.

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

### **Property, plant and equipment**

Property, plant and equipment consist of leasehold improvements, EDP equipment, furniture and fittings, office equipment, and motor vehicles.

Property, plant and equipment is shown at cost, less accumulated depreciation.

Individual assets, or group of assets, are capitalised if their cost is greater than \$3,000. The value of an individual asset that is less than \$3,000 and is part of a group of similar assets is capitalised.

#### **Additions**

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

#### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the statement of comprehensive income.

**Subsequent costs**

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

**Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Furniture and fittings	12.0%
Office equipment	24.0%–28.8%
Motor vehicles	21.6%
EDP equipment	30.0%–36.0%

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

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

**Intangible assets**

**Software acquisition and development**

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

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

Staff training costs are recognised as an expense when incurred.

**Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is decommissioned.

The amortisation charge for each period is recognised in the statement of comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired Software 30.0 %

**Impairment of non-financial assets**

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset’s ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset’s carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of comprehensive income.

**Creditors and other payables**

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



## Employee entitlements

### Short-term employee entitlements

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

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

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

The Ministry recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

### Long-term employee entitlements

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

## Superannuation schemes

### Defined contribution schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, Kiwisaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the statement of comprehensive income as incurred.

### Other liabilities and provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

## Statement of cash flows

*Cash and cash equivalents* mean cash balances on hand and held in bank accounts.

*Operating activities* include cash received from all income sources of the Ministry and record the cash payments made for the supply of goods and services.

*Investing activities* relate to the acquisition and disposal of non-current assets.

*Financing activities* comprise capital injections by, or repayment of capital to, the Crown.

## Financial instruments

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

## Goods and services tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

## Income tax

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 2007. Accordingly, no charge for income tax has been provided for.

**Commitments**

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

**Contingent liabilities**

Contingent liabilities are disclosed at the point at which the contingency is evident.

**Taxpayers' funds**

'Taxpayers' funds' is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities.

**Critical accounting estimates and assumptions**

In preparing these financial statements the Ministry has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The calculations of employee entitlements are based on:

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. The following discount rates were used:

	30/06/2010	30/06/2009
Year 1	3.48%	3.01%
Year 2	4.45%	3.82%
Year 3+	6.00%	5.96%

A salary inflation factor of 3.50% (2.75% 2009) was also used. The discount rates were advised by Treasury and are based on the weighted average of government bonds with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

**Comparatives**

When presentations or classifications of items in the financial statements are amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

**Retirement, sick and long service leave**

Note 11 provides an analysis of exposure in relation to estimates and uncertainties surrounding retirement, sick and long service leave liabilities.



## Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	Actual 2009/10 \$000	Main Estimates 2009/10 \$000	Supp Estimates 2009/10 \$000	Actual 2008/09 \$000
<b>Revenue</b>					
Crown		6,035	6,035	6,035	6,478
Other	1	251	229	246	136
Gain on sale of asset	2	-	-	-	17
<b>Total revenue</b>		<b>6,286</b>	<b>6,264</b>	<b>6,281</b>	<b>6,631</b>
<b>Expenditure</b>					
Personnel costs	3	3,966	3,912	4,017	3,889
Operating costs	4	2,060	2,127	2,066	2,422
Depreciation and amortisation	5	123	155	121	102
Capital charge	6	77	70	77	70
<b>Total expenditure</b>		<b>6,226</b>	<b>6,264</b>	<b>6,281</b>	<b>6,483</b>
<b>Net surplus</b>		<b>60</b>	<b>-</b>	<b>-</b>	<b>148</b>
<b>Total comprehensive income</b>		<b>60</b>	<b>-</b>	<b>-</b>	<b>148</b>

The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with these Financial Statements.

## Statement of Movements in Taxpayers' Funds

For the year ended 30 June 2010

	Notes	Actual 2009/10 \$000	Main Estimates 2009/10 \$000	Supp Estimates 2009/10 \$000	Actual 2008/09 \$000
Balance at 1 July		1,023	1,023	1,023	853
Total Comprehensive Income for the year		60	-	-	148
<b>Total recognised income and expenses</b>		<b>60</b>	<b>-</b>	<b>-</b>	<b>148</b>
Capital injection		-	-	-	170
Return of operating surplus to Crown		(60)	-	-	(148)
Balance at 30 June		1,023	1,023	1,023	1,023

The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with these Financial Statements.

## Statement of Financial Position

For the year ended 30 June 2010

	Notes	Actual 2009/10 \$000	Main Estimates 2009/10 \$000	Supp Estimates 2009/10 \$000	Actual 2008/09 \$000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash & cash equivalents		1,436	1,131	471	1,449
Debtors & other receivables	7	36	80	822	27
Prepayments		31	1	2	42
<b>Total current assets</b>		<b>1,503</b>	<b>1,212</b>	<b>1,295</b>	<b>1,518</b>
<b>Non-current assets</b>					
Property plant & equipment	8	368	562	363	467
Intangible assets	9	38	-	55	61
<b>Total non-current assets</b>		<b>406</b>	<b>562</b>	<b>418</b>	<b>528</b>
<b>Total assets</b>		<b>1,909</b>	<b>1,774</b>	<b>1,713</b>	<b>2,046</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
GST payable		192	-	77	198
Payable creditors & others	10	380	551	296	451
Return of operating surplus	11	60	-	-	148
Employee entitlements	12	193	112	272	185
<b>Total current liabilities</b>		<b>825</b>	<b>663</b>	<b>645</b>	<b>982</b>
<b>Non-current liabilities</b>					
Employee entitlements	12	61	88	45	41
<b>Total non-current liabilities</b>		<b>61</b>	<b>88</b>	<b>45</b>	<b>41</b>
<b>Total liabilities</b>		<b>886</b>	<b>751</b>	<b>690</b>	<b>1,023</b>
<b>Net assets</b>		<b>1,023</b>	<b>1,023</b>	<b>1,023</b>	<b>1,023</b>
<b>Taxpayers funds</b>					
General funds		1,023	1,023	1,023	1,023
<b>Total taxpayers funds</b>		<b>1,023</b>	<b>1,023</b>	<b>1,023</b>	<b>1,023</b>

The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with these Financial Statements.

## Statement of Cash Flows

For the year ended 30 June 2010

	Notes	Actual 2009/10 \$000	Main Estimates 2009/10 \$000	Supp Estimates 2009/10 \$000	Actual 2008/09 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash was provided from</b>					
Crown		6,035	6,035	5,216	6,478
Departments		79	60	72	54
Other		172	169	174	119
<b>Cash was disbursed to</b>					
Employees		(3,787)	(3,290)	(3,791)	(3,758)
Suppliers		(1,762)	(2,749)	(2,384)	(2,518)
GST (net)		(525)	-	-	(32)
Capital charge		(77)	(70)	(77)	(70)
<b>Net cash from operating activities</b>		<b>135</b>	<b>155</b>	<b>(790)</b>	<b>273</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Cash was provided from</b>					
Sale of property plant & equipment		-	-	-	21
<b>Cash was disbursed to</b>					
Purchase of property plant & equipment		-	(40)	-	(73)
Purchase of Intangible assets		-	-	(40)	(73)
<b>Net cash from investing activities</b>		<b>-</b>	<b>(40)</b>	<b>(40)</b>	<b>(125)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Cash was provided from</b>					
Capital injection		-	-	-	170
<b>Cash was disbursed to</b>					
Repayment of surplus		(148)	-	(148)	(97)
<b>Net cash from investing activities</b>		<b>(148)</b>	<b>-</b>	<b>(148)</b>	<b>73</b>
<b>Net (decrease)/increase in cash</b>		<b>(13)</b>	<b>115</b>	<b>(978)</b>	<b>221</b>
Cash at beginning of this year		1,449	1,016	1,449	1,228
<b>Cash at end of this year</b>		<b>1,436</b>	<b>1,131</b>	<b>471</b>	<b>1,449</b>

The GST (net) component of operating activities reflects the net GST paid to the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for Financial Statement purposes, and to be consistent with other primary financial statements.

The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with these Financial Statements.

## Reconciliation of Net Surplus/Deficit to Net Cash Flow from Operating Activities

For the year ended 30 June 2010



	Notes	Actual 2009/10 \$000	Main Estimates 2009/10 \$000	Supp Estimates 2009/10 \$000	Actual 2008/09 \$000
Net surplus/(deficit)		60	-	-	148
Add/(less) non-cash items					
Depreciation and amortisation expense		123	155	121	102
Gain on disposal of property, plant & equipment		-	-	-	(17)
<b>Total non cash</b>		<b>123</b>	<b>155</b>	<b>121</b>	<b>85</b>
Add/(less) movement in working capital items					
(Inc)/dec in debtors and other receivables		9	(30)	(795)	63
(Inc)/dec in prepayments		(11)	30	40	32
(Inc)/dec in creditors and other payables		(74)	(20)	(247)	(81)
(Inc)/dec in employee entitlements		28	20	91	26
<b>Net movements in working capital</b>		<b>(48)</b>	<b>-</b>	<b>(911)</b>	<b>40</b>
<b>Net cash from operating activities</b>		<b>135</b>	<b>155</b>	<b>(790)</b>	<b>273</b>



## Statement of Commitments

For the year ended 30 June 2010

	Notes	Actual 2009/10 \$000	Actual 2008/09 \$000
<b>Operating Lease Commitments</b>			
Less than one year		403	490
One to two years		373	403
Two to five years		1,120	1,120
More than five years		-	373
<b>Total commitments</b>		<b>1,896</b>	<b>2,386</b>
<b>Other non-cancellable commitments</b>			
Less than one year		39	16
One to two years		7	16
Two to five years		-	16
<b>Total other non-cancellable commitments</b>		<b>46</b>	<b>48</b>
<b>Total commitments</b>		<b>1,942</b>	<b>2,434</b>

The Ministry leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises which have a non-cancellable leasing period ranging from one to eight years.

The annual lease payments are future commitments and based on current rental rates.

The lease on the Ministry's Auckland office expires in September 2010 and is not being renewed with the same landlord. As at 30 June 2010 a new lease had not been entered into, therefore these commitments do not reflect rentals on Auckland properties past September 2010.

The Ministry's non-cancellable operating leases have varying terms, escalation clauses and renewal rights. There are no restrictions placed on the Ministry by any of its leasing arrangements.

The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with these Financial Statements.

## Statement of Contingent Liabilities and Contingent Assets

For the year ended 30 June 2010

The Ministry of Pacific Island Affairs has no contingent liabilities or assets as at 30 June 2010 (2009:nil)

## Statement of Departmental Expenditure and Appropriations

For the year ended 30 June 2010

	Actual 2009/10 \$000	Main Estimates 2009/10 \$000	Supp Estimates 2009/10 \$000	Actual 2008/09 \$000
<b>VOTE MINISTRY OF PACIFIC ISLAND AFFAIRS</b>				
<b>Appropriation for output expenses</b>				
Policy and Monitoring	3,372	4,771	3,424	3,407
Communications and Relationships	2,854	1,493	2,857	3,076
<b>Total appropriation for output expenses</b>	<b>6,226</b>	<b>6,264</b>	<b>6,281</b>	<b>6,483</b>
<b>Appropriation for capital expenditure</b>				
Ministry of Pacific Island Affairs Permanent legislative authority	-	40	40	170
<b>Total</b>	<b>6,226</b>	<b>6,304</b>	<b>6,321</b>	<b>6,653</b>

## Statement of Departmental Unappropriated Expenditure

For the year ended 30 June 2010

### Year ended 30 June 2010

There is no Unappropriated Expenditure for the year ending 30 June 2010.

### Year ended 30 June 2009

The Ministry incurred Unappropriated Expenditure of \$1.589m in its output class Communications and Relationships for the year ending 30 June 2009. Cabinet expressed its intentions on 26 June 2009 that the unappropriated expenditure would be incorporated in the Appropriation (2008/09 Financial Review) Bill offset by an under-spend in its output class Policy and Monitoring. This Bill was enacted on 22 March 2010.

## Notes to the Financial Statements

For the year ended 30 June 2010

### 1. Revenue other

	<i>Actual</i> 2009/10 \$000	<i>Actual</i> 2008/09 \$000
State Sector Retirement Saving Scheme Recovery	68	56
Revenue from other agencies	183	80
<b>Total revenue</b>	<b>251</b>	<b>136</b>

Revenue from other agencies is primarily related to contributions and sponsorship for programmes that enhanced the welfare of Pacific people.

### 2. Gain on sale of assets

	<i>Actual</i> 2009/10 \$000	<i>Actual</i> 2008/09 \$000
Net gain on disposal of property plant & equipment	-	17
<b>Total gains</b>	<b>-</b>	<b>17</b>

### 3. Personnel costs

	<i>Actual</i> 2009/10 \$000	<i>Actual</i> 2008/09 \$000
Salaries & wages	3,839	3,776
Employer contributions to defined contribution schemes	68	55
Increase/decrease in employee entitlements	49	26
Other	10	32
<b>Total personnel costs</b>	<b>3,966</b>	<b>3,889</b>

The increase in salaries and wages was the result of additional staff in the Policy team being employed to work on research projects which were funded from other agencies.

#### 4. Operating costs

	Actual 2009/10 \$000	Actual 2008/09 \$000
Audit fees for the Financial Statement Audit	48	47
Additional audit fees for prior years	8	15
Operating lease payments	521	458
Maintenance & minor capital	75	82
Travel	226	237
Conferences & training	95	141
Consultancy & professional fees	363	526
Legal	10	1
Office operating costs	235	261
Other operating expenses	479	654
<b>Total operating costs</b>	<b>2,060</b>	<b>2,422</b>

The classifications within this note have been expanded from that used in prior years to provide better details on the types of expenditure incurred. Comparative numbers for June 2009 have been reclassified as well.

Operating lease payments increased during the year, mainly as a result of increased rents paid on the Wellington premises of the Ministry.

The decrease in Consultancy & Professional Fees is the result of a number of major projects that used external resources ending in the year to 30 June 2009. The major projects carried out in the year to June 2010 were largely managed in-house.

The decrease in Other Operating Expenses is mainly as a result of decreased printing and website development costs connected with projects that concluded in June 2009.

#### 5. Depreciation and amortisation

	Actual 2009/10 \$000	Actual 2008/09 \$000
Office equipment/furniture & fittings	19	13
Motor vehicles	-	2
EDP equipment	21	16
Leasehold improvements	59	59
<b>Total depreciation</b>	<b>99</b>	<b>90</b>
Amortisation of software	24	12
<b>Total depreciation and amortisation</b>	<b>123</b>	<b>102</b>

## 6. Capital charge

The Ministry pays capital charge to the Crown on its Taxpayers Funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2010 was 7.5% (2009: 7.5%)

## 7. Debtors and other receivables

	Actual 2009/10 \$000	Actual 2008/09 \$000
Trade Receivables	36	27

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

	Actual 2009/10			Actual 2008/09		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	26	-	26	27	-	27
Past due 1-30 days	9	-	9	-	-	-
Past due 31-60 days	-	-	-	-	-	-
Past due 61-90 days	1	-	1	-	-	-
Past due > 91 days	-	-	-	-	-	-
<b>Total</b>	<b>36</b>	<b>-</b>	<b>36</b>	<b>27</b>	<b>-</b>	<b>27</b>

The Ministry is expected to collect all overdue receivables and therefore no provision is made at 30 June 2010 (2009: Nil)

## 8. Property, plant & equipment

	<i>Leasehold Improvements \$000</i>	<i>EDP Equipment \$000</i>	<i>Furniture/Office Equipment \$000</i>	<i>Motor Vehicles \$000</i>	<i>Total \$000</i>
<b>COST</b>					
Balance at 1 July 2008	621	284	264	61	1230
Additions	-	22	51	-	73
Disposals	-	(29)	(40)	(61)	(130)
Balance at 30 June 2009	621	277	275	-	1173
Balance at 1 July 2009	621	277	275	-	1173
Additions	-	-	-	-	-
Disposals	-	(47)	(39)	-	(86)
Balance at 30 June 2010	621	230	236	-	1087
<b>ACCUMULATED DEPRECIATION</b>					
Balance at 1 July 2008	199	254	233	58	744
Depreciation expense	60	16	13	2	91
Eliminate on disposals	-	(29)	(40)	(60)	(129)
Balance at 30 June 2009	259	241	206	-	706
Balance at 1 July 2009	259	241	206	-	706
Depreciation expense	59	21	19	-	99
Eliminate on disposals	-	(48)	(38)	-	(86)
Balance at 30 June 2010	318	214	187	0	719
<b>CARRYING AMOUNTS</b>					
At 30 June 2008	422	30	31	3	486
At 30 June 2009 and 1 July 2009	362	36	69	-	467
At 30 June 2010	303	16	49	-	368

## 9. Intangible assets

	<i>Acquired software \$000</i>	<i>Total \$000</i>
<b>COST</b>		
Balance at 1 July 2008	87	87
Additions	73	73
Disposals	-	-
Balance at 30 June 2009	160	160
Balance at 1 July 2009	160	160
Additions	-	-
Disposals	-	-
Balance at 30 June 2010	160	160
<b>ACCUMULATED AMORTISATION</b>		
Balance at 1 July 2008	86	86
Amortisation expense	12	12
Eliminate on disposals	-	-
Balance at 30 June 2009	98	98
Balance at 1 July 2009	98	98
Amortisation expense	24	24
Eliminate on disposals	-	-
Balance at 30 June 2010	122	122
<b>CARRYING AMOUNTS</b>		
At 30 June 2008	1	1
At 30 June 2009 and 1 July 2009	62	62
At 30 June 2010	38	38

## 10. Creditors and other payables

	Actual 2009/10 \$000	Actual 2008/09 \$000
Creditors	257	265
Income in advance	-	67
Accrued expenses	123	119
<b>Total creditors and other payables</b>	<b>380</b>	<b>451</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## 11. Return of operating surplus to Crown

	Actual 2009/10 \$000	Actual 2008/09 \$000
Return of operating surplus	60	148
<b>Total return of operating surplus</b>	<b>60</b>	<b>148</b>

## 12. Employee entitlements

	Actual 2009/10 \$000	Actual 2008/09 \$000
Current employee entitlements are represented by:		
Annual leave	133	140
Performance payments	28	25
Sick leave	27	20
Long service leave	5	-
<b>Total current portion</b>	<b>193</b>	<b>185</b>
Non current employee entitlements are represented by:		
Long service leave	33	16
Retirement leave	28	25
<b>Total non current portion</b>	<b>61</b>	<b>41</b>
<b>Total employee entitlements</b>	<b>254</b>	<b>226</b>

Provision for employee entitlements as at 30 June 2010 is in respect of the Ministry's liability for annual leave, long service leave, retirement leave, sick leave and provision for performance pay.

Annual leave has been calculated on an actual entitlement basis at current rates of pay.

Provisions for retirement and long service leave are calculated on an actuarial basis based on the present value of expected future entitlements in accordance with International Financial Reporting Standards.

### **13. Financial instrument risk**

The Ministry is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, debtors and receivables, and creditors and payables.

#### **Credit risk**

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

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

#### **Fair value**

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

#### **Currency risk**

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

The Ministry has no contracts based in foreign currencies and, accordingly, has no exposure to currency risk.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate or, the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Ministry has no interest-bearing financial instruments and, accordingly, has no exposure to interest rate risk.



**Liquidity risk**

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

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

	<i>Less than 6 months \$000</i>	<i>Between 6 months and 1 year \$000</i>	<i>Total Financial Liabilities \$000</i>
<b>2009</b>			
Creditors and other payables (note 9)	451	-	451
<b>2010</b>			
Creditors and other payables (note 9)	380	-	380

**14. Categories on financial instruments**

	<i>Actual 2009/10 \$000</i>	<i>Actual 2008/09 \$000</i>
Loans and receivables		
Cash & cash equivalent	1,436	1,449
Debtors and other receivables (Note 7)	36	27
Prepayments	31	42
<b>Total loans and receivables</b>	<b>1,503</b>	<b>1,518</b>
Financial liabilities		
Creditors and other payables (Note 9)	380	451
GST payable	192	198
<b>Total financial liabilities</b>	<b>572</b>	<b>649</b>

### 15. Related party information

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

The Ministry enters into numerous transactions with other government departments, Crown agencies and State-owned enterprises on an arm's length basis. These transactions are not considered to be related party transactions.

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

#### Key management personnel compensation

Key management personnel include the Chief Executive and the three managerial positions that form part of the senior leadership team.

	<i>Actual 2009/10 \$000</i>	<i>Actual 2008/09 \$000</i>
Salaries and other short term benefits	738	700
Termination benefits	25	-
<b>Total</b>	<b>763</b>	<b>700</b>

### 16. Major budget variations

#### Variation between Budget Night Estimates and Supplementary Estimates

There are two significant differences between the Budget night estimates and the Supplementary Estimates, namely:

- a) A fiscally neutral transfer of \$1.468m between Output Class “Policy and Monitoring” and Output Class “Communications and Relationships”.
- b) An additional \$167k of third party revenue and associated expenditure to enable a major research project to occur, and pilot a youth leadership programme.



## Financial Schedules: Non Departmental

The Ministry of Pacific Island Affairs administered on behalf of the Crown \$1.264 million of non-departmental payments for the financial year ended 30 June 2010. Further details of the management of the non-departmental expenditure and investments are provided in the Statement of Objectives and Service Performance section of this report.

These non-departmental balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for the financial year ended 30 June 2010.

### Statement of Accounting Policies

For the year ended 30 June 2010

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

### Statement of Expenditure and Appropriations

For the year ended 30 June 2010

The Statement of Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Ministry administers these appropriations on behalf of the Crown. Further details are included in the schedule below.

### Statement of Non-Departmental Expenditure Against Appropriations

	Actual 2009/10 \$000	Main Estimates 2009/10 \$000	Supp Estimates 2009/10 \$000	Actual 2008/09 \$000
<b>Non-Departmental Output Expenses</b>				
Promotions – business development	1,156	1,156	1,156	1,156
<b>Total Non-Departmental Output Expenses</b>	<b>1,156</b>	<b>1,156</b>	<b>1,156</b>	<b>1,156</b>
<b>Benefits and Other Unrequited Expenses</b>				
Study and training awards for business development	100	100	100	100
Welfare of Pacific Peoples in New Zealand	8	8	8	8
<b>Total Benefits and Other Unrequited Expenses</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>
<b>Total Non-Departmental Expenditure</b>	<b>1,264</b>	<b>1,264</b>	<b>1,264</b>	<b>1,264</b>

### Schedule of Revenue

As at 30 June 2010

There is no revenue at 30 June 2010 (2009: nil).

### Schedule of Commitments

As at 30 June 2010

There are no commitments as at 30 June 2010 (2009: nil).

**Schedule of Contingent Liabilities & Contingent Assets**

**As at 30 June 2010**

There are no contingent liabilities or assets as at 30 June 2010 (2009: nil).

**Schedule of Assets**

**As at 30 June 2010**

There are no assets as at 30 June 2010 (2009: nil).

**Schedule of Liabilities**

**As at 30 June 2010**

There are no liabilities at 30 June 2010 (2009: nil).



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