



MINISTRY OF PACIFIC ISLAND AFFAIRS

# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 09

# 2009

## OUR VISION

SUCCESSFUL PACIFIC PEOPLES

## OUR MISSION

- ✦ PROVIDE LEADERSHIP AND ENABLE IMPROVED OUTCOMES FOR PACIFIC PEOPLES

## OUR OVERALL OUTCOMES

- ✦ IMPROVED ECONOMIC WELLBEING AND LIVING STANDARDS
- ✦ COHESIVE AND RESILIENT PACIFIC FAMILIES AND COMMUNITIES

## OUR VALUES

- ✦ LEADERSHIP – SERVE AND LEAD BY EXAMPLE
- ✦ EXCELLENCE – ACHIEVE YOUR BEST AND STRIVE FOR BETTER
- ✦ RESPECT – TREAT OTHERS THE WAY YOU WANT TO BE TREATED



**ANNUAL REPORT  
OF THE MINISTRY OF  
PACIFIC ISLAND AFFAIRS**  
FOR THE YEAR ENDED 30 JUNE 2009

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

# CONTENT

<b>PART ONE : OVERVIEW</b>	3
CHIEF EXECUTIVE'S OVERVIEW FOR THE YEAR	4
OUR ROLE	5
HOW WE RELATE TO OTHERS	6
ORGANISATIONAL STRUCTURE [MANAGEMENT LEVEL ONLY]	7
OUR HIGHLIGHTS	8
<b>PART TWO : OUTCOME CONTRIBUTIONS</b>	10
MANAGING FOR OUTCOMES	11
PACIFIC BUSINESS TRUST	13
CONTRIBUTING OUTCOMES	14
CONTRIBUTING OUTCOME 1: ECONOMIC PARTICIPATION	14
CONTRIBUTING OUTCOME 2: SOCIAL WELLBEING	17
CONTRIBUTING OUTCOME 3: CULTURAL DEVELOPMENT	21
SUMMARY OF ACHIEVEMENT OF 2008-2009 KEY OUTPUT AREAS	22
<b>PART THREE : MANAGING THE DEPARTMENT</b>	23
MAINTAINING AND DEVELOPING CAPABILITY	24
<b>PART FOUR : STATEMENT OF SERVICE PERFORMANCE</b>	27
PERFORMANCE INFORMATION 2008-2009	28
<b>PART FIVE : NON-FINANCIAL PERFORMANCE</b>	35
STATEMENT OF RESPONSIBILITY	36
AUDIT REPORT	37
<b>PART SIX : FINANCIAL STATEMENTS</b>	39
STATEMENTS OF ACCOUNTING POLICIES	40
STATEMENT OF FINANCIAL PERFORMANCE	44
STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS	45
STATEMENT OF FINANCIAL POSITION	46
STATEMENT OF CASH FLOWS	47
RECONCILIATION OF NET SURPLUS/[DEFICIT] TO NET CASH FLOW FROM OPERATING ACTIVITIES	48
STATEMENT OF COMMITMENTS	49
STATEMENT OF CONTINGENT LIABILITIES	50
STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS	50
STATEMENT OF DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE	51
NOTES TO THE FINANCIAL STATEMENTS	52
FINANCIAL SCHEDULES: NON-DEPARTMENTAL	59

PART ONE  
OVERVIEW

## CHIEF EXECUTIVE'S OVERVIEW FOR THE YEAR



The Ministry of Pacific Island Affairs entered the 2008/2009 financial year with plans for a new fale (house). Having laid the foundations with a review and restructure the previous year, our intention in July 2008 was to design and build on that platform a refocused and reinvigorated Ministry.

A year later we have a reliable set of plans, and the pillars in place to support our roof. Increasingly we are welcoming visitors as other government agencies seek to tap into our Pacific expertise and contacts, and work with us.

We have redefined our vision and decided on the most important areas of work for helping achieve it. To help us do so we have committed to a programme of staff development and training, put in place new systems and processes, instigated research, forged new working relationships, launched new programmes and started refining our focus.

In August last year staff at an inhouse workshop were asked to imagine the circumstances of a Pacific family going to Auckland Airport in 2026 to pick up relatives arriving from the Islands. Their responses helped us paint a picture of success which we formalised in a *Pacific Outcomes Framework*. This defines lifting incomes and standards of living, and building healthy families and communities as the two key outcomes we want from our work. Underpinning them is education, clearly critical to both.

A change of government and of economic circumstances has validated our choice of focus. The latter has also given greater urgency to our work. In February we hosted a Pacific jobs fono to identify opportunities and interventions prior to the Prime Minister's Jobs Summit. We know that Pacific people tend to work in those industries, sectors, and localities most affected by recession. Equally we know that young Pacific people are more likely to be entering the workforce without qualifications or skills.

We have evaluated the *Pacific Economic Action Plan (PEAP)* and its companion *Pacific Women's Economic Development Plan (PWEDP)* as a prelude to a refocus. I am particularly proud that we more than achieved one of the PEAP's milestones when our work directly led to a new way of sending remittances. Pacific families in New Zealand sending money home can now do so for about three percent, compared with costs of 15-25 percent formerly.

We have carried out significant work in education, in housing, and continued to play our part in joint agency work in the justice and health sectors. The year in review has seen a marked increase in our collaborative work with other agencies, and in new requests from others who have sought our help.

We have introduced our new Minister to Pacific communities for whom and with whom we continue to strive for Pacific peoples' success. We have taken to communities our new Ministry and, this year, the *Modern Apprentice* scheme, an artists' and performers' mentoring website *Pacific Starmap*, and new websites to help Cook Islanders, Tokelauans and Niueans learn and preserve endangered Pacific languages. And we took part in festivals, careers expos and cultural events which contribute to our identity as a proud Pacific nation.

None of this would have been possible without our staff of designers and builders. Despite economic buffeting and other pressures our fale is standing strong. It has been a good year.

A handwritten signature in blue ink, appearing to read 'Colin Tukuitonga'. The signature is fluid and cursive, with a long horizontal stroke at the end.

**Dr Colin Tukuitonga**

CHIEF EXECUTIVE

## OUR ROLE

The Ministry of Pacific Island Affairs is the premier advisor to Government on policies and interventions that are needed to promote the social, economic and cultural development of Pacific peoples in New Zealand. All of our work is designed to enable and foster our vision of **successful Pacific peoples**.

As a small agency with limited resources, we believe the best way we can have a positive impact on the lives of Pacific peoples is by bringing a Pacific perspective to the work of those central and local government agencies responsible for making policy that affects the lives of Pacific peoples; and by communicating these policies to our Pacific communities.

Our main functions are policy and monitoring, and communication and relationships. We are mandated to:

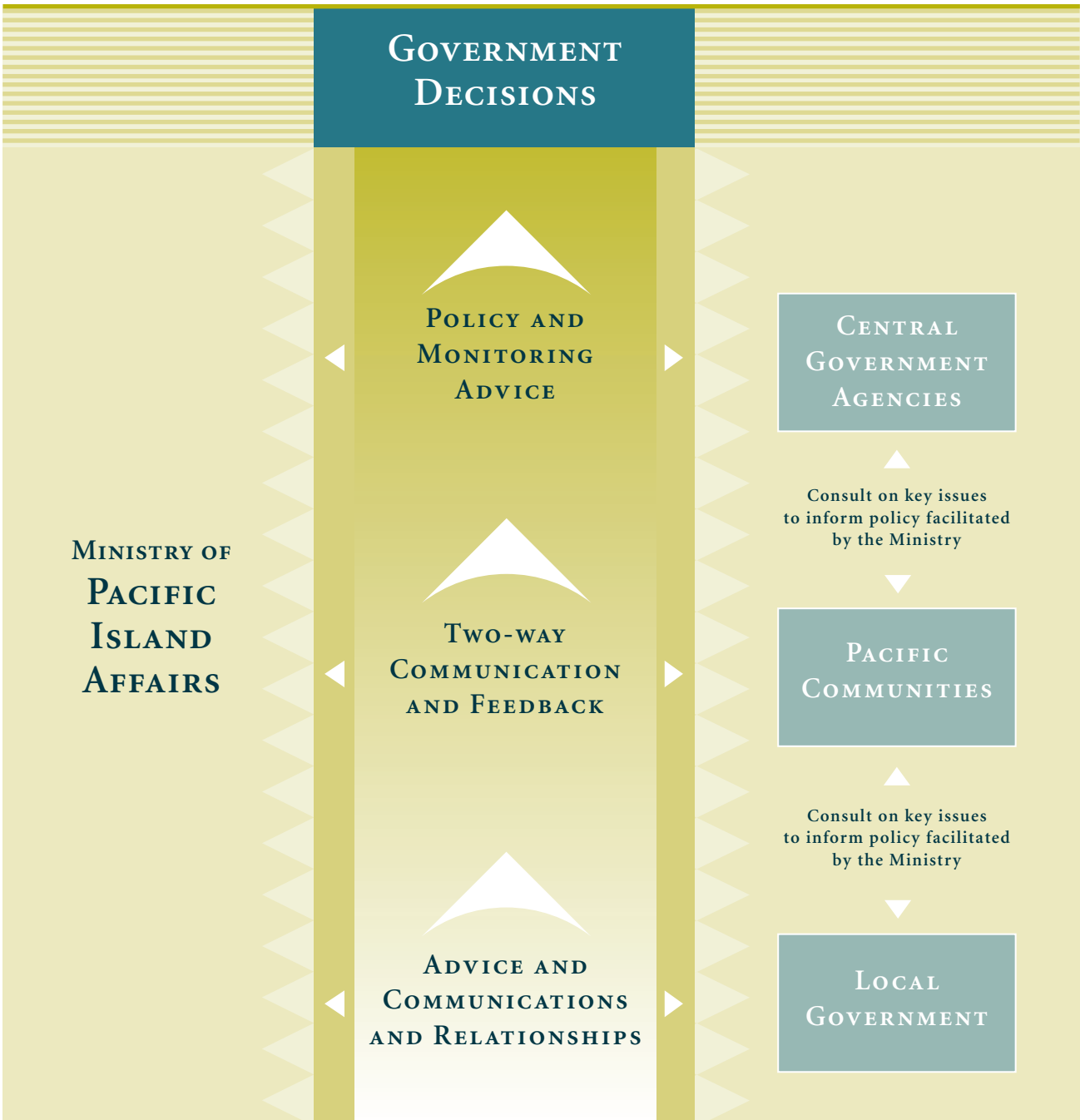
- ✦ Provide policy advice, information and assistance to the Minister of Pacific Island Affairs, including facilitating contact with Pacific communities in New Zealand and preparing briefings, speech notes and support as required, in cabinet committee, select committees and parliament.
- ✦ Provide advice 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.
- ✦ Undertake such other projects, including from time to time strategic advice, as are within its capability and required by the Minister of Pacific Island Affairs.

The Ministry is well positioned to meet the expectations of the new government having completed a major review and reorganisation during 2007/2008. We have made significant changes to our internal systems, capacity and capability and are now focussing on fewer high-priority areas. Innovative projects have been completed with modest Ministry investment and by securing strong working relationships with other agencies.

# 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

## [MANAGEMENT LEVEL ONLY]

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



## OUR HIGHLIGHTS

Our intention to focus on the vital few issues which will make the greatest difference for Pacific people crystallised this year as we developed a *Pacific Outcomes Framework*. The framework singles out lifting incomes and living standards, and building strong families and communities as key to Pacific peoples' success.

The framework provides clarity about what we most need to strive for, is an effective tool for prioritising our work, and illustrates the interdependency of many of the factors influencing Pacific achievement.

It also sits well with Government's identification of increasing productivity, maintaining high employment and reducing our vulnerability to adverse events as key to future economic growth. New Zealand's Pacific population is young. By 2026 as many as one in eight New Zealanders aged 15-39, ie much of the future workforce, will be of Pacific origin. Their education and employment will become more and more important to New Zealand's success.

Education underpins the key outcomes we have identified. Reflecting Government's identification of education and skills as one of the main drivers for achieving economic growth, we have renewed our efforts to improve Pacific people's educational outcomes at all levels. The result is a revised *Pasifika Education Plan* with sharper goals and targets, developed with key education agencies and due later in 2009.

Developing this plan in tandem with education agencies has been replicated in other work. Understanding the interdependency of factors influencing Pacific achievement as we refined the *Pacific Outcomes Framework* gave us a valuable starting point for conversations with other key agencies and has strengthened interagency work on joint plans in housing, health and justice.

In thinking about the outcomes we most want for Pacific people it soon became obvious that we should focus on Auckland. Our resolve hardened when the combination of a rapidly deteriorating economy and a change of Government saw the Prime Minister request all Government agencies to nominate their priorities. By yearend we had drafted an *Auckland Pacific Strategy* which captures the input of key

Pacific personnel and other stakeholders as well as our own thinking. The next steps will see us take it out to the wider community, together with our plan for making it happen. Documenting a Pacific vision for Auckland and the work programme to support it is a first for the Ministry and must rank as a significant achievement. It also fits neatly with an evaluation and rewrite of the *Pacific Economic Action Plan*, which will clearly have significant application in Auckland.

Economic change also prompted us to host a Pacific jobs fono at which economists, employers, Pacific businesses and others teased out the impacts and opportunities of recession for Pacific people. Some of our participants then attended the Prime Minister's jobs summit and the ensuing regional summits, armed with data and ideas for helping Pacific people withstand the recession.

Lifting Pacific participation in employment – and in health, housing and education – is another of the priorities agreed with the Prime Minister. We had already identified the *Modern Apprentice* scheme as one offering potential for young Pacific people and in September 2008 we launched a Pacific version of the scheme. We showcased this at various locations, most notably to some 2,000 Pacific young people and their families at the Vahefonua Education and Training Expo in January 2009, and at Christchurch's SpacPac which attracted 1,000 young people. We also started renegotiating our contract with the Pacific Business Trust so that it broadens its role to include skills training.

In housing we continue to press for better options for Pacific people, both in home ownership and in appropriate state rental stock. In May we convened a housing workshop with key players to identify some innovative approaches to the former, and throughout the year we have contributed to the *Tamaki Transformation Programme*. We hope to ensure the revitalisation of this area reflects the needs and aspirations of the many Pacific peoples who rent homes there. We have also worked closely with the Housing New Zealand Corporation on its first ever *Pacific Housing Strategy*.

Following a review and restructure in 2007/2008, we aimed this year to establish ourselves as a knowledge shop, the

premier source of information and expertise on matters Pacific. The growth in interagency requests and projects suggests we are starting to build that reputation.

We are building our expertise through selected research to provide information about some poorly-understood aspects of Pacific peoples' lives. In conjunction with other agencies we won funding from the cross departmental research pool to understand the nature of wealth collectively held within Pacific communities and to identify opportunities for mobilizing it. Using collective capital to generate higher net worth can potentially enable broader and better choices in relation to employment, education and, work/life balance. With funding from the Migrant Levy Fund we commissioned work examining the social and economic impacts of migration on New Zealand host families. We collaborated with the Department of Labour to report on Pacific women's participation in both paid and unpaid work, and with funding from the Taskforce on Sexual Violence researched values, beliefs, protocols and practices which might help prevent sexual violence in Pacific families.

At the same time as we are telling our story to Government, advocating policies and programmes which will help Pacific people enjoy the same success as many other New Zealanders, we are talking to our communities. We unveiled the refocused Ministry in a series of meetings with Pacific communities, and later hosted meetings in the main centres to introduce them to the new Minister, the Hon Georgina te Heuheu QSO.

We continue to work with Pacific people to showcase aspects of our cultures which contribute to national identity. Many of the best-known events, such as Auckland's Pasifika festival, are now well-established on the national calendar and need no help from us.

Pacific artists are increasingly being recognised, and providing role-models for others wanting to pursue similar paths. Following a suggestion from actor Nathaniel Lees the Ministry last year launched *Pacific Starmap*. This website allows established artists to mentor those who aspire to become so and provides generic advice on a career in the arts and listings for Pacific art events. Since its inception the number of artists listed has doubled, and use of the site continues to grow.

Integral to culture is language. Last year the Ministry worked with Niuean, Tokelauan and Cook Island communities to develop and launch interactive *Mind Your Language* websites. Each of these languages was endangered and helping preserve them is clearly a priority. An evaluation of the websites will help inform a *Pacific Languages Strategy* due next year. We

marked Samoan Language Week, 24-31 May, with a public talk in Wellington, and an ava ceremony in Christchurch.

We have also continued to build our Nominations Service, putting Pacific people forward for appointment to public sector boards, and for honours. Last year's New Year's Honours list included 13 Pacific people, the highest number ever.

Last year this section of our *Annual Report* opened with the New Zealand–Pacific Remittances Project. This year we can report that completion of phase one led directly to introduction of a new remittances product which allows Pacific people in New Zealand to send money “home” at a cost of about three percent. Previously the cost of remittances was as much as 25 percent of their value. A new website, *SendmoneyPacific*, lets remitters compare the costs of using various providers.

Our partner organisations – the World Bank, the Reserve Bank and NZAID – have now been joined by the Pacific Co-operation Foundation and are working with us on the next phase. This will be a financial capability programme to be delivered next year.

Our achievements this year reflect the dedication and hard work of our staff, and demonstrate the flexibility and innovation possible in smaller agencies like us.

We have invested heavily in training for our staff, and in modernising systems and processes to help us work efficiently. We can now be much more confident that we have robust financial management, performance management, data management and other systems. Training and development and our business improvement programme will continue, as we strive to meet Government's expectations about value for money from the public sector.

We have consolidated both our focus on the vital few areas which offer the most for Pacific people and our team. And in the course of the year we have acquired valuable experience. The Ministry of Pacific Island Affairs ends the year well-placed to deliver on Government's priorities and Pacific peoples' aspirations.

**PART TWO**

**OUTCOME CONTRIBUTIONS**

## MANAGING FOR OUTCOMES

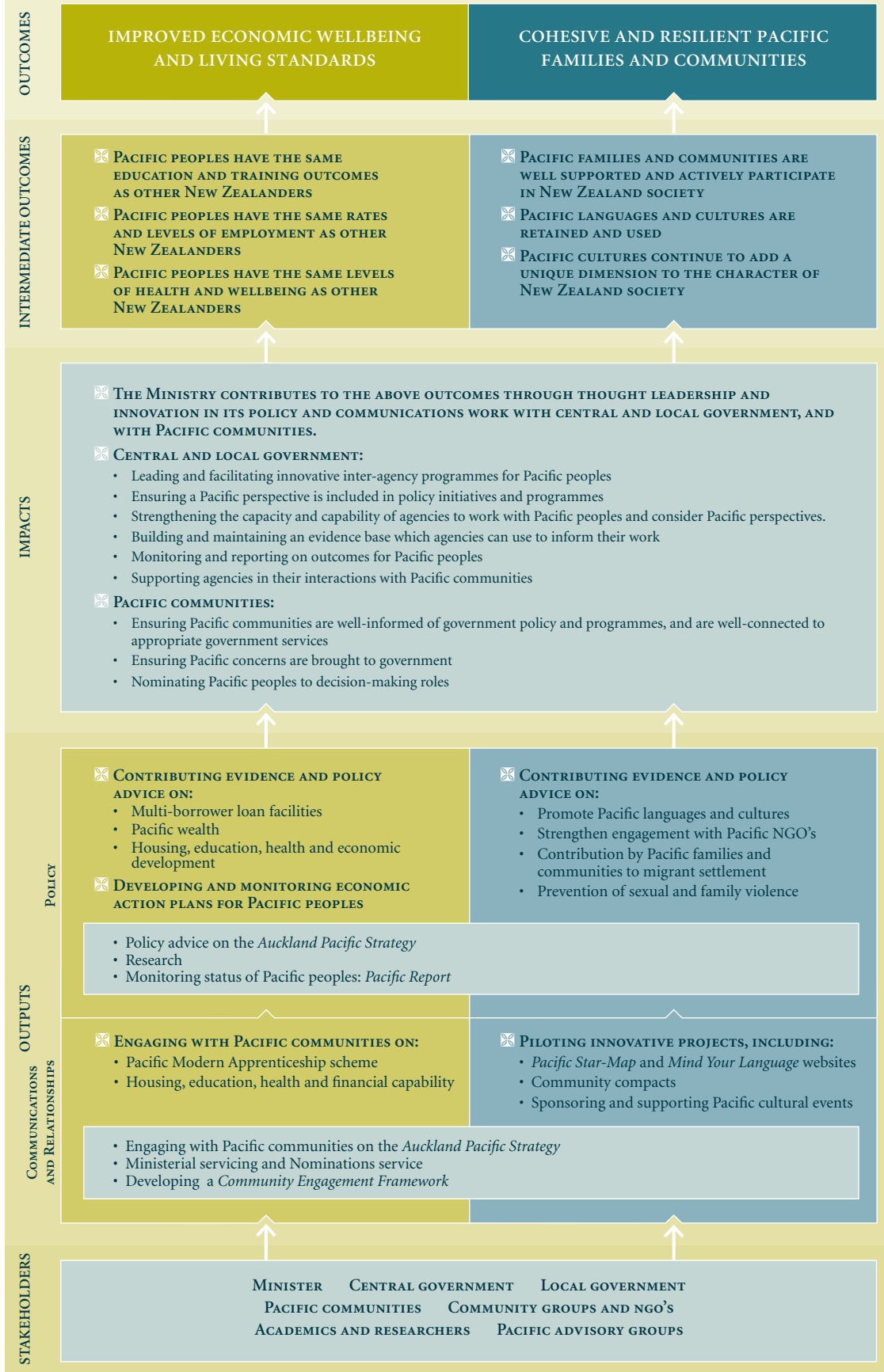
As the year progressed we revised our outcomes to reflect the new Government's priorities and the *Pacific Outcomes Framework*. The Ministry's new outcome areas provide a revised focus on lifting income and living standards as well as strengthening Pacific families and communities. The Ministry's *Statement of Intent 2009-2012* outlines our new strategic direction under the following two outcome areas:

- ✦ Improved economic wellbeing and living standards
- ✦ Cohesive and resilient Pacific families and communities

The annual report for the 2009-2010 will report against the new outcome areas agreed to with the Minister of Pacific Island Affairs in early 2009, as illustrated in the Ministry's current outcomes and performance framework following (page 12).

# MINISTRY OF PACIFIC ISLAND AFFAIRS OUTCOME FRAMEWORK

## MINISTRY VISION **SUCCESSFUL PACIFIC PEOPLES**



## PACIFIC BUSINESS TRUST

The Pacific Business Trust (PBT), a Crown Entity established in 1985, continued to provide business development services to give effect to its mission statement of:

*Assisting New Zealanders of Pacific descent to start, develop and sustain successful businesses*

Supporting Pacific peoples into successful businesses directly contributes to our 2008-2011 *Statement of Intent (SOI)* outcome that Pacific peoples participate fully in New Zealand's economy. Working under a Purchase Agreement with the Ministry, the PBT furthered this through implementation of the key business development milestones of the *Pacific Economic Action Plan (PEAP)* and the *Pacific Women's Economic Development Plan (PWEDP)*, part of its suite of business assistance services.

Services delivered during the year included business seminars, training, information, advice and assessments to assist Pacific peoples start and grow successful businesses. The PBT also encouraged young Pacific people to participate in entrepreneurial activities through *Plantation*, a business programme delivered in partnership with selected secondary schools with high Pacific rolls.

The Ministry monitors PBT performance through quarterly reports which judge its accomplishments against a set of agreed objectives. The Ministry also communicates regularly with PBT's management and Board of Trustees. The PBT provides a detailed report of its services and results in a separate annual report. The Ministry however, is encouraged by PBT's key achievements for the year including:

- ✦ assisting with the establishment of 76 new businesses (target 50), owned and operated by Pacific peoples;
- ✦ providing 116 consultations to existing businesses which resulted in improved performances, and 27 capability assessments with accompanying action plans which were implemented;
- ✦ sustaining 60 percent of newly established businesses (target 60 percent) for more than 12 months;

- ✦ delivering four well-attended Unlimited Pasifika entrepreneurship seminars (target 3) in the Auckland, Wellington and Hamilton regions;
- ✦ engaging 82 secondary students of Pacific descent (target 60–80) in the Plantation Business Challenge and Pasifika Business Fono programme; and
- ✦ increasing the number of hits and visits to the upgraded PBT business development website by 614 percent and 40 percent respectively (target 10 – 20 percent).

The Ministry has also facilitated a number of strategic alliances for the PBT, with agencies including Te Puni Kokiri, Business Mentors New Zealand and the Tertiary Education Commission. These will help strengthen its role as a capable and accessible economic development resource for Pacific peoples, and facilitate our larger economic objectives.

## CONTRIBUTING OUTCOMES

At the start of the financial year the Ministry's work reflected the three contributing outcomes in the *Statement of Intent 2008-2011*: economic participation; social wellbeing; and cultural development.

We report our outcomes against the 2008 SOI framework (sections in bold print) but include the important new projects added to our work programme.

### CONTRIBUTING OUTCOME 1: ECONOMIC PARTICIPATION

#### PACIFIC PEOPLES PARTICIPATE FULLY IN NEW ZEALAND'S ECONOMY

##### ACTIVITY

##### RESULTS

##### OUTPUT CLASS: POLICY ADVICE

**Implement and monitor *the Pacific Economic Action Plan* and *Pacific Women's Economic Development Plan*.**

Throughout 2008–2009 the Ministry has continued to implement milestones under the *Pacific Economic Action Plan (PEAP)* and *Pacific Women's Economic Development Plan (PWEDP)*. Milestones which have had significant impact on Pacific communities in New Zealand include:

- ✦ The NZ–Pacific Remittance and Financial Capability project, which decreased costs for Pacific peoples remitting money to Pacific nations
- ✦ The Pacific Modern Apprenticeship Awareness campaign, designed to increase Pacific uptake of the Modern Apprentice programme
- ✦ Development of young Pacific entrepreneurs, an initiative to mentor Pacific students taking part in enterprise schemes (including a Ministry-sponsored award for excellence in Pacific business), and
- ✦ *Pacific Women's Work*, a comprehensive report on the positioning of Pacific women within New Zealand's labour force.

In June 2009 we drafted a comprehensive evaluation of the plans' effectiveness in achieving their objectives in the first two years of implementation. It showed 30 of the 44 milestones in the plans were either completed or showed some progress toward achieving their objectives. The evaluation also identified critical success factors in the completed milestones. Milestone success was dependent on a clear evidence-base informing the development of milestone objectives, and strong and lasting relationships between relevant stakeholders, based on robust and ongoing consultation and engagement.

ACTIVITY	RESULTS
<b>OUTPUT CLASS: POLICY ADVICE</b>	
	<p>The evaluation will inform the second iteration of the economic development plan, expected September 2009. Originally due for publication on 1 December 2009 this has been fast-tracked in light of the current recession.</p>
<p>Assess research and information that will inform policy on strategies and programmes for promoting Pacific peoples' economic participation.</p>	<p>In preparation for the Pacific Jobs Fono, which we hosted in February 2009, we produced a background paper highlighting the vulnerability of Pacific communities to recession. This provided contextual information and stimulated discussions on possible interventions amongst the business, Government and community leaders present. The resulting Fono report supported Pacific delegates' participation at the Prime Minister's Job Summit. Both reports can be found at: <a href="http://www.mpia.govt.nz/publications">http://www.mpia.govt.nz/publications</a></p> <p>We worked in collaboration with the Department of Labour to develop <i>Pacific Women's Work: An overview of Pacific women's participation in the New Zealand labour market</i>. The report (released July 2009) focuses on Pacific women's demographics, education, training and labour force engagement. It will aid further policy work in this area, and inform development of suitable milestones in the revised PEAP. This report can be found at: <a href="http://www.mpia.govt.nz/publications">http://www.mpia.govt.nz/publications</a>.</p> <p>We supported the Minister in her leadership of the workstream to promote training opportunities for Pacific peoples, which resulted from the Prime Minister's employment summit.</p> <p>We produced a discussion paper which led to the development of Pacific actions within the <i>New Zealand Skills Strategy</i>.</p> <p>We secured Cross Departmental Research Pool (CDRP) funding for the <i>Mobilising Pacific Resources</i> project. This will provide a knowledge base to support cross-sector initiatives to develop and enhance collective Pacific wealth as a way of improving current Pacific outcomes and choices in economic development, education, health, employment and work/life balance.</p>
<p>Auckland Strategic Plan</p>	<p>The Ministry has made significant progress in developing a strategic plan for the greater Auckland region, the <i>Auckland Pacific Strategy</i>. We prepared a discussion document and met with key stakeholders including representatives from Pacific communities, Pacific leaders, academics and local and central agencies.</p>
<p>The Pacific Report</p>	<p>The Ministry began work on the <i>Pacific Report</i> in partnership with Statistics New Zealand. This replaces the <i>Annual Aggregate Report</i> (AAR) and will summarise outcomes for Pacific people in all sectors. The report will also underpin the Ministry's future approach to monitoring the public sector's contribution to the range of Pacific outcomes in New Zealand.</p>

## OUTPUT CLASS: COMMUNICATIONS

Promote and facilitate effective communications practices for government's economic development activities and opportunities for Pacific peoples.

The Ministry has focused on effective promotion of modern apprenticeships, worked with the Ministry of Social Development to plan an information campaign for Pacific communities on entitlements, and participated in regional job summits.

Design and implement the modern apprenticeships awareness programme, and a pathways expo.

In September 2008 the Ministry launched *The Apprentice* campaign to raise awareness of apprenticeship opportunities among young Pacific people and their families.

We sent Auckland secondary schools with high numbers of Pacific students copies of *The Apprentice* resource kit. Demand prompted a reprint with a total 11,000 copies ordered, most of which have been distributed to schools throughout New Zealand. Ministry staff then worked with relevant agencies and organisers of existing events to promote the scheme and training opportunities to Pacific communities.

This included partnership with the Vahefonua Tongan Methodist Church to host the Vahefonua Education and Training Expo (Auckland), in January 2009. More than 2,000 Pacific youth and parents attended. Fifty-two industry training organisations, tertiary education institutes and community groups staffed stalls and information desks.

In April, the Secondary Schools Pasifika Cultural Festival in Christchurch included *The Apprentice* campaign as a key part of its Specifically Pacific careers expo. The festival also included a multilingual speech competition and leadership mentoring seminars. In May more than 300 Pacific secondary school students from Hamilton and Tokoroa participated in the Pacific Youth Fono featuring education, health and training themes. The Ministry invited ITOs to participate and host information stalls.

The recession has seen opportunities for apprenticeships reduced as businesses including manufacturers find themselves unable to afford the fees and down-time associated with staff attending courses. Some employers have released apprentices.

Tamaki Transformation Programme

The *Tamaki Transformation Programme (TTP)* is a multi-agency project in partnership with the community to improve and enhance an area of Auckland which houses many Pacific people. The Ministry is involved at governance, steering group and community engagement level.

The programme reflects a 20-year vision that sees Tamaki as a place where generations of residents thrive and prosper, where there is a strong and vibrant community spirit, and the natural beauty and history are valued. This community will be more self-reliant and consequently less dependent on government services.

The Ministry has focussed on ensuring that Pacific views, needs and aspirations are incorporated, taking the lead on a Pacific Community Engagement Strategy. We are also working with partner agencies to introduce the programme to our communities. All our activity reflects an agreed protocol for working together. The Ministry's policy team is likely to be engaged in a review of social services, the parameters for which are currently being developed.

## CONTRIBUTING OUTCOME 2: SOCIAL WELLBEING

### THE SOCIAL WELLBEING OF PACIFIC PEOPLES IS ENHANCED

#### OUTPUT CLASS: POLICY ADVICE

**Monitor and report on key priority areas and targets outlined in the Ministry of Health and Ministry of Pacific Island Affairs *Joint Pacific Health Action Plan***

The 2008 *Joint Pacific Health Action Plan* was successfully completed and reported to Ministers in December 2008. The Ministry carried out its actions in the plan and monitored outcomes in the other priority areas.

We continued work to set the strategic direction for Pacific health and contribute to the development of a new action plan.

The Ministry of Health's *Pacific Health and Disability Action Plan (2002)* and the *Pacific Health and Disability Workforce Development Plan (2004)*

We co-led with the Ministry of Health the development and implementation of the *Lu'i Ola Pacific Disability Plan* to address service issues, information gaps and development issues for the 10,000 Pacific people with disabilities in the Auckland region. This work included the opening of the Mangere Pacific Disability Access Centre, a stocktake of Pacific services, a workforce development and a communications plan.

**Monitor and report on key priority areas and targets outlined in the Ministry of Education and Ministry of Pacific Island Affairs *Pasifika Education Plan***

The Ministry worked collaboratively with the Ministry of Education to successfully relaunch the *Pasifika Education Plan* in August 2008. The plan includes stretch targets to improve Pacific student achievement in early childhood education (ECE), school and tertiary study. Notable changes included: a target of 1,000 extra early childhood education enrolments of Pacific children, increased targets for higher NCEA achievement, for Pacific people on school boards of trustees and in Modern Apprenticeships, and a new focus on first-year tertiary retention rates.

The 2007 Monitoring Report was also released in August 2008. Notable achievements include: continued improvement in early childhood education participation, lower rates of Pacific school leavers with little or no formal attainment and more achieving at higher NCEA levels, and improved five-year tertiary retention rates. We continued to work with the Ministry of Education (MOE) and other education agencies to deliver on and ensure the ongoing usefulness of the plan.

We worked collaboratively with MOE, the Manukau City Council, the Ministry of Social Development (MSD), Te Puni Kokiri (TPK), and the City of Manukau Education Trust (COMET) to develop the *Counties Manukau Early Childhood Education Participation Project Plan*. This anticipates up to 29 ECE services for the area, improved teacher recruitment, a higher standard of ECE services and more Pacific ECE language nests.

**Monitor and report on key priority areas and targets for the *Working for Families* initiative.**

We worked with the Ministry of Social Development on developing strategies to ensure Pacific families, especially those newly unemployed or with reduced wages, are aware of their entitlements.

## OUTPUT CLASS: POLICY ADVICE

### Taskforce for Action on Sexual Violence

We were members of the Taskforce for Action on Sexual Violence and co-led completion of the workstream on 'Raising Conversations' with Te Puni Kokiri. This focused on a primary prevention approach. The results of this and new research on cultural protective factors for Pacific communities are being used to inform a *Sexual Violence Prevention Strategy* which we are developing with the Ministry of Health. We also provided a Pacific perspective on research being undertaken by the Ministry of Women's Affairs.

### Pacific Housing Strategy

The Ministry worked closely with the Housing New Zealand Corporation on its *Orama Nui – Housing Strategy for Pacific Peoples*, involving consultations with communities and other government agencies. We also began to explore innovative housing solutions to assist Pacific people into home ownership.

We developed a background paper on Pacific housing for a workshop in May 2009. Attendees included government agencies, researchers, Pacific providers and community representatives. We began policy work on partnerships with Pacific churches and multi-borrower facilities. Our policy work in this area will be a key focus in the coming year.

### Department of Labour *Workplace Health and Safety Strategy for New Zealand to 2015* and *Accident Compensation Corporation New Zealand Injury Prevention Strategy*

In Auckland, we co-facilitated with the Department of Labour the development and implementation of the *Counties Manukau Puataunofu Project Plan*. This aimed to reduce Pacific workplace injuries and fatalities, improve Pacific worker safety practices in the workplace and the workplace health and safety culture for Pacific workers and employers. The first year's work, successfully completed, included targeting five work sites in Manukau, promotional activities, and a Status Report which was developed further by the Department of Labour as an example of best practice and published on its website.

Puataunofu concepts of practice are being developed in Christchurch and Wellington.

### Pacific Programme of Action on Effective Interventions

The Ministry co-led, with the Ministry of Justice, interagency meetings to oversee the implementation of the Pacific Programme of Action on effective interventions in the justice sector. Fourteen of 23 milestones were completed. Ongoing work will be addressed through the government's Drivers of Crime work.

## OUTPUT CLASS: COMMUNICATIONS

Promote and facilitate effective communications on government agencies' programmes and services that promote social wellbeing to Pacific communities and families.

We are a conduit for information flow between agencies and Pacific communities. Our approaches include assisting agencies with face-to-face meetings, communicating via regular radio slots, being proactive with and responsive to media, and producing a regular newsletter.

Our relationships team offers other agencies expert Pacific communications advice, and provides access to well-developed networks of Pacific community leaders nationwide.

Prevention of family and community violence.

We have contributed to the *Pacific Family Violence Programme of Action 2008-2013*, working with the Ministry of Social Development to develop the community leadership engagement process. As a member of the Taskforce for Action on Family Violence, the Ministry also provides strategic advice on family and community violence prevention.

Community Compacts

The Ministry has initiated Community Compacts to promote and facilitate effective communication with ethnic-specific Pacific groups including Niueans, Fijians, Tokelauans and Cook Islanders. This follows a recommendation from a Ministry review that we increase our communication and relationship-building with smaller Pacific communities.

Community Compacts enable Ministry staff to work with ethnic communities and identify ways they can achieve cultural, social and economic prosperity.

In 2008-2009 the Ministry has convened various community meetings to identify specific issues, and linked Pacific communities with key government agencies and providers to give them a greater understanding of government policy and services. For example, the Cook Islands community in Auckland now has greater knowledge of Housing New Zealand's Home Ownership Scheme.

Development of a *Community Engagement Framework*

Work began on a *Community Engagement Framework* to provide new and more effective ways of working with Pacific communities.

With the increasingly diverse nature of Pacific populations, and subsequent differences in attitudes and behaviours the framework will:

- ✘ help identify effective communication channels,
- ✘ guide our approaches to relationships with key stakeholders,
- ✘ enhance relationships with Pacific communities,
- ✘ facilitate information flows,
- ✘ foster greater engagement with and participation by Pacific people in decision-making, and
- ✘ gather support for Ministry initiatives and programmes.

It is due for completion next financial year.

## OUTPUT CLASS: COMMUNICATIONS

### Strengthening the Nominations Service

Over the past year the Nominations Service, which promotes and encourages Pacific people to serve on public sector boards, has continued to build its database of contacts. At yearend 397 Pacific people were registered, compared with 331 in March 2009.

To increase the quality and number of Pacific candidates we disseminated information to individuals and community networks. This material promoted the value of such work for both individual career development and the public good. We have developed new promotional resources, due for completion August 2009, hosted an appointments seminar and continue to meet regularly with nominations staff in other agencies.

This year the Ministry received 94 agency nomination requests for 113 boards. We processed 24 ministerial nomination requests for 124 boards.

### Pacific Youth Leadership and Transformation (PYLAT) Pilot

The Ministry has done preliminary work with other government agencies to fund, develop and implement a leadership simulation for Pacific youth, based on the New Zealand Youth Parliament model.

Due to have been hosted by our Christchurch office in April 2009 this has now been deferred for a year as the economic downturn prompted several partner agencies to withhold their funding.

### Supporting Pacific families and communities affected by the recession

The Ministry has been working with the Ministry of Social Development to develop a campaign advising Pacific families affected by the recession of their entitlements. Initial publicity ran in the Ministry's June-July 2009 newsletter, and will be followed by community workshops and radio spots.

## CONTRIBUTING OUTCOME 3: CULTURAL DEVELOPMENT

PACIFIC PEOPLE'S CULTURES AND HERITAGE ARE SUPPORTED, DEVELOPED AND VALUED

### OUTPUT CLASS: POLICY ADVICE

Implement and evaluate *Mind Your Language* projects for Tokelau, Cook Islands and Niuean Communities.

The past year represents the third and final phase of the *Mind Your Language (MYL)* project. The Ministry continued work with the Niuean, Cook Islands and Tokelauan communities to develop interactive language websites which encourage language learning in homes, schools, universities and other areas. Websites, completed and launched late 2008, provide a platform to increase language use by these three communities most at risk of losing their languages.

To measure effectiveness the Ministry commissioned an independent evaluation of the three projects, focused on project achievements. This will be completed next financial year, and inform discussion on the future of the websites. Further language development work will be included in the proposed *Pasifika Language Strategy*.

Develop the *Pacific Languages Strategy* by 2009/2010.

The Ministry held initial discussions with potential partners to develop a *Pasifika Language Strategy (PLS)* and completed a discussion paper in April 2009. The paper, focused on the benefits of bilingualism and bilingual education, will help development of the PLS, due for completion in 2009/2010.

### OUTPUT CLASS: COMMUNICATIONS

Promote and facilitate effective communications on government agencies' programmes and services that promote cultural development.

The Ministry's newsletter continues to champion Pacific cultural development through eg, coverage of Samoan Language Week and the blessing of a Tokelauan edition of the New Testament. We were a minor sponsor (due to economic constraints) of the Pacific Music Awards, and of the Pacific Islands Media Association conference.

Implement a creative industries pathways tool 'Starmap' in 2008/2009.

*Pacific Starmap* is an online facility primarily for emerging Pacific artists seeking information relevant to their artistic development. Supported by a number of established Pacific artists including actor Nathaniel Lees and writers Albert Wendt and Sia Fiegel, the Starmap website has experienced steady growth. Nine months after its launch, the site enjoys a monthly average of

- ✘ 2,000 individual visits
- ✘ 9,000 pages viewed
- ✘ 60,000 hits, and
- ✘ over one gigabyte of bandwidth traffic.

The Starmap team has established a network of relationships with artists and arts organisations and receives regular updates of arts events from around the country. The artist directory has doubled in size since the site was launched and continues to grow steadily.

SPACPAC South Island

The Ministry co-led with the Ministry of Education this premier event for hundreds of Pacific college students in the South Island. Combining careers information, cultural events and other activities SPACPAC this year featured an Ministry-sponsored multi-lingual speech competition. More than 1500 people attended the Polyfest cultural night at which 500 students performed.

## SUMMARY OF ACHIEVEMENT OF 2008-2009 KEY OUTPUT AREAS

The table below provides a status summary of the key output areas outlined in the Ministry's 2008 Statement of Intent.

OUTPUT CLASS	OUTCOME 1: ECONOMIC PARTICIPATION	OUTCOME 2: SOCIAL WELL-BEING	OUTCOME 3: CULTURAL DEVELOPMENT
<b>Policy &amp; Monitoring</b>	Implementation and monitoring of the <i>Pacific Economic Action Plan</i> and <i>Pacific Women's Economic Development Plan</i> .	Monitor and report on key priority areas and targets outlined in the Ministry of Health and Ministry of Pacific Island Affairs Joint <i>Pacific Health Action Plan</i> and Ministry of Education <i>Pasifika Education Plan</i> and <i>Working for Families</i> initiative.	Implement and evaluate <i>Mind Your Language</i> projects for Tokelau, Cook Island and Niuean communities.
<b>Status</b>	<i>Achieved and ongoing work continues in 2009/2010.</i>	<i>Achieved and ongoing work continues in 2009/2010.</i>	<i>Completed and achieved will inform the Pacific Languages Strategy work to be continued in 2009/2010.</i>
	Assess research and information that will inform policy on strategies and programmes for promoting Pacific peoples participation.	Development of <i>Pacific Outcomes Framework</i> by end June 2009	Development of <i>Pacific Languages Strategy</i> by 2009/2010
<b>Status</b>	<i>Achieved and ongoing in 2009/2010.</i>	<i>Completed and achieved in November 2008.</i>	<i>Ongoing work to continue in 2009/2010</i>
<b>Communications and Relationships</b>	Promote and facilitate effective communications practices for government's economic development activities and opportunities for Pacific peoples.	Promote and facilitate effective communications on government agencies programmes and services that promote social wellbeing to Pacific communities and families.	Implement a creative industries pathways tool "Starmap" 2008/2009
<b>Status</b>	<i>Achieved and ongoing work to continue in 2009/2010</i>	<i>Achieved and ongoing work to continue in 2009/2010</i>	<i>Completed and achieved in August 2008.</i>
	Design and implement the Modern Apprenticeships Campaign and Pathways Expo.		
<b>Status</b>	<i>Achieved and ongoing in 2009/2010.</i>		

**PART THREE**

**MANAGING THE DEPARTMENT**

# MAINTAINING AND DEVELOPING CAPABILITY

A review of the strategic direction, priorities and roles of the Ministry in 2007/2008 resulted in a new organisational structure, and a revised strategic direction and purpose. This year our focus was on embedding organisational change, developing our people, and implementing systems and processes to ensure we can deliver our outcomes and meet the needs of stakeholders.

## OUR PEOPLE AND CULTURE

Being a 'good employer' enables the Ministry to attract a high calibre of people, motivated to achieve our goals, and committed to our vision and values. We have made good progress this year in a number of areas defined under the 'good employer' principles.

In 2008 we introduced a Capability Management Programme, linking business planning with individual goals and objectives. This has enabled us to identify individual and group development needs, and structure staff training to meet them. We are committed to continuing this approach, offering staff opportunities for skills acquisition and development.

We have also focused on developing leadership. All staff attended a team leadership course and the Senior Leadership team has participated in 360-degree feedback. Development plans for our leadership team will be implemented to help individual growth and organisational development and culture.

We continue to develop policies and processes consistent with good employer principles, and demonstrating fairness, transparency and consistency in their application.

We will continue to refine our Human Resource framework, improving HR management information system, induction processes and staff awareness of impartiality standards expected of public servants.

The Ministry has 47 fulltime equivalent (FTE) positions, and three vacancies at the end of the financial year.

## SYSTEMS AND STRUCTURES

The Ministry has significantly improved systems and structures to support staff to work efficiently and effectively. Key changes during the year include:

- ✘ development and/or revision of all financial and human resource policies and procedures

- ✘ implementation of enhanced controls for budget setting and expenditure
- ✘ development of a risk management framework, and
- ✘ implementation of a new financial management information system in October 2008.

The improved transparency provided by the new Financial Management Information System (FMIS), coupled with revised management reporting and review of output costings uncovered a discrepancy between Output allocations. We subsequently obtained Cabinet approval for an adjustment to the output class appropriations.

We revised the Ministry's outcomes framework and associated performance measures during the year. This reflects the outcomes we are seeking to achieve and the links between intermediate outcomes, impacts and specific outputs. The outcome framework is contained in the *Statement of Intent 2009–2012*.

We are committed to implementation of a business improvement programme to improve efficiency and effectiveness, and increase stakeholder satisfaction. The focus during 2008/2009 was on systems development, and encouraging best practice in priority areas. This work will continue.

## INFORMATION MANAGEMENT

We are working to develop the Ministry as a knowledge management organisation, creating an environment where staff are encouraged and supported to create and share knowledge.

The Ministry is required to comply with the Public Records Act 2005. However good information management also offers:

- ✘ Business efficiency – knowing where information is and how to retrieve it
- ✘ Knowledge management
- ✘ Time saving, and
- ✘ Enhanced communication between teams and regional offices.

In 2008/2009 we undertook an information management project to:

- ✦ Develop a file classification structure for electronic records stored in the shared drive and associated hard copy records
- ✦ Develop appropriate policies and guidelines to support record management
- ✦ Deliver records management training for staff, and
- ✦ Review current storage conditions against the Archives New Zealand Storage Standard and recommend any improvements required.

The information management project will contribute to the knowledge management infrastructure, and provide the framework for good practice in management of our electronic documentation.

### INFORMATION AND COMMUNICATION TECHNOLOGY

We implemented video conferencing at the end of 2008/2009 to connect regional offices and Head Office for meetings, briefings and limited training. This will help build a team culture and contribute to sustainability through reduced travel.

We began upgrading to Microsoft Exchange to give staff a more versatile and reliable communication (email, calendaring and time-management) system. This will be completed early 2009/2010. The network architecture will also be reviewed to improve login control, files and file-structure security, and antivirus control. The review will also assess what changes are required to ensure adequate network capability now and in the future, and IT management.

### EQUAL EMPLOYMENT OPPORTUNITIES

We completed a review to ensure that current jobs are sized appropriately, salaries aligned with the size of the role and competitive within the wider public sector. Transparency and communication have allowed staff to recognise the similarities and differences between roles and responsibilities. A further review of all position descriptions later in 2009 will contribute to development of a progression framework.

In 2008 we finalised our *Pay and Equity in Employment Review* report. The results indicate that the Ministry has effective and balanced EEO practices with a consistent spread of gender, ethnicity and salary across all levels. These results remain current.

As part of our commitment to being a trusted State Service, all Ministry staff have attended Integrity and Trust workshops. As part of our strategic planning process we have reviewed our core values and the behaviours identified to support those values. The refreshed values and behaviours were developed through a consultative process with staff and have or will be encapsulated in key documents including the strategic plan, business plans and individual job descriptions.

### DEVELOPMENT GOALS FOR THE STATE SERVICES

The Ministry of Pacific Island Affairs contributed to the goals set for the State Services as follows:

#### Goal 1: *Employer of Choice*

We identified recruitment and retention of experienced staff as a key focus following the restructure. A range of initiatives has been used including:

- ✦ defining our core competencies
- ✦ reviewing our values, and
- ✦ increasing transparency in our core HR processes.

#### PERFORMANCE INDICATOR

Staff turnover in 2008/2009 was 15 percent compared to 17 percent in 2007/2008.

#### Goal 2: *Networked State Services*

The Ministry has repositioned itself as a knowledge-based organisation. We assist other agencies by providing information and knowledge about Pacific peoples, gained from our strong links with Pacific communities, from our analysis of existing data and by generating new data through research. We also add value by linking the work of central and local government agencies, and by providing a conduit for information flow between agencies and Pacific communities.

Collaboration with other agencies and Pacific communities is essential to our way of working. We work closely with a range of agencies on projects and programmes including, eg, the Tamaki Transformation Programme, a large multi-agency programme, SPACPAC with the Ministry of Education and other agencies and Puataunofo, a Pacific health and safety programme led by the Department of Labour.

Our approaches to liaison and communication with stakeholders include face-to-face meetings, a quarterly newsletter, radio broadcasts that reach thousands of Pacific households weekly, responsiveness to and proactivity with media and public enquiries.

### Goal 3: Value-for-Money State Services

Implementation of the Ministry's business improvement programme will contribute to our being a value-for-money state service. The intention in 2009/2010 is develop a measurement framework with indicators to assess our performance and the effective and efficient use of resources.

### Goal 4: Coordinated State Agencies

The Ministry contributes to this through participation at governance, steering committee and working group level in programmes which sit across the state sector. Examples include the Taskforce for Family Violence, the Taskforce for Action on Sexual Violence, the *New Zealand Skills Strategy*, the *Carer's Strategy* and the *Tamaki Transformation Programme*. We have participated in meetings and workshops convened by other agencies such as the Ministry of Justice's Drivers of Crime meeting.

Through our regional offices we work closely with local government organisations, especially those in Auckland and Christchurch. We have developed memoranda of understanding with key local government authorities.

We also contribute by convening and participating in meetings to focus experts and the community on addressing problems which face Pacific communities. Over the past year we have:

- ✘ convened the Chief Executive's forum on Pacific affairs twice
- ✘ co-convened an interagency education research day in November 2008
- ✘ held a Pacific jobs fono in February to provide input to the Prime Minister's job summit
- ✘ held a workshop to explore policy options for increasing home ownership by Pacific families in May with assistance from SPEAR funding, MOTU and AUT. Participants included policy people from key agencies, academics and members of the Pacific community, and
- ✘ convened local and central government public sector officials' network meetings in Auckland and Christchurch.

We co-ordinate our activities with other agencies through our joint plans including the:

- ✘ *Pacific Economic Action Plan* (lead)
- ✘ *Pasifika Education Plan* (with Ministry of Education)
- ✘ *Pacific Health Action Plan* (with Ministry of Health)

We have led research projects on the prevention of sexual violence and on the impact of migration on New Zealand host families. We have been successful in leading an interagency funding bid for a project to understand Pacific community wealth and how to mobilize this wealth to improve outcomes for Pacific families.

We also have a role in convening and assisting with Pacific Advisory Groups for agencies including the Ministry of Education, Ministry of Social Development and the Alcohol Advisory Council.

### Goal 5: Accessible State Services

The Ministry maintains a key role in linking Pacific communities and organisations with other agencies and services. We advise government agencies on effective ways to communicate and customise their services to meet the needs of Pacific peoples. Over the past year we have worked with many agencies to enable them to be more accessible to Pacific communities. Our relationships teams have convened a number of information sharing fono with:

- ✘ Housing New Zealand
- ✘ Department of Internal Affairs
- ✘ Ministry of Education
- ✘ Ministry of Social Development
- ✘ Waitakere City Council
- ✘ Tertiary Education Commission, and
- ✘ The New Zealand Police.

### Goal 6: Trusted State Services

The Ministry and the Senior Leadership Team are actively committed to the *Standards of Integrity and Conduct*, and all staff are encouraged to comply. In-house training and resources have been provided to give effect to maintaining and enhancing trustworthy behaviour. Staff were also given guidance on the Electoral Act and the general election.

Other initiatives to instill confidence in our people, systems and processes include:

- ✘ Managing conflicts of interest policy
- ✘ A risk management framework, and
- ✘ An evaluation strategy.

**PART FOUR**

**STATEMENT OF SERVICE PERFORMANCE**

# PERFORMANCE INFORMATION

## 2008-2009

Performance has been reported against the performance measures contained within the 2007-2010 Statement of Intent, as no measures were specified in the Information Supporting the Estimates for the year ended 30 June 2009. Refer to Note 17 for further information.

PERFORMANCE MEASURES	PERFORMANCE STANDARDS	RESULTS 2008-2009	RESULTS 2007-2008	COMMENT
<b>OUTPUT CLASS: POLICY ADVICE</b>				
<b>THIS SECTION INVOLVES PROVIDING HIGH-QUALITY STRATEGIC AND SECTOR POLICY ADVICE TO THE MINISTER, GOVERNMENT AND OTHER GOVERNMENT AGENCIES, ON KEY SOCIAL AND ECONOMIC ISSUES AFFECTING PACIFIC PEOPLES.</b>				
<b>QUANTITY</b>				
Policy advice provided as agreed with the Minister via the Work Plan, including projects specified by the Minister and Cabinet. Any variation will be agreed between the Minister and the Chief Executive.	To the Minister's satisfaction.	Achieved	Achieved	In 2008-2009 the Ministry provided 108 policy advice briefings, four monthly reports, two quarterly reports, and 43 weekly reports as requested by the Minister. In addition the Ministry also developed a background paper on Pacific people and the recession, a summary report from the Pacific Jobs Fono, a paper on Housing Options for Pacific People, and contributed to the Pacific Women's Work Report with the Department of Labour. Work has also progressed on the raising conversations sexual violence research and on Pacific Settlement Outcomes research.

PERFORMANCE MEASURES	PERFORMANCE STANDARDS	RESULTS 2008-2009	RESULTS 2007-2008	COMMENT
<b>QUALITY</b>				
<p>Policy advice provided contributes to Government key priorities and will be delivered to the Minister in accordance with the following standards:</p> <ul style="list-style-type: none"> <li>✘ Advice meets the Ministry's schedule of Quality assurance standards for policy advice</li> <li>✘ Advice aligns with the application of the Ministry's Pacific Analysis Framework</li> </ul>	<p>To the Minister's satisfaction as measured by a six-monthly survey of Ministerial satisfaction as per the scale one to five. The Ministry aims to achieve a score of 3.5 or better.*</p>	Achieved	Not achieved	
<p>Policy advice will be relevant, clear, succinct and timely. Advice meets the Ministry's Schedule of Quality Standards for Policy Advice and aligns with Pacific Analysis Framework</p>	<p>100 % of sample assessed annually by key stakeholders and independent reviewer.</p>	Not achieved	Not achieved	<p>Survey not completed for 2008-2009 papers.</p> <p>A sample of policy papers was independently assessed by NZIER using a standard framework in November 2008 on papers completed the previous year. The average score was 6.6 out of 10. Policy papers will be reassessed in May 2010.</p>
<b>TIMELINESS</b>				
<p>Policy advice delivered within specific reporting deadlines</p>	<p>100% deadlines met as required by the Minister</p>	Not achieved	Not achieved	<p>The Ministry is on average meeting 93% of timelines as required by the Minister.</p>
<p><b>OUTPUT CLASS: POLICY ADVICE: MONITORING</b></p> <p><b>THIS SECTION INVOLVES THE MONITORING OF DEPARTMENTAL PACIFIC STRATEGIES, PROGRAMMES, SERVICES AND ASSESSMENT AND REPORTING OF DEPARTMENTAL EFFECTIVENESS IN IMPROVING OUTCOMES FOR PACIFIC PEOPLES. MONITORING CONTRIBUTES TO A WHOLE OF GOVERNMENT APPROACH IN COLLABORATION WITH RELEVANT GOVERNMENT STAKEHOLDERS AND PACIFIC COMMUNITIES.</b></p>				
<b>QUANTITY</b>				
<p>Monitor PEAP and key departmental Pacific strategies, assess departmental effectiveness and report on the impact of inequalities on Pacific peoples.</p>	<p>To the Minister's satisfaction relative to the Work Plan projects directed by the Minister.</p>	Achieved	Achieved	

PERFORMANCE MEASURES	PERFORMANCE STANDARDS	RESULTS 2008-2009	RESULTS 2007-2008	COMMENT
<b>QUALITY</b>				
Monitoring advice provided will be relevant, clear, succinct and timely – as required by the Minister. Advice will align with the Ministry's monitoring framework.	To the Minister's satisfaction as measured by a six-monthly survey of ministerial satisfaction as per the scale one to five. The Ministry aims to achieve a score of 3.5 or better.*	Achieved	Not achieved	
Work will contribute to Government's key priorities and will be delivered in accordance with the following quality standards:	100% of sample assessed annually by key stakeholders and independent reviewer.	Not achieved	Not achieved	Survey not completed. Policy papers will be assessed in May 2010.
<ul style="list-style-type: none"> <li>✦ Approach aligned with the application of the Ministry's Monitoring Framework; and</li> <li>✦ delivered to standards set in the work specifications.</li> </ul>				
<b>TIMELINESS</b>				
Monitoring and reporting delivered within specified completion and reporting deadlines	100% deadlines met as required by the Minister.	Achieved	Not achieved	
<b>OUTPUT CLASS: POLICY ADVICE: INNOVATIVE PROJECTS</b>	<b>THIS SECTION INVOLVES THE DESIGN AND IMPLEMENTATION OF INNOVATIVE PROJECTS AIMED AT SUPPORTING THE POLICY DEVELOPMENT AND MONITORING WORK OF THE MINISTRY, IN ORDER TO REALISE GOVERNMENT PRIORITIES FOR PACIFIC PEOPLES AND MINISTRY OUTCOMES. THE PROJECTS SELECTED ARE AIMED AT KEY SECTORS AND ENABLE TESTING TO DETERMINE IF THEY ARE SUITABLE FOR WIDER APPLICATION.</b>			
<b>QUANTITY</b>				
Facilitate the design and implementation of projects that support the policy work of the Ministry.	Innovative project briefs are endorsed by the Minister and align with Government priorities.	Achieved	Achieved	The Ministry launched the Pacific Starmap website in August 2008, The Apprentice Campaign and resource kit in September 2008, and supported the Cook Islands, Niue and Tokelau communities in the development of three websites which were launched late 2008. In 2009 these websites have been evaluated and refined with respective communities and will inform the further development of a Pacific Languages Strategy.

PERFORMANCE MEASURES	PERFORMANCE STANDARDS	RESULTS 2008-2009	RESULTS 2007-2008	COMMENT
<b>QUALITY</b>				
Projects will contribute to Government's key priorities and Ministry outcomes and will be delivered to quality standards as set out in the project specifications	To the Minister's satisfaction as measured by a six-monthly survey of ministerial satisfaction as per scale one to five. The Ministry aims to achieve a score of 3.5 or better.*	Achieved	Not achieved	
<b>TIMELINESS</b>				
Innovative projects completed within timelines and reporting deadlines as agreed in the project specifications	100% deadlines met as required by the Minister.	Achieved	Not achieved	
<b>COST OF OUTPUT CLASS D1: POLICY ADVICE</b>				
<b>ACTUAL</b> 30/06/2008 \$000		<b>ACTUAL</b> 30/06/2009 \$000	<b>MAIN ESTIMATES</b> 30/06/2009 \$000	<b>APPROPRIATION VOTED</b> 30/06/2009 \$000
<b>INCOME</b>				
5,985	Revenue Crown	5,073	4,968	5,141
46	Revenue Department	30	60	60
45	Revenue Other	24	-	27
44	Gain on Sale	17	-	-
6,120	Total Revenue	5,144	5,028	5,228
6,023	Total Expenses	3,407	5,028	5,228
97	Net Surplus	1,737	-	-
<b>OUTPUT CLASS: COMMUNICATIONS</b>	<b>THE SECTION INVOLVES COMMUNICATION OF INFORMATION AND ADVICE TO PACIFIC COMMUNITIES ON GOVERNMENT RESOURCES THROUGH NEWSLETTERS, PUBLIC MEETINGS AND OTHER CHANNELS. IT ALSO INCLUDES ASSISTING GOVERNMENT AGENCIES TO RECOGNISE THE NEED FOR, AND TO INCLUDE, INPUT FROM PACIFIC COMMUNITIES; MINISTERIAL SERVICING AND ADMINISTRATION OF THE MINISTER'S ADVISORY COUNCIL.</b>			
<b>QUANTITY</b>				
Newsletters published	Minimum of four newsletters published and distributed within specified timeframes	Achieved	Achieved	
Provide nominees for government positions across the state sector	Number of nominations provided is to the satisfaction of the Minister.	Achieved	Achieved	24 Ministerial nomination processed for 124 boards
Ministerial community engagements	As requested by the Minister.	Achieved	Achieved	A series of Ministerial gatherings were organised throughout New Zealand as an opportunity for the Minister to meet and talk with Pacific communities in Auckland, Wellington and Christchurch.

PERFORMANCE MEASURES	PERFORMANCE STANDARDS	RESULTS 2008-2009	RESULTS 2007-2008	COMMENT
Provide liaison and advisory service to other agencies.	As requested and deemed appropriate by Government agencies.	Achieved	Achieved	The Ministry has been involved with at least 150 government agency-related gatherings over the year.
<b>QUALITY</b>				
Newsletters delivered meet audience satisfaction	A response survey is carried out in the last newsletter to identify whether it is of satisfaction to the target audience.	Achieved	Achieved	An independent review of the newsletter has been initiated.
Nominations provided match skills and competencies required of the position.	Nominations provided are to the satisfaction of the Minister and includes a good representation of Pacific women.	Achieved	Achieved	24 Ministerial nominations for 124 boards.
Ministerial engagements meet community participants' needs	Engagements are to the satisfaction of the Minister as measured by a six-monthly survey of ministerial satisfaction as per scale one to five. The Ministry aims to achieve a score of 3.5 or better.*	Achieved	Achieved	
Liaison and advisory services provided meets the needs of community participants.	To the satisfaction of the Government agencies making the request.	Achieved	Not achieved	
Communications advice will meet the Ministry's schedule of quality standards	100% of sample assessed annually by key stakeholders and independent reviewer.	Achieved	Not achieved	
<b>TIMELINESS</b>				
Newsletters published	100% within timeframes set in the Work Plan.	Achieved	Achieved	
Nominations provided	100% deadlines met as required by the Minister.	Not achieved	Not achieved	24 Ministerial nominations processed for 124 boards
Ministerial community engagements	100% with timeframes set by the Minister.	Achieved	Achieved	Attended over 20 engagements with the Minister.
Liaison and advisory service provided.	100% deadlines met as agreed.	Achieved	Not Achieved	

PERFORMANCE MEASURES	PERFORMANCE STANDARDS	RESULTS 2008-2009	RESULTS 2007-2008	COMMENT
<b>OUTPUT CLASS: COMMUNICATIONS; MINISTERIAL SERVICING</b>				
<b>THIS SECTION INCLUDES THE PROVISION OF COMMUNITY ADVICE, MINISTERIAL AND PARLIAMENTARY SERVICES, INCLUDING THE ADMINISTRATION OF THE MINISTER OF PACIFIC ISLAND AFFAIRS' ADVISORY COUNCIL.</b>				
<b>QUANTITY</b>				
Ministerial correspondence answered	As required 100%	Achieved	Achieved	The Ministry has provided 36 drafts of correspondence as requested by the Minister. In the previous year this totaled 17 drafts of correspondence.  The Ministry provided draft correspondence for two Ministerial Official Information Act requests during this period.
Parliamentary questions answered	As required 100%	Achieved	Achieved	The Ministry has provided 64 draft responses to written parliamentary questions this period, an increase from 34 in the previous year.
Briefings and speech notes provided	As required 100%	Not achieved	Achieved	The Ministry has provided 33 draft ministerial speeches and 14 event information notes.
Minister's Advisory Council meetings held.	As directed by the Minister.	Achieved	Achieved	The Ministry is responsible for providing the secretariat duties for the Minister's Advisory Council. During this period two full Council meetings have been organized, and all expected briefings, reports and documentation completed within agreed timeframes.
<b>QUALITY</b>				
Ministerial correspondence answered.		Not achieved	Not Achieved	Achieved for Official Information Act responses, however, not achieved for correspondence.
Parliamentary questions answered.	To the Minister's satisfaction as measured by a six-monthly survey of Ministerial satisfaction, as per scale one to five. The Ministry aims to achieve a score of three or better.*	Achieved	Not achieved	

PERFORMANCE MEASURES	PERFORMANCE STANDARDS	RESULTS 2008-2009	RESULTS 2007-2008	COMMENT
Briefings and speech notes delivered.	To the Minister's satisfaction.	Not achieved	Not achieved	Achieved for event information briefings, however not achieved for speeches. The Ministry has taken action to correct issues relating to delivery of speeches.
Minister's Advisory Council satisfaction.	90% of responses to survey of members report satisfaction.	Achieved	Not achieved	
<b>TIMELINESS</b>				
Ministerial correspondence completed.	Draft reply within 10 working days for any correspondence marked urgent or from MP. Draft reply within twenty working days for any other correspondence.	Achieved	Not achieved	The Ministry is on average providing 93% of the advice for ministerial servicing within deadlines required by the Minister.
Parliamentary questions completed	Oral questions of the day – to the Minister's office on the day of the question.  Written questions to the Minister's office two days before the due date stamped on the question.	Achieved	Not achieved	No oral questions were received during this reporting period.
Briefings and speech notes delivered.	Within specified deadlines.	Not achieved	Not achieved	Achieved for timeliness of briefings. However, not achieved for timeliness of speech notes. The Ministry has since taken action to correct issues relating to delivery of speeches.
Minister's Advisory Council meetings.	Within specified deadlines.	Achieved	Achieved	
<b>COST OF OUTPUT CLASS D2: COMMUNICATIONS</b>				
<b>ACTUAL</b> 30/06/2008 <b>\$000</b>		<b>ACTUAL</b> 30/06/2009 <b>\$000</b>	<b>MAIN ESTIMATES</b> 30/06/2009 <b>\$000</b>	<b>APPROPRIATION VOTED</b> 30/06/2009 <b>\$000</b>
	<b>INCOME</b>			
1,240	Revenue Crown	1,405	1,257	1,337
–	Revenue Department	26	–	
–	Revenue Other	56	–	150
1,240	Total Revenue	1,487	1,257	1,487
1,240	Total Expenses	3,076	1,257	1,487
–	Net Deficit	(1,589)	–	–
NOTE: *First six monthly Minister's satisfaction survey was not completed due to change of Minister.				

PART FIVE

NON-FINANCIAL PERFORMANCE

## STATEMENT OF RESPONSIBILITY

As Chief Executive under section 35 and 37 of the Public Finance Act 1989, I am responsible for the preparation of the Ministry's financial statements and statements of service performance and judgements made in the process of producing those statements.

I have the responsibility for establishing and maintaining a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements and Statement of service performance fairly reflects the financial position and operations of the Ministry of Pacific Island Affairs for the year ended 30 June 2009.



**Colin Tukuitonga**  
CHIEF EXECUTIVE  
30 SEPTEMBER 2009

Countersigned by:



**Wayne Jack**  
DIRECTOR OF CORPORATE SERVICES  
30 SEPTEMBER 2009

# 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 2009

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 his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Ministry for the year ended 30 June 2009.

### UNQUALIFIED OPINION

In our opinion:

- ✘ The financial statements of the Ministry on pages 40 to 58:
  - comply with generally accepted accounting practice in New Zealand, and
  - fairly reflect:
    - >> the Ministry's financial position as at 30 June 2009
    - >> 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 2009, and
    - >> its unappropriated expenses and capital expenditure for the year ended 30 June 2009.
- ✘ The schedules of non-departmental activities on pages 59 and 60 fairly reflect the assets, liabilities, revenues, expenses, contingencies and commitments managed by the Ministry on behalf of the Crown for the year ended 30 June 2009.
- ✘ The statement of service performance of the Ministry on pages 28 to 34:
  - 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.

### REPORTING PERFORMANCE INFORMATION

In forming our unqualified opinion, we note that the Ministry did not include performance measures and standards in its statement of forecast performance in the Information Supporting the Estimates for the year ended 30 June 2009 as required by Section 41(1)(e)(ii) of the Public Finance Act 1989. Note 17 of the financial statements on page 58 outlines how the Ministry reported performance information for the year ending 30 June 2009.

The audit was completed on 30 September 2009, 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 2009 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 2009. 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 2008 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies and commitments managed by the Ministry on behalf of the Crown for the year ended 30 June 2009.

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 Institute of Chartered Accountants of New Zealand.

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

PART SIX

# FINANCIAL STATEMENTS

# STATEMENTS OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2009

## 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.

The primary objective of the Ministry is to provide services to the public rather than making a financial return. Accordingly, the Ministry has designated itself a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Ministry has reported on Crown activities that it administers.

The financial statements of the Ministry are for the year ended 30 June 2009. The financial statements were authorised for issue by the Chief Executive of the Ministry on 21 September 2009.

## BASIS OF PREPARATION

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).

These financial statements have been prepared in accordance with, and comply with, NZ IFRS as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

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

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

**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 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 revised standard gives the Ministry the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Ministry expects it will apply the revised standard for the first time for the year ended 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

## BUDGET FIGURES

The budget figures are those included in the Ministry's Statement of Intent for the year-ended 30 June 2009, 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.

The significant variation between the Supplementary Estimates and the financial statements is the fiscally neutral transfer of \$1.701m from Policy output class to offset the overspend in the Communication output class. This has not been reflected in the Supplementary Estimates due to cost breakdown information not available at the time.

## 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.

## CAPITAL CHARGE

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

## 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 equivalent 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 doubtful and uncollectable debts.

## 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.

### 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 financial performance.

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 consists 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 financial performance.

### 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 derecognised.

The amortisation charge for each period is recognised in the statement of financial performance.

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

ACQUIRED SOFTWARE	30.0%
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### 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 financial performance.

## 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. The calculations are based on:

- ✘ likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- ✘ the present value of the estimated future cash flows. A weighted average discount rate of 3.01% (6.45% 2008) and a salary inflation factor of 2.75% were used. The discount rate is 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.

## 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 financial performance as incurred.

## PROVISIONS

The Ministry recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

## 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 financial performance.

## 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.

## 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.

## 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.

## 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 FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

30/06/08			30/06/09	30/06/09	30/06/09
ACTUAL		NOTE	ACTUAL	MAIN	SUPP.
\$000			\$000	ESTIMATES	ESTIMATES
				\$000	\$000
<b>REVENUE</b>					
7,225	CROWN		6,478	6,225	6,478
91	OTHER	1	136	60	237
44	GAIN ON THE SALE OF ASSETS	2	17	-	-
<b>7,360</b>	<b>TOTAL REVENUE</b>		<b>6,631</b>	<b>6,258</b>	<b>6,715</b>
<b>EXPENDITURE</b>					
3,727	PERSONNEL COSTS	3	3,889	3,401	4,004
2,035	OPERATING COSTS	4	2,422	2,597	2,559
140	DEPRECIATION AND AMORTISATION	5	102	217	87
66	CAPITAL CHARGE	6	70	70	65
1,295	RESTRUCTURING COSTS		-	-	-
<b>7,263</b>	<b>TOTAL EXPENDITURE</b>		<b>6,483</b>	<b>6,285</b>	<b>6,715</b>
<b>97</b>	<b>NET SURPLUS</b>		<b>148</b>	<b>-</b>	<b>-</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 MOVEMENT IN TAXPAYERS' FUNDS

FOR THE YEAR ENDED 30 JUNE 2009

30/06/08			30/06/09	30/06/09	30/06/09
ACTUAL		NOTE	ACTUAL	MAIN	SUPP.
\$000			\$000	ESTIMATES	ESTIMATES
				\$000	\$000
853	BALANCE AT 1 JULY		853	864	853
97	SURPLUS FOR THE YEAR		148	-	-
97	<b>TOTAL RECOGNISED INCOME AND EXPENSES</b>		148	-	
-	CAPTIAL CONTRIBUTION		170	-	170
(97)	REPAYMENT OF SURPLUS TO THE CROWN		(148)	-	-
<b>853</b>	<b>BALANCE AT 30 JUNE</b>		<b>1,023</b>	<b>864</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 FINANCIAL POSITION

AS AT 30 JUNE 2009

30/06/08			30/06/09	30/06/09
ACTUAL		NOTE	ACTUAL	MAIN
\$000			\$000	ESTIMATES
				\$000
	<b>ASSETS</b>			
	<b>CURRENT ASSETS</b>			
1,228	CASH AND CASH EQUIVALENTS		1,449	100
90	DEBTORS AND OTHER RECEIVABLES	7	27	802
74	PREPAYMENTS		42	7
3	HELD FOR SALE		-	-
<b>1,395</b>	<b>TOTAL CURRENT ASSETS</b>		<b>1,518</b>	<b>909</b>
	<b>NON-CURRENT ASSETS</b>			
484	PROPERTY, PLANT AND EQUIPMENT	8	467	714
1	INTANGIBLE ASSETS	8	61	-
<b>485</b>	<b>TOTAL NON-CURRENT ASSETS</b>		<b>528</b>	<b>714</b>
<b>1,880</b>	<b>TOTAL ASSETS</b>		<b>2,046</b>	<b>1,623</b>
	<b>LIABILITIES</b>			
	<b>CURRENT LIABILITIES</b>			
230	GST PAYABLE		198	-
500	PAYABLES CREDITOR AND OTHERS	9	451	509
97	REPAYMENT OF SURPLUS	10	148	-
112	EMPLOYEE ENTITLEMENTS	11	185	250
<b>939</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>982</b>	<b>759</b>
	<b>NON-CURRENT LIABILITIES</b>			
88	EMPLOYEE ENTITLEMENTS	11	41	-
<b>88</b>	<b>TOTAL NON-CURRENT</b>		<b>41</b>	<b>-</b>
<b>1,027</b>	<b>TOTAL LIABILITIES</b>		<b>1,023</b>	<b>759</b>
<b>853</b>	<b>NET ASSETS</b>		<b>1,023</b>	<b>864</b>
	<b>TAX PAYERS' FUNDS</b>			
853	GENERAL FUNDS		1,023	864
<b>853</b>	<b>TOTAL TAXPAYERS' FUNDS</b>		<b>1,023</b>	<b>864</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 2009

30/06/08		NOTE	30/06/09	30/06/09
ACTUAL			ACTUAL	MAIN
\$000			\$000	ESTIMATES
				\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
CASH WAS PROVIDED FROM:				
7,225	CROWN		6,478	7,225
-	DEPARTMENTS		54	46
141	OTHER		119	46
CASH WAS DISBURSED TO:				
(3,896)	EMPLOYEES		(3,758)	(2,821)
(3,084)	SUPPLIERS		(2,518)	(3,310)
-	GST NET		(32)	-
(66)	CAPITAL CHARGE		(70)	(70)
<b>320</b>	<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>273</b>	<b>84</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
CASH WAS PROVIDED FROM:				
54	SALE OF PROPERTY, PLANT AND EQUIPMENT		21	-
CASH WAS DISBURSED TO:				
115	PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		(73)	(114)
-	INTANGIBLE ASSETS		(73)	-
<b>(61)</b>	<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(125)</b>	<b>(114)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
CASH PROVIDED FROM:				
-	CAPITAL CONTRIBUTIONS		170	-
CASH DISBURSED TO:				
-	REPAYMENT OF SURPLUS		(97)	-
-	NET CASH FLOW FROM FINANCING ACTIVITIES		73	-
-	<b>NET (DECREASE)/INCREASE IN CASH</b>		<b>221</b>	<b>(30)</b>
969	CASH AT BEGINNING OF THE YEAR		1,228	130
<b>1,228</b>	<b>CASH AT THE END OF THE YEAR</b>		<b>1,449</b>	<b>100</b>

The GST (net) component of operating activities reflect the net GST paid to the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amount do not provide meaningful information for Financial Statement purposes.

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 2009

30/06/08		30/06/09	30/06/09 MAIN ESTIMATES
ACTUAL \$000		ACTUAL \$000	\$000
97	NET SURPLUS/ (DEFICIT)	148	(689)
	ADD/ (LESS) NON-CASH ITEMS:		0
140	DEPRECIATION AND AMORTISATION EXPENSE	102	217
(44)	GAINS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	(17)	-
49	LOSSES ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	-	-
<b>145</b>	<b>TOTAL NON CASH ITEMS</b>	<b>85</b>	<b>217</b>
	<b>ADD/ (LESS) MOVEMENTS IN WORKING CAPITAL ITEMS</b>		
(36)	(INC)/DEC IN DEBTORS AND OTHER RECEIVABLES	63	130
(26)	(INC)/DEC IN PREPAYMENTS	32	32
309	(INC)/DEC IN CREDITORS AND OTHER PAYABLES	(81)	(11)
(169)	(INC)/DEC IN EMPLOYEE ENTITLEMENTS	26	6
78	NET MOVEMENTS IN WORKING CAPITAL	39	157
<b>320</b>	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>273</b>	<b>374</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 COMMITMENTS**

AS AT 30 JUNE 2009

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
<b>OPERATING LEASE COMMITMENTS</b>		
415	LESS THAN ONE YEAR	490
397	ONE TO TWO YEARS	403
961	TWO TO FIVE YEARS	1,120
548	MORE THAN 5 YEARS	373
<b>2,321</b>	<b>TOTAL COMMITMENTS</b>	<b>2,386</b>
<b>OTHER NON CANCELLABLE COMMITMENTS</b>		
-	LESS THAN ONE YEAR	16
-	ONE TO TWO YEARS	16
-	TWO TO FIVE YEARS	16
-	TOTAL OTHER NON CANCELLABLE LEASE	48
-	<b>TOTAL COMMITMENTS</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 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.

In addition to the lease commitments the Ministry is a National Sponsor of the Lion Foundation Young Enterprise Scheme. This is an annual commitment of \$15,000 for three years terminating in February 2011.

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

MINISTRY OF PACIFIC ISLAND AFFAIRS

## STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2009

The Ministry of Pacific Island Affairs has no contingent liabilities as at 30 June 2009 (2008: nil).

MINISTRY OF PACIFIC ISLAND AFFAIRS

## STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

FOR THE YEAR ENDED 30 JUNE 2009

30/06/08		30/06/09	30/06/09	30/06/09
ACTUAL		ACTUAL	MAIN	APPROPRIATION
\$000		\$000	ESTIMATES	VOTED
			\$000	\$000
<b>VOTE MINISTRY OF PACIFIC ISLAND AFFAIRS</b>				
APPROPRIATIONS FOR OUTPUT EXPENSES				
6,023	POLICY ADVICE	3,407	5,028	5,228
1,240	COMMUNICATIONS	3,076	1,257	1,487
7,263	<b>TOTAL APPROPRIATION FOR OUTPUT EXPENSES</b>	<b>6,483</b>	<b>6,285</b>	<b>6,715</b>
115	CAPITAL CONTRIBUTION	146	404	404
7,378	<b>TOTAL</b>	<b>6,629</b>	<b>6,689</b>	<b>7,119</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.

MINISTRY OF PACIFIC ISLAND AFFAIRS

# STATEMENT OF DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2009

The Ministry incurred unappropriated expenditure of \$1.589m in its Output Class Communications.

The Ministry has applied to the Cabinet to seek validation of its unappropriated expenditure by Parliament under Section 26C of the Public Finance Act 1989.

Cabinet expressed its intention on the 26th of June 2009 that the unappropriated expenditure will be included in the Appropriation (2008/09) Financial Review Bill offset by an under spend in the output class Policy Advice.

The Supplementary Estimates for 2008/09 did not include this change in expenditure because at the time, detailed cost breakdowns by output were not available due to an inadequate financial management system and costing model.

This system has since been replaced and output costing reviewed.

The Ministry had no unappropriated expenditure for the year ended 30 June 2008.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

## 1. REVENUE OTHER

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
46	STATE SECTOR RETIREMENT SAVING SCHEME RECOVERY	56
45	REVENUE FROM OTHER AGENCIES	80
91	<b>TOTAL REVENUE OTHER</b>	<b>136</b>

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

## 2. GAIN OF SALE OF ASSETS

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
44	NET GAIN OF THE DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	17
44	<b>TOTAL GAINS</b>	<b>17</b>

The Ministry had disposed of all its motor vehicles in 2009. The net gain on motor vehicle disposals was \$16,925.

## 3. PERSONNEL COSTS

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
3,337	SALARIES AND WAGES	3,776
47	EMPLOYER CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS	55
(169)	INCREASE/(DECREASE) IN EMPLOYEE ENTITLEMENTS	26
512	OTHER	32
3,727	<b>TOTAL PERSONNEL COSTS</b>	<b>3,889</b>

The increase in salaries and wages reflects the expansion of the work of the Communications team which required the recruitment of new staff to ensure government policies were effective in serving Pacific communities' needs.

#### 4. OPERATING COSTS

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
47	AUDIT FEES FOR THE FINANCIAL STATEMENT AUDIT	47
17	NZIFRS AUDIT FEES	-
-	ADDITIONAL AUDIT FEES FOR 2007/08	15
434	OPERATING LEASE PAYMENTS	458
146	MAINTENANCE AND MINOR CAPITAL	80
452	COMMUNICATIONS AND PUBLICATIONS	500
49	NET LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	-
225	PROJECTS	593
665	OTHER OPERATING EXPENSES	729
2,035	TOTAL OPERATING COSTS	2,422

Project costs increased due to work on Modern Apprenticeship, Migrant Levy and Sexual Violence projects. These projects were to improve living standards and the economic wellbeing of Pacific people. The Modern Apprenticeship scheme is a two-year project which will be completed in 2010.

The increase in other operating expenses is primarily related to research work that identified initiatives and opportunities that benefit Pacific people, to ensure that these are reflected in government policies and are communicated to and from the Pacific community in an effective and efficient manner.

#### 5. DEPRECIATION AND AMORTISATION

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
35	OFFICE EQUIPMENT/FURNITURE AND FITTINGS	13
15	MOTOR VEHICLES	2
20	EDP EQUIPMENT	16
63	LEASEHOLD IMPROVEMENTS	60
133	TOTAL DEPRECIATION	90
7	AMORTISATION OF SOFTWARE	12
140	TOTAL DEPRECIATION AND AMORTISATION	102

#### 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 for the year ended 30 June 2009 was 7.5% (2008: 7.5%)

## 7. DEBTORS AND OTHER RECEIVABLES

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

All overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed in the table below.

GROSS	2008			2009		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
NOT PAST DUE	47,851		47,851	26,715	-	26,715
PAST DUE 1-30 DAYS	40,502		40,502	18	-	18
PAST DUE 31-60 DAYS	252		252	435	-	435
PAST DUE 61-90 DAYS	899		899		-	-
PAST DUE > 91 DAYS	6,588	(6,588)	-	117	-	82
<b>TOTAL</b>	<b>96,092</b>	<b>(6,588)</b>	<b>89,504</b>	<b>27,285</b>	<b>-</b>	<b>27,285</b>

The Ministry is expected to collect all overdue receivables and therefore no provision is made at 30 June 2009 (2008: \$6,588)

## 8. PROPERTY PLANT AND EQUIPMENT

	LEASEHOLD IMPROVEMENTS \$000	EDP EQUIPMENT \$000	FURNITURE /OFFICE EQUIPMENT \$000	MOTOR VEHICLES \$000	TOTAL \$000
<b>COST</b>					
BALANCE AT 1 JULY 2007	580	271	297	360	1,508
ADDITIONS	62	33	20	-	115
DISPOSALS	(21)	(20)	(53)	(299)	(393)
BALANCE AT 30 JUNE 2008	621	284	264	61	1,230
BALANCE AT 1 JULY 2008	621	284	264	61	1,230
ADDITIONS	-	22	51	-	73
DISPOSALS	-	(29)	(40)	(61)	(130)
BALANCE AT 30 JUNE 2009	621	277	275	-	1,173
<b>ACCUMULATED DEPRECIATION</b>					
BALANCE AT 1 JULY 2007	145	245	229	325	944
DEPRECIATION EXPENSE	63	20	35	15	133
ELIMINATE ON DISPOSAL	(7)	(11)	(31)	(282)	(331)
BALANCE AT 30 JUNE 2008	201	254	233	58	746
BALANCE AT 1 JULY 2008	201	254	233	58	746
DEPRECIATION EXPENSE	60	16	13	2	90
ELIMINATE ON DISPOSAL	-	(29)	(40)	(60)	(129)
BALANCE AT 30 JUNE 2009	261	240	206	-	707
<b>CARRYING AMOUNTS</b>					
AT 30 JUNE 2007	435	26	68	35	564
AT 30 JUNE 2008 AND 1 JULY 2008	420	30	31	3	484
AT 30 JUNE 2009	360	37	69	26	467

<b>INTANGIBLE ASSETS</b>		
<b>COST</b>	<b>ACQUIRED SOFTWARE</b>	<b>TOTAL</b>
BALANCE AT 1 JULY 2007	87	87
<b>BALANCE AT 30 JUNE 2008</b>	<b>87</b>	<b>87</b>
BALANCE AT 1 JULY 2008	87	87
ADDITIONS	73	73
<b>BALANCE AT 30 JUNE 2008</b>	<b>160</b>	<b>160</b>
<b>ACCUMULATED AMORTISATION</b>		
BALANCE AT 1 JULY 2007	79	79
AMORTISATION EXPENSE	7	7
BALANCE AT 30 JUNE 2007	86	86
<b>BALANCE AT 1 JULY 2008</b>	<b>86</b>	<b>86</b>
AMORTISATION EXPENSE	12	12
<b>BALANCE AT 30 JUNE 2009</b>	<b>99</b>	<b>99</b>
<b>CARRYING AMOUNTS</b>		
AT 1 JULY 2007	8	8
AT 30 JUNE AND 1 JULY 2008	1	1
<b>AT 30 JUNE 2009</b>	<b>61</b>	<b>61</b>

#### 9. CREDITORS AND OTHER PAYABLES

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
249	CREDITORS	265
86	INCOME IN ADVANCE	67
165	ACCRUED EXPENSES	119
<b>500</b>	<b>TOTAL CREDITORS AND OTHER PAYABLES</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.

#### 10. REPAYMENT OF SURPLUS TO CROWN

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
97	REPAYMENT OF SURPLUS	148
<b>97</b>	<b>TOTAL REPAYMENT OF SURPLUS</b>	<b>148</b>

## 11. EMPLOYEE ENTITLEMENTS

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
<b>CURRENT EMPLOYEE ENTITLEMENTS ARE REPRESENTED BY:</b>		
102	ANNUAL LEAVE	140
-	PERFORMANCE PAYMENTS	25
10	SICK LEAVE	20
<b>112</b>	<b>TOTAL CURRENT PORTION</b>	<b>185</b>
<b>NON CURRENT EMPLOYEE ENTITLEMENTS ARE REPRESENTED BY</b>		
40	LONG SERVICE LEAVE	16
48	RETIREMENT LEAVE	25
<b>88</b>	<b>TOTAL NONCURRENT PORTION</b>	<b>41</b>
<b>200</b>	<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>226</b>

Provision for employee entitlements as at 30 June 2009 is in respect of the Ministry's liability for annual leave, sick leave and provision for performance pay.

Annual leave has been calculated on an actual entitlement basis at current rates of pay while retirement leave has been calculated on an actuarial basis based on the present value of expected future entitlements

Provision for Retirement and Long Services Leave are calculated on an actuarial basis in accordance with International Financial Reporting Standards.

## 12. 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.

	LESS THAN 6 MONTHS \$000	BETWEEN 6 MONTHS AND 1 YEAR \$000	TOTAL FINANCIAL LIABILITIES \$000
<b>2008</b>			
CREDITORS AND OTHER PAYABLES (NOTE 9)	465	35	500
<b>2009</b>			
CREDITORS AND OTHER PAYABLES (NOTE 9)	451	-	451

### 13. CATEGORIES OF FINANCIAL INSTRUMENTS

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
	<b>LOANS AND RECEIVABLES</b>	
1228	CASH AND CASH EQUIVALENTS	1,449
90	DEBTORS AND OTHER RECEIVABLES (NOTE 7)	27
74	PREPAYMENTS	42
1,392	<b>TOTAL LOANS AND RECEIVABLES</b>	<b>1,518</b>
	<b>FINANCIAL LIABILITIES</b>	
500	CREDITORS AND OTHER PAYABLES (NOTE 9)	451
230	GST PAYABLE	198
730	<b>TOTAL FINANCIAL LIABILITIES</b>	<b>649</b>

### 14. CONTINGENCIES

The Ministry does not have any contingent assets as at 30 June 2009 (2008: nil).

Contingent liabilities are separately disclosed in the Statement of Contingent Liabilities.

## 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 INCLUDES THE CHIEF EXECUTIVE AND THE THREE DIRECTORS

30/06/08 ACTUAL \$000		30/06/09 ACTUAL \$000
579	SALARIES AND OTHER SHORT TERM BENEFITS	700
390	TERMINATION BENEFITS	-
969	TOTAL	700

## 16. MAJOR BUDGET VARIATIONS

### Variation between Budget Night Estimates and Supplementary Estimates

#### Variation between Supplementary Estimates and Actual Amounts

The significant variation between the Supplementary Estimates and Actual amounts is the fiscally neutral transfer of \$1.7m from the Policy output class to offset the overspend in the Communications output class. This has not been reflected in the Supplementary Estimates because the costs by output class were not available at the time.

## 17. STATEMENT OF SERVICE PERFORMANCE

The Ministry did not comply with Section 41(1)(e)(ii) of the Public Finance Act 1989 (PFA), which requires the Ministry to include in its statement of forecast service performance (published in the Information Supporting the Estimates of Appropriations) the measures and forecast standards of output delivery for each class of outputs.

The Ministry is therefore not able to meet the requirements of Section 45A(c)(i) of the PFA, which requires the statement of service performance in the Ministry's annual report to include the standards of delivery performance achieved for each class of outputs, as compared with the forecast standards included in the Ministry's statement of forecast service performance at the start of the financial year.

This situation arose because the Ministry did not submit performance information in its Information Supporting the Estimates for the year ended 30 June 2009 due to the change in management at the time of the submission.

While the Ministry did not have performance measures in place for 2008/09 as required by the PFA, the Ministry has reported performance information on pages 28 to 34 of the Annual Report. The Ministry's performance measures have been derived from the Ministry's 2007-10 Statement of Intent. Management considers the performance measures contained and reported on in the statement of service performance are substantially the same as the performance measures that would have been agreed upon had a statement of forecast service performance been submitted for 2008/09 in accordance with the PFA.

## 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 2009. 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 2009.

### STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2009

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 2009

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.

### SCHEDULE OF EXPENSES:

FOR THE YEAR ENDED 30 JUNE 2009

30/06/08		30/06/09	30/06/09 MAIN ESTIMATES	30/06/09 VOTED APPROPRIATION
ACTUAL \$000		ACTUAL \$000	\$000	\$000
<b>NON-DEPARTMENTAL OUTPUT CLASSES</b>				
1,156	PROMOTIONS – BUSINESS DEVELOPMENT	1,156	1,156	1,156
1,156	TOTAL NON-DEPARTMENTAL OUTPUT CLASSES	1,156	1,156	1,156
<b>BENEFITS AND OTHER UNREQUITED EXPENDITURE</b>				
100	STUDY AND TRAINING AWARDS FOR BUSINESS DEVELOPMENT	100	100	100
8	WELFARE OF PACIFIC PEOPLES IN NEW ZEALAND	8	8	8
108	TOTAL BENEFITS AND OTHER UNREQUITED EXPENSES	108	108	108
1,264	TOTAL NON-DEPARTMENTAL EXPENDITURE	1,264	1,264	1,264

### SCHEDULE OF REVENUE

FOR THE YEAR ENDED 30 JUNE 2009

There is no revenue at 30 June 2009 (2008: nil).

### **SCHEDULE OF COMMITMENTS**

**AS AT 30 JUNE 2009**

There are no commitments as at 30 June 2009 (2008: nil).

### **SCHEDULE OF CONTINGENT LIABILITIES**

**AS AT 30 JUNE 2009**

There are no contingent liabilities as at 30 June 2009 (2008: nil).

### **SCHEDULE OF ASSETS**

**AS AT 30 JUNE 2009**

There are no assets as at 30 June 2009 (2008: nil).

### **SCHEDULE OF LIABILITIES**

**AS AT 30 JUNE 2009**

There are no Liabilities at 30 June 2009 (2008: nil).



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