

Annual Report

For the Year Ended 30 June 2018



Our vision: *Successful Pacific Peoples*

Our mission: *Effecting positive change for Pacific peoples*

Our values:

Respect – *Treat others the way you want to be treated*

Excellence – *Achieve your best and strive for better*

Leadership – *Serve and lead by example*



Annual Report

For the Year Ended 30 June 2018



New Zealand Government







Contents

Part One: Overview	6
Part Two: Our Role and Purpose	8
Our Pacific Diversity Statement	9
Our People	10
Result Areas	14
Strategic Direction	16
Strategic Framework	17
Part Three: Our Work	18
Priority Area 1: Pacific Vision and Leadership	18
Priority Area 2: Strengthening Language, Culture, Identity and Arts	20
Priority Area 3: Increasing Pacific Income and Wealth	23
Part Four: Building our Organisational Culture and Capability	28
Part Five: Statement of Responsibility and Audit Report	30
Independent Auditor's Report	31
Part Six: Statement of Service Performance	34
Part Seven: Financial Statements	38
Part Eight: Appropriation Statements	60

Part One: Overview

Chief Executive's Overview for the Year

Kia orana, Talofa lava, Mālō e lelei, Fakaalofa lahi atu, Fakatalofa atu, Bula Vinaka, Mālō nī, Tena koutou katoa and warm Pacific greetings to you all.

It is a pleasure to present my second annual report as Chief Executive for the Ministry for Pacific Peoples (the Ministry), for the 2017-18 financial year. I warmly invite you to share the Ministry's journey over the last 12 months.

It has been a year of change at the Ministry with a new government elected in September 2017 and the Hon. Aupito William Sio coming on-board as Minister for Pacific Peoples.

As I reflect on the first year of my public service leadership role, I recall the driving motivation of equal opportunities being afforded to all in Aotearoa. To keep this in context with the role I have been charged with, I have engaged with

the Ministry's stakeholders and government agencies to see how this could work in the machinery of government. I was privileged to meet all the other government Chief Executives and hear about their leadership styles. It was heartening to see some philosophies matched the culture in the Ministry I am humbled to lead.

This year, the Ministry's calendar has been extremely busy with events, meeting with stakeholders, collaboration opportunities and working towards a new Pacific Vision for New Zealand's Pacific peoples.

In the last year we committed to delivering on the priority areas of:

- Pacific Vision and Leadership
- Strengthening Language, Culture, Identity and Arts
- Increasing Pacific Income and Wealth.



Collaboration has been a focus for the Ministry this year and underpins the value we place on utilising partnerships to achieve positive change for Pacific people.

One of the highlights was hosting the Minister of Finance Hon. Grant Robertson's Post-Budget Briefing with Pasifika Futures, Pacific Business Trust (PBT), Pacific Media Network and Pasifika Education Centre (PEC). It showed the strength of working in unity and what can be achieved together.

The Ministry has partnered with PBT to work on securing a long-term commitment to transform the organisation into a powerful engine of economic change. An action plan outlining agreed terms and conditions, is already producing some exciting developments.

Celebrating achievement and leadership through the Toloa Scholarship Awards and the Prime Minister's Pacific Youth Awards in early 2018. The event showcased our future Pacific youth leaders and recognised their exceptional talents and service to the community. It was truly inspiring and rewarding to be part of an event where Pacific youth are achieving great things. This event has given them the means and opportunity to go onto achieving even greater things for Pacific communities throughout New Zealand.

Although we fund and support the seven annual Pacific Language Week Series (Samoa, Cook Islands, Tonga, Niue, Tuvalu, Fiji and Tokelau), our communities are increasingly taking a more hands-on role. The Ministry is playing a promotional and connecting role, linking communities and providing a cohesive series of events with promotional resources.

To strengthen our commitment to languages, a stronger relationship has been established with PEC. The Ministry has also worked with an external contractor to provide some options for Polyfest Trust, on a sustainable solution for the continuation of the annual Polyfest festival.

We are improving the way we do business with Pacific communities, across government and with our strategic partners. Our best practice review has included the implementation of a communications strategy, that weaves together the strand of activities for the Ministry and the Government's priorities. The way we communicate our business can have an influencing impact on how lives of Pacific can be improved.

We have strengthened our relationships both in the community and across Government, which has allowed us to connect the knowledge and expertise that lies within each area.

Our communication approach showcases the Ministry's work to key stakeholders and across the public sector. It strengthens our strategic relationships and lifts the Ministry's profile where cultural capital, knowledge and expertise is paramount.

We have implemented the relationship area of our Practice Model to ensure our policy design reflects the insights of Pacific community perspectives and through data intelligence.

The model showcases how our policy and regional partnerships team, work together on significant projects of interest. This work has made a stronger contribution to policy development for Pacific peoples through the analysis of our work.

One of those workstreams includes the development of a new Pacific Vision. The Ministry has begun initial work to explore what it means to be Pacific in New Zealand today.

We need to prepare for what the future roles look like for Pacific people; what their values are; their beliefs; and their cultural aspirations. We need to understand what successful Pacific New Zealand looks like in New Zealand.

In the work we have done this year, we look to operate from a deeper knowledge of Pacific issues and solutions, exercise cross-government leadership and advocate for issues important to Pacific communities to fulfil our stewardship role for Pacific peoples in New Zealand.



Laulu Mac Leuanae



Chief Executive

Part Two: Our Role and Purpose

The Ministry for Pacific Peoples is the principal advisor to the New Zealand Government for all matters Pacific. We bring the Pacific voice, perspective, and understanding into policy. We are the guardians and the caretakers of Pacific knowledge, culture and identity, and we support and take stewardship over our Pacific communities and peoples.

With more than 22 different Pacific communities in New Zealand, each with its own distinctive culture, language, history and health status; Pacific people play an important role in the shaping of New Zealand's society and its economy. The Pacific population in New Zealand is a young one and as it grows, so does its potential to make a material contribution to New Zealand's economic goals.

As a Ministry, our stewardship role provides a platform to ensure the wellbeing of Pacific people reflects who we are, what we do, who we support, our stakeholders and our engagements.

We do this through:

- the provision of expert policy advice to Ministers and partner agencies supporting the development of effective strategies and programmes targeted at Pacific communities
- experience-led¹ design, testing and delivering innovative programmes with our communities to improve outcomes and, identifying valuable policy and implementation insights
- the gathering of intelligence on Pacific issues and opportunities, using this to influence our policy advice across Government and enhance engagement practices with our Pacific communities
- partnering with a wide range of organisations across the private and public sectors to identify and promote future Pacific leaders and Pacific success
- advancing the recognition of Pacific languages as important community languages in New Zealand, to promote the use of Pacific languages amongst New Zealand Pacific.

We have highlighted the diverse and unique characteristics of Pacific peoples, showcasing Pacific success and achievement in ways that are specific to the Ministry.

We have focused on advancing the recognition of Pacific languages as important community languages in New Zealand. This work has driven the promotion and delivery of innovative and more consistent initiatives at the community level, to support the use of Pacific languages within New Zealand's Pacific communities.

With our support, we have contributed to the growth in value and opportunities for New Zealand's Pacific communities to hear, learn and use Pacific languages through the education, arts, media and broadcasting sectors.

We have strengthened our relationships both in Pacific communities and across Government. This has allowed us to connect the knowledge and expertise that lies within each area. By doing this, we have connected Pacific communities with our Government partners and have supported them to develop their own Pacific leaders and capability. We are creating a pipeline and pathway for Pacific success.

As we continue to gather momentum on strengthening our knowledge and connections, we are continuously identifying what is important for Pacific career progression. We maintain our support for the development of emerging Pacific talent and continue to celebrate and highlight, the successes of those who are leading the way.

We have provided a platform for the Pacific voice, young and old, to shape the way Pacific New Zealanders view their future, acknowledging that the Pacific story has shifted from its journey of migration into one that represents 'a place we call home'.

What has underpinned our work is the Ministry's vision, "Successful Pacific Peoples". This vision places the Pacific community and its people at the center of all we do. It focuses attention on Pacific peoples achieving success and New Zealand realising the social and economic benefits of that success.

¹ Experience-led design is the process by which a group or an individual's experience of a space, system, product or service is enhanced.



Our Pacific Diversity Statement

The term 'Pacific peoples' is used throughout this document. 'Pacific peoples' is a term used to encompass a variety of Pacific Island nations and communities who are linguistically, culturally, and geographically distinctive from each other. Pacific peoples are used to accentuate plurality and acknowledge the many Pacific nations and territories that are grouped together when this term is used. Other words that are used in a similar fashion include Pacific Islanders, Pasifika Peoples, Tagata Pasifika, and Pacificans.

In its broadest sense, 'Pacific peoples' covers indigenous peoples from the Island nations in the South Pacific, and in its narrowest sense, Pacific peoples in New Zealand.

The Ministry focuses its work on Pacific peoples in New Zealand, embracing commonalities but also recognising the differences between Pacific nations and other ethnic groups. It is important this difference is recognised and honored. Each Pacific nation is different and within each nation there is further diversity. It is also important to recognise that status, authority, tradition, obligations and power structures are different for every group.

Pacific peoples are dealing with rapid social change and are facing inter-generational and cultural transformation. In Anae's² perspective of the Pacific community:

“There is no generic ‘Pacific community’ but rather Pacific peoples who align themselves variously, and at different times, along ethnic, geographic, church, family, school, age/gender-based, youth/elders, island-born/ New Zealand-born, occupational lines, or a mix of these”

It is therefore important in the varied contexts of 'Pacific communities' that we as a Ministry, are clearly defined in the advice that we provide and the intelligence we impart.

²Anae, Melani (2001:7) "Pasifika Education Research Guidelines" Ministry of Education.

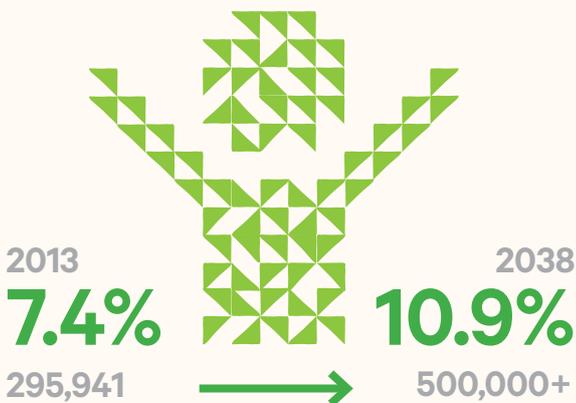


Our People

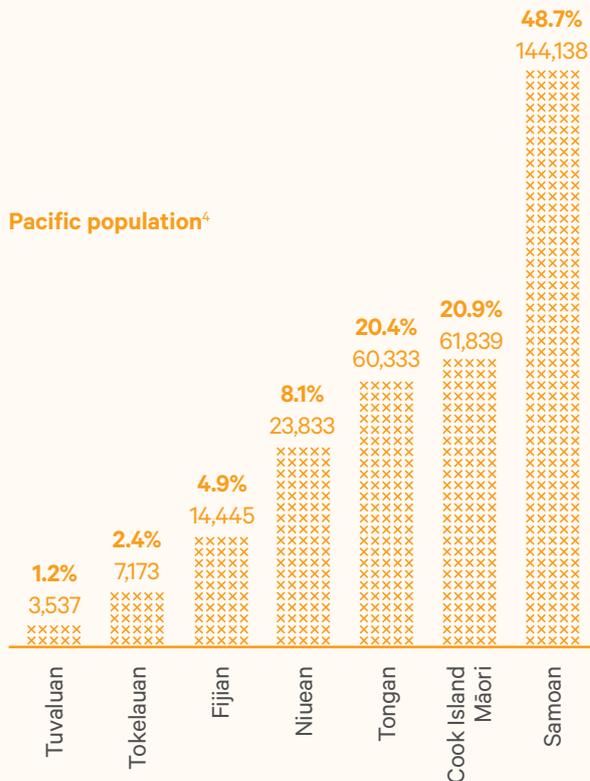
A snapshot of Pacific People's in New Zealand

Population profile

Pacific population compared to the total population of New Zealand³



Pacific population⁴

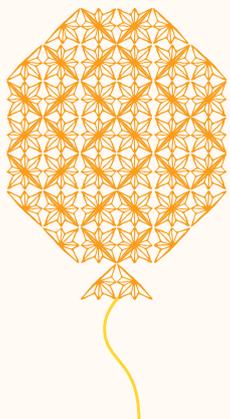


Median age⁵

22
years

43.7%

are 14 years or younger⁶



62%

of New Zealand's Pacific population was born in New Zealand⁷

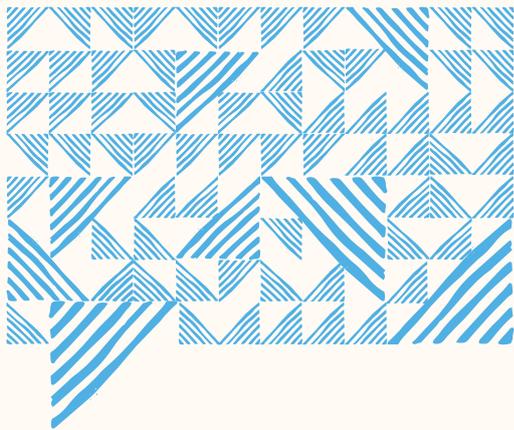
Life expectancy compared to the New Zealand average:



Compared with 83.2 years for women and 79.5 years for men in the total New Zealand population⁸

³ New Zealand Population Statistics, Census 2013, Statistics New Zealand ⁴ Contemporary Pacific Status Report 2016, page 6 ⁵ Ibid ⁶ Almost 60% of Māori identified as also belonging to a Pacific ethnicity with 43.7% being children (aged 0-14 years). Contemporary Pacific Status Report 2016, page 6 ⁷ Contemporary Pacific Status Report 2016, page 8 ⁸ The profile of Pacific peoples in New Zealand, September 2016, Pasefika_Proud@mso.govt.nz

Language, culture & identity



New Zealand-born Pacific Peoples who speak a Pacific language⁹

40.1%

Pacific language speakers¹⁰



Tuvaluan

2,349



Tokelauan

2,469



Niuean

4,545



Fijian

6,273



Cook Island Māori

8,121



Tongan

31,839



Samoaan

86,403

⁹ Ibid, page 67 ¹⁰ Ibid, page 66.

Housing

80,000

people identifying with a Pacific ethnicity lived in a crowded household in Auckland¹¹

1 in 4 Housing New Zealand tenants are Pacific¹²



18%

of Pacific peoples own the home they live in¹³

50%

of the general population live in rental housing¹⁴

82%

of Pacific peoples live in rental housing¹⁵



Education



ECE participation rate¹⁶

98%

European



94%

Māori



91%

Pacific

18 year olds with NCEA L2¹⁷

88%

European

76%

Māori

79%

Pacific

Holds a Bachelors degree¹⁸

24%

European

10%

Māori

17%

Pacific

¹¹ Source: Pasifika Futures – Pacific People in NZ | how are we doing? Page 11 <http://pasifikafutures.co.nz/wp-content/uploads/2015/06/PAF0018-Pasifika-People-in-NZ.pdf> ¹² Ibid, page 34 ¹³ Ibid, page 36 ¹⁴ Ibid, page 34 ¹⁵ Ibid, page 35 ¹⁶ Ibid, page 13 ¹⁷ Source: <https://www.educationcounts.govt.nz/statistics/indicators/main/education-and-learning-outcomes/114325> ¹⁸ Source: https://www.educationcounts.govt.nz/statistics/tertiary-education/retention_and_achievement

Health

Rheumatic Fever¹⁹

Highest rate in Pacific children and young adults

Psychological distress²⁰

1.6x more likely for Pacific adults to have suffered from high levels of distress

Adult obesity²¹

66% compared to the **31%** of the general population



Immunisation of babies (24 months)²²

96% compared to a national average of **93%**

Employment, income & wealth

Net Wealth²³
(assets less liabilities)

\$87k
New Zealand average

\$12k
Pacific peoples



Median annual income²⁴

\$28.5k
New Zealand average

\$19.7k
Pacific peoples

98,000
now → 2026

Between now and 2026, 98,000 young Pacific people will become part of the working age population. They will replace 16,000 Pacific people who will turn 65²⁶

Employed in labour roles²⁵



10%
General population

20%
Pacific peoples

17%
15-24 year olds not in education employment or training (NEETs)²⁷

¹⁹ Contemporary Pacific Status Report 2016, page 46 ²⁰ Ibid, page 48 ²¹ Ibid, page 47 ²² Ibid, page 45 ²³ Source: NZIER report – Pacific Economic Trends and snapshot 2016, page 5 ²⁴ Contemporary Pacific Status Report 2016, page 29 ²⁵ Contemporary Pacific Status Report 2016, page 21 ²⁶ Source: Pacific Economic Trends and Snapshot – September 2013, page 3 – <https://www.mbie.govt.nz/info-services/infrastructure-growth/pacific-economic-development/documents-image-library/pacific-economic-trends-and-snapshot.pdf> ²⁷ Contemporary Pacific Status Report 2016, page 19.

Result Areas

The Pacific archipelago within New Zealand has sparked key developments with Pacific people both in building their own Pacific environments and transforming New Zealand's traditional ways of doing things²⁸.

The most obvious of these institutions and activities have become distinctive aspects of New Zealand communities. Examples such as Pacific churches are a powerful network of Pacific-focused and Pacific-controlled social and cultural institutions.

Dramatic changes have occurred within Pacific communities themselves. The most significant is the generational change emerging between those born in the Pacific and their children born in New Zealand. With more than one in four babies born in Auckland being of Pacific descent, New Zealand is becoming "more Pacific". These New Zealand-born Pacific people are more likely to claim more than one ancestry – both across the different Pacific groups and outside of them.

Observing how fast cultural and social change has occurred within our Pacific people can be found in examples such as the preference of where our Pacific people gather in spiritual fellowship (the difference between traditional and non-traditional Pacific church or denomination) and the language itself, which has undergone a rapid shift among Pacific people²⁹.

This has led us to explore and discover more about the diverse Pacific ancestral and cultural aspects to help shape how we can best ignite support and sustain change happening within our Pacific communities. It has also led to the Ministry reviewing government-policy designed to improve conditions for Pacific peoples in New Zealand.

Our focus on ensuring our priority areas of Pacific vision and leadership; strengthening languages, culture, identity and arts; and increasing Pacific wealth will have an influencing role in how Pacific people navigate their own vaka to build better health, stronger resilience and a sense of well-being in our communities.

The Ministry's focus on **Pacific Vision and Leadership** is important because of the youthful Pacific population. What our world looks like today will not be the same for our future leaders of tomorrow. Our world is being transformed by rapid advances in sciences and technology that are touching every aspect of our lives. As we look ahead, the decade could be shaped by advances in all aspects of technology such as vertical farming, artificial intelligence, robotics and super-smart materials. Exploring how some of these developments could come together and impact different aspects of our world has become one of the drivers to unpick what it means to be a Pacific New Zealander.

We recognise our current world and work on preparing our young people for the careers of the future.

²⁸ Note: Some examples include Pacific reset, more New Zealand aid and financial support for Pacific Islands, Climate Change priorities in the Pacific and Health initiatives for Pacific by the Ministry of Health.

²⁹ Note: Pacific people born in New Zealand are less likely to speak a Pacific language other than English as their first language – Contemporary Report 2016.



We have worked on the development of a new Pacific Vision. We want the insights of this work to support Pacific people in general but especially young Pacific people; to be equipped with the resources, knowledge and future focused expertise that provide pathways for successful careers.

The Government is committed to diversity and inclusion and recognise it's important to reflect organisations are as diverse as the communities they serve, both at the front line and at the leadership level.

The Ministry is committed to equal opportunities in the workplace, building Pacific leadership across the public sector and applying pay equity in roles within the organisation. Ensuring Pacific success is about our talented Pacific people flourishing and accomplishing in the workplace. This is the rationale behind the focus on **Increasing Pacific Wealth** and why it is a priority for the Ministry. It is also important governance boards reflect diverse perspectives in both the public and private sectors.

We want Pacific people to be successful leaders and contribute to raising New Zealand's economic performance.

Our ongoing focus on **Strengthening Language, Culture, Identity and Arts** has supported Pacific peoples living in New Zealand to hold on to their unique Pacific heritages. Our Pacific people are a vibrant and diverse population group with different languages and cultural heritage and traditions. However, there are common cultural values and a shared understanding of Pacific cultural capital.

For Pacific people, understanding who we are, where we come from, how we think and work, what knowledge we bring, our values and our strengths, is key to effective policy development for Pacific peoples' advancement.

As part of our core business, working with others collaboratively, in partnership, through purchasing arrangements or through consultation exercises, is fundamental to our business model.

The Ministry is a small but agile agency and we need to accent the Pacific cultural prominence we bring to the policy table and with our collaborating partners to make our impact felt. By working with and through others, we can make the most difference to Pacific people in New Zealand.

Our focus on the above three result areas ensures we apply a strength-based approach around the societal changes embedded in human, social and cultural relationships to guarantee the impact on Pacific peoples in New Zealand is a positive one.

Our work programme moves our performance to another level where we will see the Ministry fulfilling its wider mandate by broadening and deepening its role, in respect of our policy influence and impact, our innovative programmes and in our ability to convene and engage with our Pacific communities.

Strategic Direction

Pacific peoples have become an integral part of New Zealand society, contributing to the economy, arts, history and culture for more than 80 years. Pacific peoples are a youthful population in comparison to the rest of New Zealand, with the median age of 22 years. Pacific make up 7.4 percent (295,941) of the New Zealand population. It is projected Pacific peoples will make up 10.9 percent (500,000) of the New Zealand population by 2038³⁰.

The Pacific population is young, vibrant and contributes positively to New Zealand's future development and identity. Pacific people in New Zealand are a diverse population group with distinct socio-cultural, economic and linguistic histories.

The Pacific people the Ministry serves require us to respond to the changing nature of Pacific people in Aotearoa.

Our Pacific cultural value system allows our Pacific communities to maintain a strong connection to the Pacific Islands through cultural protocols, heritage, traditions and economic support.

Despite the growing diversity of New Zealand's Pacific communities, there are a few enduring cultural values that bind us as one. These include an emphasis on collective responsibility and building consensus in decision making.

Spirituality and the value of reciprocity are important values within Pacific communities alongside respect and recognising the intergenerational divide, enabling the provision for learning pathways between our young and our older generations.

Affiliation to churches remains strong as is commitment to family and community.

Our work aligns areas of impact to improve economic, education, social and cultural outcomes for Pacific peoples in New Zealand.

As a small Ministry, the people in our team are our strongest asset. The Ministry's investment in its people acknowledges the value we place in the cultural lens overlaying their experience, their time and their energy.

We make sure the team's work is undertaken with diverse thinking underpinning it; their support is intentional for the communities they serve; and they work from an informed perspective. The Ministry acknowledges the need to encourage and develop staff and is committed to pay equity principles in the application of that support.

A key part of our strategy is to increase our agility in the relationships with our Pacific communities, partners and our Government colleagues.

We want to weave together the distinctive Pacific connection of culture, people, community and mobility so our communities generate or locate the answer to their needs.

The vibrancy of these connections outside of the usual frames and the visible measures of the economy, will be an enduring and important future formation.

We want to be more proactive in our efforts to think smarter, act smarter and use our resources in the best way.

By doing this, we can shift resources and interventions into areas that make the greatest difference knowing our team members are well equipped with the tools and the knowledge to help them do what they need to do for their Pacific communities.

To help realise success for our Pacific peoples, and connect Pacific peoples and Government, we will underpin this strategy by:

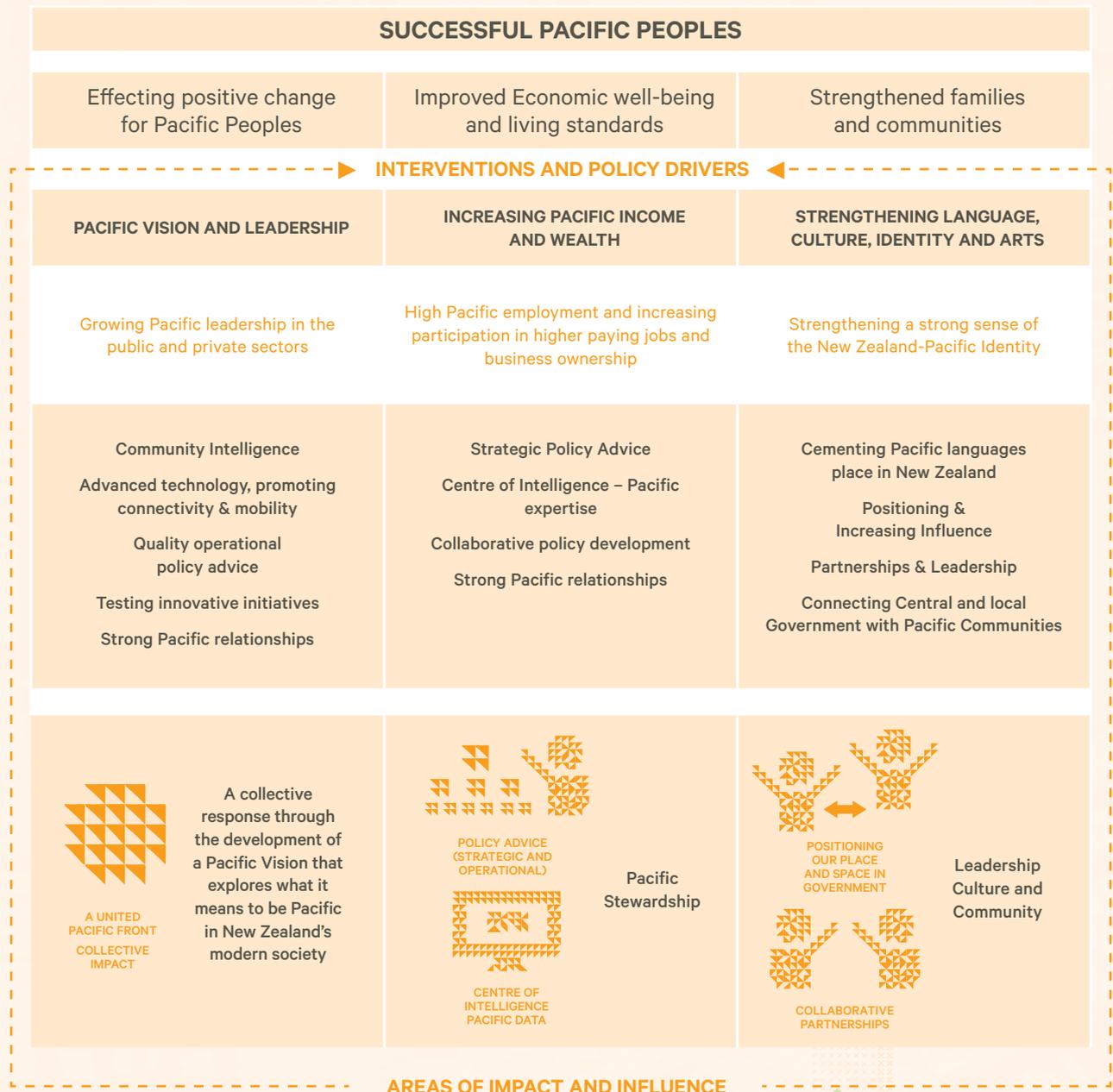
- focusing on our work programmes, policies and interventions in areas of highest impact;
- increasing our collaboration and developing enduring partnerships to support our work;
- ensuring our operating model is fit for purpose;
- improving our organisational capability in policy and research areas to support and create a bigger impact with those agencies focused on improving Pacific outcomes;
- operating the business using best practice principals.

One of the Ministry's greatest strengths is our ability to link Pacific communities and networks to Government and Government to the Pacific communities we serve.

We continue to improve our business and our organisational performance to ensure the Government's investment adds value to the people we serve.

³⁰ Source: *Contemporary Report 2016*.

Strategic Framework



Part Three: Our Work

Priority Area 1: Pacific Vision and Leadership

Most of the Pacific population living in New Zealand are New Zealand born. With one out of four new-born babies being of Pacific descent, the future is Pacific. The migration story that has historically underpinned the Pacific journey to New Zealand has evolved to one that is established and contributing to New Zealand.

A new vision needs to be developed to support the new generations of Pacific peoples. The paradox of Pacific peoples in New Zealand is that they are, at the same time, both external and internal to New Zealand. New Zealand will increasingly depend on this young and growing population. We know Pacific peoples currently contribute successfully at national and international levels in education, employment and business, sports, music and the arts. However, there are also areas that we can further contribute to and lead in.

Pacific peoples have been and will continue to be an enduring source of New Zealand innovation. We have an opportunity to explore what it means to be a New Zealand-born Pacific person today, and in the future.

The Ministry has been working on developing a vision that explores what it means to be Pacific in New Zealand today: our future role; our values; beliefs; culture, language, and religion; what successful Pacific New Zealand looks like; and what our aspirations are for ourselves and for New Zealand.

Several aspects we explore are:

- contribution – what are we as Pacific communities contributing to Aotearoa New Zealand?
- recognition – what do we want our Pacific communities to be recognised for?
- aspiration – what are the new aspirations of the next generations of Pacific communities in New Zealand?

Over the next three years, we will focus on engaging with Government and communities to understand how we can work together to deliver on the current Government priorities.

In the last year, we have been discussing how we can best position Pacific communities to be successful in the future. We have held a series of engagements during the year in preparation of hosting a Pacific Vision Summit in the 2018/19 financial year. Here, we will share the insights we have collated and will launch the Pacific Vision project.

Communication Strategy

Developed this year, the Communications Strategy helps us achieve the Ministry's overall organisational objectives. It speaks to engaging effectively with the Ministry's stakeholders and demonstrates the success of the Ministry's work and achievements of Pacific people young and old.

The strategy ensures people understand what the Ministry's work is and what we aim to achieve. The plan authenticates the Ministry's strategic importance, value, our mandate and influence in central Government, with other government agencies working with Pacific and the Pacific community itself.

The Ministry strategy includes:

- our mandate as the Crown's principal advisor on policies and interventions for achieving better outcomes for New Zealand Pacific peoples
- shares, recognises and values our cultural identity
- our place in the government space as the centre of intelligence for Pacific and by increasing our visibility, influence and reach of the Ministry's value and brand
- stakeholders understand our Pacific New Zealand population and the value proposition we bring to central Government.





- provides a platform to celebrate success, achievement and is a channel for promoting and communicating these Pacific successes to the rest of New Zealand.

A key objective of the strategy is to be the centre of intelligence, the hub of information with the ability to connect and link Pacific communities to Government and Government to Pacific communities.

Through this strategy, the Ministry will enhance its collaborative communications between itself and key stakeholders, creating a common language and intellectual landscape that supports effective engagement; to anticipate and manage public relations; and to anchor the Ministry's story.

This strategy will remain an evolving touchpoint for our organisation's functional units. It will support our internal and external messaging, raise the profile about the work we do, and the value proposition added to the Government's commitment to Pacific New Zealand.

Investing in Pacific youth and promoting Pacific leadership

Prime Minister's Pacific Youth Awards

The Prime Minister's Pacific Youth Awards recognise and reward high-achieving young Pacific New Zealanders into relevant fields of study and work. Launched in 2010, these awards have been running for seven years and have enhanced the journey for 44 Pacific alumni to progress into occupations ranging from engineers, chief executives, lawyers, authors, journalists, Para-Olympian, scientists and doctors.

Eight categories were supported by a total of 12 sponsors. Joining the Ministry as sponsors this year were the Pacific Co-operation Foundation, Massey University and Ako Aotearoa.

The nine young Pacific people also received a tailored leadership development package sponsored by Leadership New Zealand. The Awards were presented by the Prime Minister and the Ministry, at *Fale o Samoa*. Recipients' families, key community leaders, public and private sector leaders were present. There were 110 attendees in support of the event.

Nominations Service

The Ministry's Nomination Service aims to recognise Pacific leaders and raise their leadership profiles through nominations onto state sector boards and through the New Zealand honour system (New Years and Queens Birthday Honours).

The nominees put forward represented a good mix of gender balance with 16 females and 18 males reported. The total nominees put forward this year took the number to 96. Our goal of 30 nominations put forward for state sector boards was exceeded by 66.

In terms of the Royal New Zealand Honours, the Ministry has put forward 14 nominations for Queens Birthday Honours 2018. Of these nominations, seven were successful. The Ministry also put forward ten nominations for New Year Honours 2019. This list is not available until the New Year.

Niue Community supporting Police HQ in Wellington



Collaborative partnerships to build Pacific community organisation governance capability

The collaborative efforts between the Department of Internal Affairs (DIA) and the Ministry involved developing a culturally appropriate, tailored programme founded on community-led principles for our seven Pacific language community groups. Assessments were completed on all the groups with a priority redress to build governance, leadership, compliance and accountability. As a result, the Ministry worked with the Adult and Community Education (ACE) Aotearoa, to enable a more comprehensive tailored training option. One took the opportunity to uptake the formal training with another two scheduled for 2018/19.

To try and get an understanding of the depth of governance and compliance issues for organisations, a Pacific governance talanoa was held in Auckland on the 10 May 2018. The discussion was well attended with 50 Pacific community and church leaders from across Auckland participating. Insights shared included the requirement of a clearer understanding of board roles, challenges and, the differences between governance, leadership and management.

A self-assessment tool was developed and shared on governance capability and how to build a more effective Pacific organisation, in a New Zealand business environment.

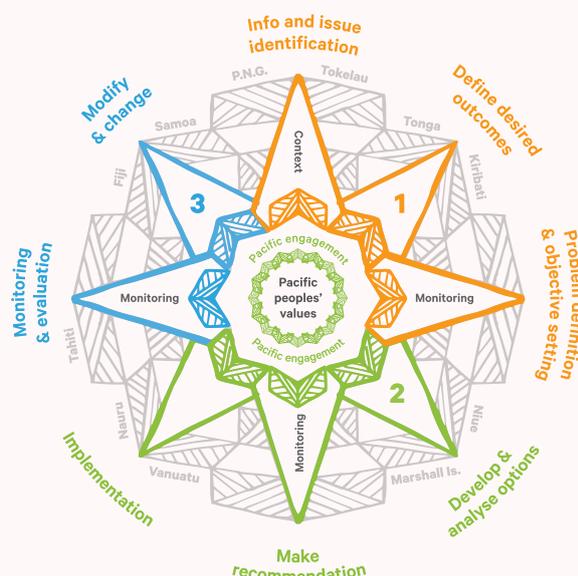
The Ministry will look at creating an Auckland Pacific Governance collective consisting of agencies and organisations, who share strategic alignment and commitment, in the new year.

Priority Area 2: Strengthening Language, Culture, Identity and Arts

Kapasa – The Pacific Analysis Tool

Kapasa – The Pacific Analysis Tool (Kapasa), was launched in June 2017. Kapasa enables the Ministry to support and influence Government to consider the Pacific perspectives in the policy development process. This year, Kapasa focused on making the model fit for purpose, user friendly, practical and accessible to non-Pacific policy advisors and analysts in both local and central Government agencies.

During the year, the Ministry received 31 requests to deliver Kapasa training workshops and of those, 23 were delivered. Delivery occurred in Auckland (13), Hamilton (1), Wellington (7) and in Christchurch (2). Sessions were delivered to Government agencies, local council, district health boards and Auckland Regional Authorities (ARA).



Key themes arising from the training sessions included:

- the need for better policy outcomes for Pacific peoples
- recognition of a specific tool that encourages co-design policy approach to policy design
- encouragement to operationalise Kapasa for better profiling
- prompt understanding and use of Kapasa by Pacific and non-Pacific staff as drivers for change and
- the use of specific, practical and relevant examples for participants.

Based on the demand for this training, the Ministry will schedule further workshops to ensure the tool is used consistently across policy advice and will investigate options for online training resources to manage the demand pipe-line of requests.

Yavu – Foundation of Pacific Engagement

Yavu – Foundations of Pacific Engagement (Yavu), has been updated to reflect a sea change in the way we work with Pacific communities on policies and initiatives that impact them; shifting away from a 'consultative' approach to a meaningful and relevant engagement process.

Yavu provides a framework on how to have engagement that is culturally responsive and sustainable with Pacific peoples. It outlines steps for effective engagement through building, nurturing and maintaining relationships.

This year, we finalised the publication and will launch Yavu through an online medium. Our intent is for agencies, private and public entities and those that have a requirement to engage with Pacific people, are informed by Yavu and continue to collaborate with a deeper knowledge of Pacific issues and solutions.

Yavu acknowledges the core Pacific values of family, collectivism and communitarian, respect, spirituality and reciprocity in the engagement process; and the importance of taking the time to connect with Pacific people and establish an environment where experiences can be shared, and aspirations reached. What is good for Pacific peoples, is good for Aotearoa New Zealand.

Strengthening Pacific Languages in New Zealand

This year involved consultation rounds with different agencies on the proposed Pacific languages approach. Following advice, we began exploring options of how we ensure the orthographic conventions of Pacific languages are maintained. Challenges involved having to articulate what recognition at the community level entails and what effect it will have apart from status. A shift in focus was to investigate the establishment of a statutory body to address the ambiguity of defining recognition at the community level (from a legal perspective) while ensuring there is still a level of Mana for the Pacific languages. This work remains ongoing. We need to understand more if there is a mechanism for Pacific languages to be recognised in New Zealand. This will enable an orthographic convention (i.e. how the language is written, spelt and pronounced), for sustaining and maintaining, each of the Pacific languages identified.

The focus has been to introduce an all-of-government approach to strengthen Pacific languages in New Zealand and concentrates on four inter-related areas:

- recognising Pacific languages as important community languages in New Zealand;
- sustaining the use of Pacific languages amongst New Zealand Pacific communities through the work of a Pacific Languages unit;
- delivering expanded and more consistent initiatives at the community level to support the use of Pacific languages within New Zealand's Pacific communities; and
- growing the value and opportunities for New Zealand's Pacific communities to hear, learn and use Pacific languages through the education sector, arts, media and broadcasting.



Pacific Language Week Series

The Ministry, together with different Pacific communities celebrated seven Pacific language weeks nationally.

The Language week series included Māori – Kūki 'Āirani, Vosa Vakaviti Fiji, Vagahau Niue, Gagana Samoa, FakaTonga, Te Gagana Tokelau and Te Gana Tuvalu.

Funding and governance workshops were provided by the Ministry in collaboration with other agencies, to assist groups to access additional funding towards language activities. This was to ensure that groups could celebrate and promote the use of their heritage language with community pride and confidence.

This past year also offered an opportunity for the Ministry to create new partnerships. A highlight was the collaborative work with Tāmaki Paenga Hira – Auckland War Memorial Museum. This has led to most of our language week official launches being held at the Museum' Events Centre.

The partnership enabled the Museum to connect with community groups and onsite community programmes and performances, during their respective language weeks. Additionally, our Pacific communities were able to access the Museums, *Pacific Collection Access Project* and tours.

Polyfest Trust

The Ministry contracted a specialist to work with the Polyfest Trust and provide recommendations to inform the development of a long-term sustainable business model for the Auckland Polyfest event. A document called

The Polyfest Review 2018: Supporting Polyfest into the future Report was produced. The content included an acknowledgement of the social and economic benefits of running the Polyfest event; highlighting the contribution the event has had on Pacific language re-vitalisation and the inter-generational conversation between participants, their families and the Pacific communities themselves.

The Polyfest event has provided opportunities for many Pacific communities to come together and showcase their language, culture and heritage within a Pacific environment. This has allowed visitors to enjoy a variety of performances, speeches and the selling of food, arts and Pacific crafts.

Further recommendations included investing in a structured sponsorship strategy and in improving systems and processes such as Secretariat support, information management and improving the working environment for staff and volunteers.

The recommendations also included reviewing the Trust's contracts with event management, the operational logistics and the lessons learned from running Polyfest over the last 20 years. The report acknowledged an increased appetite for further investment however, an investment in improving the capacity and capability in the current governance structure will strengthen the development of a robust sponsorship strategy.

While increased investment in the current governance structure would enable the Trust to be sustainable in the short term, further investment would be required as the Polyfest continues to grow from year-to-year. The Report acknowledges that the Polyfest has the potential to evolve into an ecosystem, connecting the event to educational outcomes, social wellbeing, and the development of young Pacific leadership. This approach requires a long-term focus, which extends beyond viewing the Polyfest as a standalone event. Therefore, the Report proposes the Trust considers developing a Polyfest Office or dedicated team to run the growing and changing demands of the Polyfest.

The Trust is currently considering the recommendations of the Report and has advised the Ministry that it will work towards making a final decision on a new governance model before the end of the year. The Ministry will continue to support the Trust as it transitions to a new operating model in due course.



Priority Area 3: Increasing Pacific Income and Wealth

Toloo Programme

The Government's priority is to increase the Science, Technology, Engineering and Mathematics (STEM) workforce and associated occupations that have high projections for future growth in New Zealand. These are areas of high job and wealth growth for New Zealand both now and in the future with a higher than median starting wage.

Pacific people are under-represented in STEM related tertiary courses and STEM career pathways. The Strategic Intentions 2017-2020 is seeking to encourage Pacific students to pursue studies in STEM subjects, with the aim of increasing the number of Pacific peoples employed in STEM careers and deliver on the Ministry's goal to improve the economic wellbeing and living standards, strengthening Pacific families and communities.

While growing the STEM workforce is a Government priority, Toloo is the only programme funded by Government which offers a scaffolded STEM focus. In 2017/18, the Toloo programme delivered initiatives through three key strands:

1. STEM tertiary scholarships for Pacific students pursuing higher education.
2. STEM interactive programmes for post Primary Pacific students.
3. STEM awareness programmes for Pacific community groups.

STEM Scholarships

Toloo tertiary scholarships are awarded to first year under graduate and post graduate Pacific students pursuing STEM study. Initially valued at \$25,000 each and paid over three years, in 2016 and 2017, a total of 12 Toloo tertiary scholarships were awarded. The introduction of 'fees free' in 2018, meant the Ministry was able to change the scope and spread of funding to accommodate different options. The change provided an opportunity to mitigate the potential drop out of year two and year three under-graduate and post-graduate Pacific students in STEM study streams. In 2018, the number of scholarships awarded was 13 bringing the total scholarships award since 2016 to 25 scholarships in three years.



STEM interactive programmes for post primary Pacific students – Toloo Kenese Programme

In 2016/17 Wellington region partnered with MindLab to deliver seven interactive half-day workshops, exposing nearly 200 Pacific participants to STEM career opportunities and Pacific experts working in the area. This year, the programme regional reach expanded from Wellington and included the regions from both the Auckland and Christchurch. Partnering with key stakeholders allowed the Toloo Kenese Programme to reach more school age participants who may not have had the exposure to STEM pathways.

STEM awareness programmes for Pacific community groups – Toloo Contestable Community Fund

The Community Fund was set up to promote and increase awareness of STEM career and study pathways through community activities. In 2016/17, the Ministry funded 11 programmes delivered by Pacific communities. In 2017/18, another 11 STEM programmes delivered by Pacific communities, were supported financially nationwide.

A highlight for this stream was the development of a Samoa Language interactive APP. Tino E Tasi Preschool, a recipient of the fund and based in Christchurch with a branch in Dunedin; designed and developed two APPs to teach the Samoan language through play. The APP was developed in conjunction with the children of the pre-school³¹ effectively making them digital producers of their own APP. The APP was launched in Christchurch during Samoa language week under 'O Luga O Le Motu' translating to 'On the Island' APP and was followed by a launch in Dunedin under 'Tatou I lile Maketi' translating to 'Let's go to the market' APP. This APP was shared and downloaded nationally and internationally. Media coverage of the tool included TVNZ, Tagata Pasifika, Coconet TV, ITP Techblog, Radio 531 and Samoa Planet.

³¹ Note: 26 children participated, aged three and four years old, with an ethnicity breakdown of Samoan, Tongan, Cook Island, Māori and Pakeha.



The Ministry aims to promote higher Pacific employment and increasing participation in high-value jobs and business ownership. We want to see more Pacific people equipped with higher qualifications and skills to gain meaningful, high paying employment. We also want Pacific people to increase their contribution to New Zealand’s business growth and economic success. This means using our expertise to expand the aspirations of Pacific people into owning their own businesses and becoming the employers, directors and leaders of tomorrow.

Pacific Employment and Entrepreneurship

Pacific Employment and Support Services

The Pacific Employment Support Service (PESS) programme is a proven intervention that effectively assists Pacific young people to achieve sustainable employment and training pathways to increase their skills and qualifications.

Focused on reducing Pacific **Not in Education, Employment or Training (NEET)**, the Ministry assists Pacific young people and their communities to achieve improved economic wellbeing and living standards. The aim is to strengthen Pacific families and communities.

To help increase employment opportunities for Pacific young people, the Ministry extended (PESS) reach beyond Auckland to include Hamilton. At the end of June, the PESS programme completed its initial 22-month contract which began in September 2016. This two-year programme has built on the success of the previous programmes (2010-2014, 2014-15) and has made excellent strides in its intent to assist Pacific young people, helping them on their journey to success in employment and further education opportunities.

The aggregated performance is reported in this table.

An evaluation of the programme has been completed on seven-year aggregated results (2010-2014) and the results to date in this current financial round (2016-2018). Overall, the programme has performed well with a total savings to Government totaling \$36.95m³² since the inception of the programme. In the last two years, the analysis reports for every dollar (\$1.00) invested, a return on investment has savings analysed at \$10.53³².

ACTUALS COMPARED TO PROGRAMME TARGETS FOR FULL TERM 1 SEPT 2016 - 30 JUNE 2018					
Performance Category	2 year Programme Target	Achieved 2016/17	Achieved 2017/18	Actual Total Achieved	Status
Participations	607	337	458	795	131%
Total Completions	560	290	400	690	123%
Total Placed in Employment	303	127	233	360	119%
Continuous employment for > 6 months	196	8	118	126	64%
Continuous employment for > 12 months	117	20	100	120	103%
Training Placement 31 days	210	83	97	180	86%
Training Study Completion – Qualification Certificates Levels 1-3	112	17	57	74	66%
Training Study Completion – Qualification Certificates Levels 4-5	23	0	40	40	174%
Training Study Completion – Qualification Diplomas Levels 5-6	11	0	8	8	73%
Training Study Completion – Qualification Diplomas Levels 7-9	6	0	4	4	67%
Total Placements into Employment or Training	513	210	330	540	105%

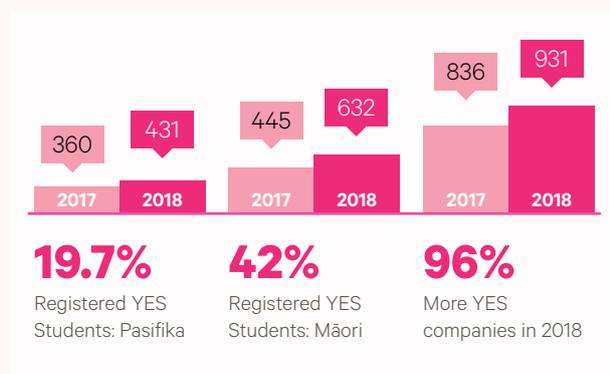
³² Note: For employment savings, the evaluation used the Taylor Fry 2016 figures. For Tertiary savings, the evaluation used Statistics New Zealand, Integrated Data Infrastructure and the Ministry of Education’s interpretation report ‘Ministry of Education, June 2017, ‘Young domestic graduate outcomes – earnings’: The combined savings over the aggregated seven-year programme includes the latter two years. The return on investment of \$10.53 are the 2016-2018. results.

Youth Enterprise Scheme (YES)

The Youth Enterprise Scheme (YES) is an experimental programme where students set up and run a real business. Each YES company creates its product or service and get to experience what it is like to go to market.

The Ministry supports this programme through sponsorship of the Pacific Business Excellence Award each year and the funding of a roaming teacher role (0.8 of an FTE) who provides support to the schools. This year, the roaming teacher supported 48 T30³³ YES teachers through school visits, subject matter expertise at YES events and assisted via email from April through to June. The roaming teacher also completed over 150 school visits to support teachers and YES teams during the academic year.

Pacific student numbers participating in the YES programme report 431 Pacific students in 2018. This is an increase of 19.7 percent, up from those participating in 2017³⁴.



Part of the requirements of participating in YES is showcasing a business case from a student's business idea. Final numbers for the year confirm that 81 Pacific companies are participating in YES in 2018:

- an increase in participation from 58 Pacific companies in 2017 (28% increase)
- 52 of these companies are from T30 schools
- there are 60 teams in Auckland; 6 in Wellington; 4 in Christchurch and 11 elsewhere in NZ
- largest increase has been in Auckland, with an increase from 42 to 60 companies (30% increase). 75% of all Pacific teams are in Auckland and the number of Pacific teams in Auckland has increased from 42 teams in 2017 (30% increase).

The table below shows the regional spread of these companies and a comparison to the regional spread for 2017 and 2016. In general, the numbers have increased.

Region	Number of Pacific YES Companies 2018	Number of Pacific YES Companies 2017	Number of Pacific YES Companies 2016
Auckland	60	42	28
Wellington	6	7	9
Christchurch	4	2	4
Elsewhere in NZ	11	7	7

³³ Note: T30 is a definition for top 30 schools with the biggest population of Pacific students in Auckland.

³⁴ Source: Young Enterprise NZ Mid-Year Impact Report 2018.



At the 2018 National Pacific Business Trust Awards in June, Kotiki Ltd (Kotiki) won the 2018 Panuku Development Pacific Impact Award.

Kotiki is a social enterprise that offers Pasifika art and wellbeing-focused workshops to children of all ethnicities between 5 to 14 years of age. Working within schools, Kotiki offers workshop sessions in visual arts, dance, drama and cultural values.

The business was started by four Pacific women who participated in the YES programme in 2017, under the name Meraki. They were recipients of the Ministry for Pacific Peoples (the Ministry), Pasifika Business Excellence Award 2017. Kotiki is also part of the Hatch Youth 2018 cohort at the Pacific Business Trust.

The Ministry has been supporting the YES programme for many years and it has shown the investment has been worthwhile for Pacific students. To maintain momentum and ensure the programme has some continuity assurance, the Ministry is working with YES on multi-year funding options over the next three years.

Social Housing

Over the past 12 to 18 months, the Ministry has been supporting Pacific organisations to become registered as Community Housing Providers (CHP) with the Community Housing Regulatory Authority (CHRA) with the intent to offer social housing to Pacific communities.

A two-phase approach was implemented to:

1. assess Pacific organisation readiness to be a CHP and
2. provide training and development to Pacific organisations in preparation for successful registration as a CHP with CHRA.

Five organisations were assessed and selected for training with Habitat New Zealand as the preferred provider.

They were:

- Penina Health Trust (Penina)
- Alliance Community Initiatives Trust (ACI)
- Cook Island Development Agency New Zealand (CIDANZ)

- Totara Seed Trust and
- Fatugatiti Housing Trust – associated with Manukau Pacific Island Church.

In October 2017, a training programme began and was completed in June 2018. To date, Penina has successfully completed a CHP registration and is also a transitional housing provider.

Overall the Pacific organisations found the training and the support given to them, valuable as it provides a robust overview on the registration requirements needed to become a social housing provider.

The process is complex and requires having systems and support in place to enable community social housing provision. Having the Ministry walk alongside them in support provided an avenue to discuss, reflect and work in readiness to meet the compliance requirements that come with being a Social Housing provider.

The benefits of registration for Penina enabled an opportunity to lease properties from Ministry of Social Development with 21 units in Manukau Heights to be used for emergency housing prioritised for Pacific families. The beneficiaries of Penina's success will be the Pacific families who have the most urgent need for housing. The value extends beyond just accommodation and is inclusive of a more holistic and uniquely Pacific, wrap around support and service offering.

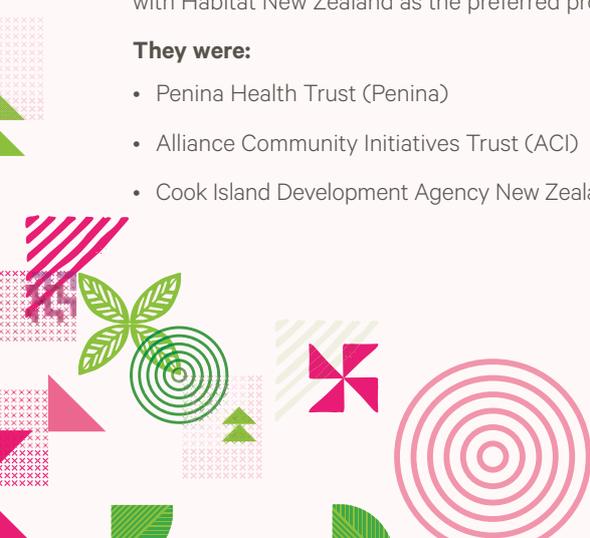
For the Ministry, the benefits mean that our work is contributing to increasing social housing provision in Auckland where it is most needed, that Pacific families have social housing options available to them with wrap around services to improve their wider social determinants in health and education.

Business and Entrepreneurship

Pacific Business Trust

This year, Pacific Business Trust (PBT) completed the implementation of a Customer Relationship Management (CRM), to harness the integrity of its customer data. This year, business growth grants have been dispersed to existing Pacific businesses. This takes the total number up to five against a target of 33. The value of business growth grants that have been made totals \$18,254.60³⁵ against a projected target of \$198,000³⁵.

³⁵ April - June 2018, Pacific Business Trust Quarterly Report.





Pō Fiefia – Acknowledging those Pacific recipients New Years and Queens Birthday honours.

The biennial Pacific Business Awards event was held in June with award categories numbering six, over 300 attending the event and 50 applications submitted for the Pacific Business Awards.

An interim analysis of the Pacific Business environment was completed in April with concerns raised by the Ministry on the low sample size bringing questions into the integrity of the findings. The Ministry expected the report to provide useful information, however, other areas under scope such as home ownership and mortgages, Pacific debt levels, remittances, caring for the elderly, sports coaching, child care and other philanthropic activities were not addressed in the report.

Pacific Business Trust (PBT) held a Pacific Technology project event where 164 prospective Pacific business owners in total who attended the event. There were two workshops during the event held with 20 attending one workshop and 45 attending the other. The surveys taken on the day indicated their level of interest in exploring business ideas to further the knowledge gained at the workshop is pending. This information will be forthcoming during the next financial year.

Finally, a few other workshops were held to complete the Mahuki Magnitude programme with seven workshops held. The workshops targeted Pacific businesses or prospective Pacific business owners with 23 in total who attended.

The outcomes contract agreed between the Ministry and PBT is on track with regular monthly reports sent in to the Ministry.

Further initiatives to support Pacific communities

Pō Fiefia celebration

The Ministry hosted an event to celebrate Pacific leaders who were honored for their service from 2015 to 2017.

The event celebrated Pacific leaders who have been honored for their service from 2015 to 2017. It was an event by Pacific for Pacific, to celebrate the Pacific success of these highly regarded individuals for their amazing talents and their advocacy to make a difference within Pacific Island communities.

The event celebrated Pacific people who made it onto the New Year and Queen's Birthday Honour list over the last three years, along with their families. It also recognised Dame Valerie Adams' 2016 Damehood and Sir Michael Jones' 2017 Knighthood Companionship.

It celebrated the success of our Pacific leaders and those who contribute significantly to our communities and New Zealand, reflecting our place in New Zealand as Pacific peoples. It also provided an opportunity to promote our leaders to the burgeoning Pacific youth population.

These honours are an important and well-deserved recognition of Pacific people who have worked tirelessly to make a difference in their communities. The Ministry acknowledged all prominent Pacific peoples who had been recognised in the New Year and Queen's Birthday Honour list and more importantly, to acknowledge their success with their families in a Pacific Island setting.

Part Four: Building our Organisational Culture and Capability

Pacific values are at the heart of our organisational culture. While individually each person has an important part to play in supporting the vision of Successful Pacific People, our approach is a collective one. The past year has seen a focus on greater collaboration and diversity of thinking on significant pieces of work, giving staff the opportunity to learn and grow on the job with the support of managers, colleagues or a mentor.

As a Ministry we continue to build agility and innovation in our workforce, as we become increasingly adept at navigating ambiguity, and mobilising our limited resources to areas that have the greatest impact for our communities.

Our policy and research unit has grown. There were ten new appointments made over the year with five roles due to the expansion of the policy and research team. The extra capacity has been instrumental in bringing to life the intelligence gathered by our community facing teams and supporting policy across the wider public service with our tool - Kapasa, designed to include a Pacific lens to policy making processes that have an impact on Pacific peoples in New Zealand.

Apart from policy advice, the Ministry provides advice to the Minister through its Ministerial servicing function. This last year has seen an increase of briefings and advice to the Minister. Of the total briefings reported this year, 74 percent were of a proactive nature with a 'no surprises' approach applied. Parliamentary questions (60 percent) was the major increase in advice requested for this reporting period. Our Official Information Requests (OIA) increased by 10 this year and it was pleasing to get a positive 100 percent compliance acknowledged from the State Services Commission.

Five permanent staff left the organisation during the 2017/18 year. This equates to a 11.9 percent staff turnover rate. Of the 56 staff employed by the Ministry during the period (inclusive of secondments and fixed term employees), 36 (64.3%) are female and 19 (33.9%) are male with no non-binary reported.

Gender	Back Office	Front Office
Female	15	22
Male	4	15

Note: Back office includes corporate groups including Ministerial Services and Communications. Front office includes policy and regional partnerships.

With new people comes the need to build the foundations of capability, such as writing skills, machinery of Government, and internal capability building workshops on who does what where in the Ministry and, how individual work plans align to the vision and mission of the organisation. These are some of the development and training opportunities that have been made available this year.

Our people managers have honed their people skills with coaching development, and staff have participated in two fono focusing on wellbeing and a new Pacific Vision.

We recruited our first graduate position and have supported sector wide graduate and internship initiatives.

In 2017 the Ministry held staff workshops that covered areas such as:

- Finance and Cost Centre Management
- Procurement and process
- Risk Management training
- Writing courses for our policy and regional staff
- Health & Safety training
- Coaching workshops.

Using the Gallup Q12 staff engagement survey tool where we asked our people how they felt about our workplace. Last year's overall result of 4.09 was a significant increase on the previous year. A pulse check completed six months into the year found that the Ministry had shifted again to 4.16 (out of 5). The annual staff engagement survey will be conducted later in the year.

The work we have done reflects our commitment to our mission, and the leadership team's commitment to building capability. As a diverse Ministry, we celebrate our unique cultural values, diversity and inclusion in our policies, practices and initiatives to support our people and work.

Our staff, our people

Our success relies on the capability of our staff. Our talent programme continues to prioritise development investment in the right people and at the right time of their career journey. Our leaders are participating in system-wide development opportunities, such as career boards at a system and functional level.

Secondments and acting-up are development options that have created greater opportunities for our staff to increase their knowledge and management skills.

Our women have had opportunities to attend leadership summits for women, attended legal conferences and we have celebrated our negative gender pay gap as only one of three agencies across the Public Service, to positively reflect a sense of balance of gender, in leadership and in management.

The Ministry's approach to talent management is a collective one so as the Ministry works more virtually, in and around its communities, and from other offices, our flexible work arrangements consider the needs of staff. We value the cultural contribution our staff bring to their roles and the families that support them in the work they do.

We believe in our shared commonalities and recognise the differences between Pacific nations, other ethnic groups and Tagata Whenua. It includes acknowledging the importance of cultural competency, status, Mana and the respect and honour that comes with those differences. An empathetic lens is applied and overlaid across our business; allowing us to identify the current and potential capability needs of the organisations workforce.

Health and safety in the workplace

We believe the best health and safety outcomes are achieved when you have a mix of formal and informal ways for workers to contribute. With this, we have developed a system that captures views on health and safety matters, we have clear, effective and on-going ways for staff to suggest improvements or raise concerns on a day-to-day basis.

The Ministry is supporting health and safety in the workplace by practicing stronger worker engagement through participation in key areas such as having health and safety representation, first-aid and floor wardens in each of the regional offices and in the national office. All our health, safety and wellness representatives have been trained and are supported by a health and safety committee that reviews tools, best practice and policies to guide the way we work and who report to the leadership team.

The Ministry recognises what is reasonable and practicable will depend on staffs views and needs, the size of our organisation and the nature of our risks. As a business, we have provided information, training, instruction and/or supervision for staff.

System and business improvement

In the past year, the Ministry has improved its technology platform to meet the needs of the staff it serves. The Ministry implemented a new accounts payable approval system and has upgraded its financial system. These system improvements were supported by updated policies, procedures, new reports and training. This has made approving invoices and cost centre management, user-friendly and more transparent. The Ministry has received good reviews about its financial system from external reviewers.

Our technology and innovation approach align to Cabinets Cloud First policy which requires agencies to adopt cloud services in preference to traditional IT systems. This strategy is delivering cost effectiveness, agility, security and greater choice for our people to work with.

Furthermore, the Ministry refreshed its website enabling better navigation through and around the site as well as improving the function to upload and house information.



Part Five: Statement of Responsibility and Audit Report

Statement of Responsibility

I am responsible, as Chief Executive of the Ministry for Pacific Peoples (the Ministry), for:

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

In my opinion:

- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2018 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2019 and its operations for the year ended on that date.



Lulu Mac Leauanae

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

Chief Executive
1 October 2018



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of the Ministry for Pacific Peoples' annual report for the year ended 30 June 2018

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

- the financial statements of the Ministry on pages 38 to 56, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2018, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2018 on pages 18 to 27 and 34 to 37;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2018 on pages 60 to 62; and
- the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 57 to 59 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2018;
 - the schedules of expenses; and revenue for the year ended 30 June 2018; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 38 to 56:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information of the Ministry on pages 18 to 27 and 34 to 37 :
 - presents fairly, in all material respects, for the year ended 30 June 2018:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry on pages 60 to 62 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989; and
- the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 57 to 59 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2018; and
 - expenses; and revenue for the year ended 30 June 2018.

Our audit was completed on 1 October 2018. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Chief Executive for the information to be audited

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

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

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

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

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

Responsibilities of the auditor for the information to be audited

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

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

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the information on strategic intentions, Estimates of Appropriations as updated in the Supplementary Estimates of Appropriations 2017/18, and the 2017/18 forecast financial figures included in the Ministry's 2016/17 Annual Report.

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

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

Also:

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 6 to 17 and 28 to 29 but does not include the information we audited, and our auditor's report thereon.

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

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

Independence

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

Other than in our capacity as auditor, we have no relationship with, or interests, in the Ministry.



Ajay Sharma

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand



Part Six: Statement of Service Performance

This section summarises our performance against the measures set out in the Information Supporting the Estimates and the Supplementary Estimates of Appropriations.

We have assessed whether we met each of the targets associated with each of these measures and have provided an explanation where there is a significant difference.

An overview of the Ministry’s performance against the departmental output expense appropriation: Policy Advice and Ministerial Servicing (MCOA).

The Ministry’s appropriation is defined as a multi category output appropriation in that it is split into two categories; however, an appropriation breach only occurs if the total amount is overspent.

The scope of the appropriation is as follows:

Communications, Projects & Relationships

This output class is limited to ministerial servicing, nominations services, the development, and implementation and monitoring of innovative projects and the establishment and maintenance of relationships with Pacific communities and key stakeholders, to improve outcomes for Pacific Peoples in New Zealand.

Policy Advice

This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice to support decision-making by ministers on government policy matters).

Departmental output expenses	Expenditure after re-measurements 30 June 2017	Expenditure before re-measurements 30 June 2018	Re-measurements ³⁶ 30 June 2018	Expenditure after re-measurements 30 June 2018	Approved appropriations ³⁷ 30 June 2018
	\$000	\$000	\$000	\$000	\$000
POLICY ADVICE AND MINISTERIAL SERVICES MCA					
Communications, Projects & Relationships	5,548	5,529	-	5,529	5,550
Policy Advice	1,312	1,992	-	1,992	2,100
Total departmental output expenses	6,860	7,521	-	7,521	7,650



³⁶ Re-measurement is generally the movement in the value of an asset or liability that is outside the control of the Ministry as defined by the Public Finance Act 1989. Re-measurements do not require an appropriation. The re-measurements shown above are the result of changes to discount rates used in the valuation of the Ministry employee entitlements. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the PFA.

³⁷ These are the appropriations from the Supplementary Estimates, adjusted for any transfers under S26A of the Public Finance Act 1989.

How performance will be assessed for this appropriation

Measure	2016/17 Actual Standard Results	2017/18 Actual Standard (Results)	2017/18 Budget Standard (Target)	Target Met	Notes
100% of the category measures achieved	91%	93%	100% of the category measures achieved	No	93% of the 15 category measures achieved
Measure	2016/17 Actual Standard Results	2017/18 Actual results	2017/18 Budget Standard (Target)	Target Met	Notes
Cost of policy advice per output hour	\$105	\$89	At most \$130	Yes	The actual result is the utilization of policy output hours against policy resource
Technical quality of policy advice is delivered in accordance with agreed quality criteria	7.25	6.4	At least 70%	No	NZIER-base assessment on a scale of 5 –9. The following interpretation is applied to NZIER's assessment: 5– Poor 6 – Borderline 7 – Adequate 8 – Good 9+ – Excellent
Ministerial satisfaction with the policy advice service as per the common satisfaction survey as rated on a scale of 1 (extremely dissatisfied) – 5 (extremely satisfied).	4	3.5	At least 3	Yes	Minister rated quality 3.5 – 5 as per the common satisfaction survey (overall average of ratings) ³⁸
RELATIONSHIP AND INFORMATION SHARING WITH COMMUNITIES					
Number of public events with Pacific communities	76	109 62 between Jul & Dec 2017 47 between Jan – Jun 2018	30-50	Yes	

³⁸ Ministerial Survey only covers half the year due to the change in Government.



Measure	2016/17 Actual Standard Results	2017/18 Actual Results	2017/18 Budget Standard (Target)	Target Met	Notes
MINISTERIAL SERVICING					
Proportion of replies to Official Information Act (OIA) requests delivered within the required timeframe	100%	100%	95%	Yes	As per the timeliness report ⁴⁰
Ministerial satisfaction with the OIA service as per the common satisfaction survey as rated on a scale of 1 (extremely dissatisfied) to 5 (extremely satisfied)	Not measured	3.5	At least 3	Yes	Minister rated quality 3.5 – 5 as per the common satisfaction survey (overall average rating) ³⁹
Proportion of replies to Parliamentary questions (PQs) delivered within the required timeframe	100%	100%	95%	Yes	As per the timeliness report
Ministerial satisfaction with the PQ service as per the common satisfaction survey as rated on a scale of 1 (extremely dissatisfied) to 5 (extremely satisfied)	Not measured	3.5	At least 3	Yes	Minister rated quality 3.5 – 5 as per the common satisfaction survey (overall rating) ³⁹
Proportion of replies to Parliamentary Select Committee Questions within the required timeframe	100%	100%	95%	Yes	As per the timeliness report
Ministerial satisfaction with replies to the Select Committee Questions as per the common satisfaction survey as rated on a scale of 1 (extremely dissatisfied) to 5 (extremely satisfied)	Not measured	3.5	At least 3	Yes	Minister rated quality 3.5 as per the common satisfaction survey (overall average rating) ³⁹
Briefings delivered within the required timeframe	94%	100%	95%	Yes	As per the timeliness report & change in count ⁴¹
Ministerial satisfaction with the briefings as per the common satisfaction survey as rated on a scale of 1 (extremely dissatisfied) to 5 (extremely satisfied)	Not measured	3.5	At least 3	Yes	Minister rated quality 3.5 – 5 as per the common satisfaction survey (overall average rating) ³⁹
NOMINATION SERVICING					
Number of nominees put forward for governance positions across the state sector	60	96	30	Yes	In total – 96 nominations put forward to Ministers office – Gender balance = 52 were women and 44 were males
Number of nominees put forward for Queens Birthday and New Year's Honours	QBH = 7 NYH = 11	QBH = 14 NYH = 10	10	Yes	In total – 18 nominations in total put forward to Ministers office for consideration

³⁹ Ministerial Survey only covers half the year due to the change in Government.

⁴⁰ Due to technical ICT migration issues, two OIA's were identified as not meeting the required timeframe. Once issues were resolved, OIA's were deployed with timeliness.

⁴¹ In measuring timeliness, all briefings were considered both from a proactive nature and an external request. It was agreed going forward, that counts will be separated accordingly and measurements will be made on those requests external from the Ministry.

An overview of the Ministry's Performance Against the Departmental Capital Expenditure Appropriation and Capital Injections: Ministry for Pacific Peoples – Capital Expenditure PLA

The scope of the appropriation is outlined below.

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

	Expenditure 30 June 2017 \$000	Expenditure 30 June 2018 \$000	Approved Appropriation ⁴² 30 June 2018 \$000
Ministry for Pacific Peoples – Capital Expenditure PLA	67	81	100

Assessment of Performance	2017/18 Budget Standard (Target)	2017/18 Actual Standard Results	Target Met	2016/17 Actual Results	Unaudited 2018/19 Forecast
Expenditure in accordance with the Ministry's Capital Plan for the year	100%	100%	Yes	100%	100%

⁴² These are the appropriations from the Supplementary Estimates, adjusted for any transfers under S26A of the Public Finance Act 1989.



Part Seven: Financial Statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2018

	Notes	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000	Unaudited Budget 30 June 2018 \$000	Unaudited Forecast 30 June 2019 \$000
REVENUE					
Revenue Crown		7,037	7,492	7,292	7,319
Departmental revenue	2	67	126	-	-
Other revenue	2	1	38	-	-
Total revenue		7,105	7,656	7,292	7,319
EXPENSE					
Personnel costs	3	3,945	4,749	4,983	5,230
Operating costs	4	2,706	2,559	2,084	1,875
Depreciation and amortisation	7, 8	133	141	152	146
Capital charge	5	76	72	73	68
Total expense		6,860	7,521	7,292	7,319
Surplus/(deficit)		245	135	-	-
Other comprehensive revenue and expense		-	-	-	-
Total comprehensive revenue and expense		245	135	-	-

Explanations of significant variances against budget are detailed in Note 15.

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2018

	Notes	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000	Unaudited Budget 30 June 2018 \$000	Unaudited Forecast 30 June 2019 \$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		1,425	1,563	1,148	1,425
Debtors and other receivables	6	35	5	18	35
Prepayments		14	30	17	14
Total current assets		1,474	1,598	1,183	1,474
NON-CURRENT ASSETS					
Property, plant and equipment	7	170	154	279	217
Intangible assets	8	380	316	263	252
Total non-current assets		550	470	542	469
Total assets		2,024	2,068	1,725	1,943
LIABILITIES & TAXPAYERS' FUNDS					
CURRENT LIABILITIES					
Creditors and other payables	9	447	523	334	632
Return of operating surplus	10	245	135	-	-
Employee entitlements	11	153	229	204	123
Total current liabilities		845	887	538	755
NON-CURRENT LIABILITIES					
Employee entitlements	11	51	53	59	60
Total non-current liabilities		51	53	59	60
Total liabilities		896	940	597	815
TAXPAYERS' FUNDS					
Taxpayers' funds		1,128	1,128	1,128	1,128
Total taxpayers' funds		1,128	1,128	1,128	1,128
Total liabilities and taxpayers' funds		2,024	2,068	1,725	1,943

Explanations of significant variances against budget are detailed in Note 15.

The accompanying notes form part of these financial statements.



Statement of Changes in Equity

For the year ended 30 June 2018

	Notes	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000	Unaudited Budget 30 June 2018 \$000	Unaudited Forecast 30 June 2019 \$000
Equity as at 1 July		1,128	1,128	1,128	1,128
Total comprehensive revenue and expense		245	135	-	-
Return of operating surplus to the Crown	10	(245)	(135)	-	-
Equity as at 30 June		1,128	1,128	1,128	1,128

Explanations of significant variances against budget are detailed in Note 15.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2018

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000	Unaudited Budget 30 June 2018 \$000	Unaudited Forecast 30 June 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from the Crown	7,037	7,492	7,292	7,319
Departmental revenue	67	126	-	-
Receipts from others	16	38	-	-
Goods and services tax	27	-	-	-
Total cash flows from operating activities	7,147	7,656	7,292	7,319
Cash was applied to:				
Payments to employees	(4,016)	(4,671)	(4,971)	(5,111)
Payments to suppliers	(2,756)	(2,446)	(2,160)	(2,040)
Payment for capital charge	(76)	(72)	(73)	(68)
Goods and services tax	-	(25)	-	-
Total cash applied to operating activities	(6,848)	(7,214)	(7,204)	(7,219)
Net cash flows from operating activities	299	442	88	100
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Receipts from sale of property, plant and equipment	-	22	-	-
Cash was applied to:				
Purchase of intangible assets	(53)	-	-	-
Purchase of property, plant and equipment	(14)	(81)	(100)	(100)
Net cash flows from investing activities	(67)	(59)	(100)	(100)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Capital Injections	-	-	-	-
Cash was applied to:				
Return of operating surplus	(257)	(245)	-	-
Net cash flows from financing activities	(257)	(245)	-	-
Net increase/(decrease) in cash held	(25)	138	(12)	-
Cash as at 1 July	1,450	1,425	1,160	1,425
Closing cash as at 30 June	1,425	1,563	1,148	1,425

The GST (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue. The GST (net) component has been presented on a net basis as the gross amounts do not provide meaningful information for financial reporting purposes.

Explanations of significant variances against budget are detailed in Note 15.

The accompanying notes form part of these financial statements.

Statement of Commitments

As at 30 June 2018

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date. The Ministry has no capital commitments. (2016/17:Nil)

Non-cancellable Operating Lease Commitments

The Ministry leases property in the normal course of its business. Most of these leases are for premises that have a non-cancellable leasing period ranging from 1 to 10 years, with regular rent reviews.

The Ministry's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights.

There are no restrictions placed on the Ministry by any of its leasing arrangements. The reason for the increase over last year was that during the financial year the Ministry verbally committed to a ten-year co-lease agreement with Te Puni Kōkiri on Porirua accommodation.

	Notes	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
NON-CANCELLABLE OPERATING LEASE COMMITMENTS			
Not later than one year		352	407
Later than one year and not later than five years		649	828
Later than five years		638	755
Total non-cancellable operating lease commitments	12	1,639	1,990

The accompanying notes form part of these financial statements.

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2018

The Ministry for Pacific Peoples has no contingent liabilities or contingent assets as at 30 June 2018 (2017: nil).

The accompanying notes form part of these financial statements.





Notes to the Financial Statements

Note 1 | Statement of accounting policies for the year ended 30 June 2018

Reporting Entity

The Ministry for Pacific Peoples (the Ministry) is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand. These financial statements have been prepared pursuant to section 45B of the Public Finance Act 1989. The Ministry's ultimate parent is the Crown.

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 as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Ministry are for the year ended 30 June 2018 and were authorised for issue by the Chief Executive of the Ministry on 1 October 2018.

Basis of Preparation

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

Statement of Compliance

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

The Ministry's total annual expenditure is less than \$30 million, so it qualifies for classification as a Tier 2 reporting entity. As a Tier 2 reporting entity the Ministry can apply Reduced Disclosure Requirements Public Benefit Entity Accounting Standards (Tier 2 PBE Standards). The financial statements have been prepared in accordance with Tier 2 PBE Standards and comply with PBE accounting standards.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000).

Measurement Base

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

Changes in Accounting Policy

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. During the financial year there was an addition to the accounting policies to cover grant expenditure.

Significant Accounting Policies

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable.

Revenue Crown

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

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

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

Revenue from non-exchange transactions

Revenue from non-exchange transactions are those transactions where an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

For the Ministry, these revenue non-exchange transactions are non-prevalent. In the event of any future non-exchange revenue transactions, the Ministry will recognise these transactions as non-exchange revenues when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are recoverable.

Revenue from exchange transactions

Revenue from exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.

Departmental and other revenue are from the supply of goods and services to other government departments and third parties.

Capital charge

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

Leases

Operating Leases

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

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Leasehold improvements are capitalised and the cost is amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks.

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

Property, Plant and Equipment

Property, plant and equipment consist of the following asset classes: leasehold improvements, EDP equipment, furniture and office equipment, and motor vehicles.

All assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

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

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

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

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are charged to the surplus or deficit in the period that the asset is disposed of.

Subsequent Costs

Costs incurred after 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.



Asset Capitalisation

Property, plant and equipment are initially recorded at cost of purchase.

These are capitalised:

- if purchased individually and the cost price is greater than \$3,000
- if purchased as a group and the combined value is greater than \$3,000.

Capital work in progress is recognised as costs are incurred. Depreciation is not recorded until the asset is fully acceptance tested, operational and capitalised.

Depreciation

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

The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Asset category	Asset life
Furniture and fittings	8 years
Office equipment	3 to 5 years
Motor vehicles	4 to 5 years
EDP equipment	3 to 4 years

Leasehold improvements are 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 at each financial year end and adjusted, if applicable.

Intangible Assets

Intangible assets are initially recorded at acquisition costs plus any costs incurred to bring the asset in to use. The cost of an internally generated intangible asset represents expenditure incurred in the development phase of the asset only.

All maintenance and training costs associated with intangible assets are expensed when incurred.

Intangible assets with finite lives are recorded at cost, less any amortisation and impairment losses. Amortisation is charged to the surplus or deficit on a straight-line basis over the useful life of the asset.

Estimated useful lives are:

Asset category	Asset life
Acquired software	7 years

Impairment of Property, Plant, and Equipment and Intangible Assets

The Ministry does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Creditors and Other Payables

Creditors and other payables are recorded at their face value.

Employee Entitlements

Short-term Employee Entitlements

Employee entitlements that the Ministry expects to be settled within 12 months of balance date are measured 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 leave, retiring 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 performance payments where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

	30 June 2018	30 June 2017
Year 1	1.78%	1.97%
Year 2	1.90%	2.36%
Year 3	3.55%	3.92%

Long-term Employee Entitlements

Employee benefits are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long- service leave and retiring leave, are calculated on an actuarial basis, using a model provided by The Treasury.

The calculations are based on:

- likely future entitlements accrued to staff, based on years of service, years of entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information; and the present value of the estimated future cash flows. The following discount rates were used:
- a salary inflation factor of 3.1% (3.1% 2017) was also used. The discount rates were advised by Treasury and are based on the weighted average of government bonds with terms to maturity like those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of Employee Entitlements

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

Superannuation Schemes

Obligations for contributions to the State Sector Retirement Saving Schemes, KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

Provisions

The Ministry recognises a provision for future expenditure of uncertain amount and timing when there is a present obligation (either legal or constructive) because 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 expenditure expected to be required to settle the obligation.

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are recorded at the point at which the contingency is evident.

Equity

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





Commitments

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

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

Grant Expenditure

Where the expenditure is discretionary it will be recognised as expenditure when it has been approved by the Chief Executive or the General Manager and the approval has been communicated to the applicant. Where the expenditure is under an outcomes agreement, this expenditure shall be recognised in the period that the activity or condition occurs that gives rise to the liability.

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 owed to or from the Inland Revenue Department at balance date is shown as a current asset or current liability as appropriate in the statement of financial position.

The net amount of GST paid to or received from the Inland Revenue Department, including GST relating to investment activities is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

Statement of Cost Allocation Policies

The Ministry derives the costs of outputs using a cost allocation system outlined below.

Direct costs are those costs that can be 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 output classes. Indirect costs are allocated to output classes based on cost drivers, and related activity or usage information.

Critical Accounting Estimates and Assumptions

In preparing these financial statements the Ministry has made estimates and assumptions about 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 in the circumstances. The estimates and assumptions that have a risk of causing an adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Useful life of software

The useful life of software is determined at the time the software is acquired and brought in to use.

This is then reviewed at each reporting date for appropriateness. For computer software licenses, the useful life represents management's view of the expected period over which the Ministry will receive benefits from the software, but not exceed the license term. For internally generated software developed by the Ministry, the life is based on historical experience with similar systems as well as anticipation of future events, which may impact their useful life, such as changes in technology.

Retiring and Long Service Leave

An analysis of the exposure in relation to estimates and uncertainties surrounding retiring and long service leave liabilities is disclosed in note 11.

Budget and Forecast Figures

Basis of the Budget and Forecast Figures

The 2018 budget figures are for the year ended 30 June 2018 and were published in the 2016/17 Annual Report. They are consistent with the Ministry's best estimate financial forecast information submitted to Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ended 2017/18.

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

The forecast financial statements have been prepared as requested by the Public Finance Act to communicate forecast financial information for accountability purposes.

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

The 30 June 2019 forecast figures have been prepared in accordance with, and comply with, (PBE FRS 42).

Prospective Financial Statements

The forecast financial statements were approved for issue by the Chief Executive on 12 April 2018. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions made in their preparation and all other required disclosures.

While the Ministry regularly updates its forecasts, updated financial statements for the year ended 30 June 2019 will not be published.

Significant Assumptions Used in Preparing the Forecast Financial Statements

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on assumptions on what may occur during the 2018/19 year. The forecast figures have been compiled based on existing government policies and Ministerial expectations at the time the main estimates were finalised.

The main assumptions, which were adopted as at 12 April 2018, were as follows:

- the activities of the Ministry will remain substantially the same as for the previous year;
- personnel costs are based on budgeting to fill 38 staff positions;
- operating costs are based on historical experience. [the general historical pattern is expected to continue]; and
- estimated year end information for 2017/18 was used as the opening position for the 2018/19 forecast.

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



Note 2 | Other Revenue (Exchange Transactions)

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
Departmental revenue	67	126
Other revenue	1	38

Departmental revenue relates to Ministry staff members that have been seconded. Other revenue primarily relates to funding received by the Ministry to assist with joint initiatives or events.

Note 3 | Personnel Costs

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
Salaries and wages	3,901	4,547
Employer contributions to defined contribution plans	93	105
Increase/(decrease) in employee entitlements	(71)	78
Other	22	19
Total personnel costs	3,945	4,749

Employer contributions to defined contribution plans include contributions to KiwiSaver and the State Sector Retirement Savings Schemes.

Note 4 | Operating Costs

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000	Unaudited Budget 30 June 2018 \$000	Unaudited Forecast 30 June 2019 \$000
Audit fees for financial statements audit	64	65	64	64
Operating lease payments	401	477	420	450
Maintenance and minor capital purchases	0	27	0	0
Travel	246	318	200	250
Conferences and training	32	55	65	65
Consultancy and professional fees	688	480	415	170
Legal fees	22	22	18	18
Office operating costs	217	150	217	267
Other operating costs	1,036	965	685	591
Total operating expenses	2,706	2,559	2,084	1,875

Note 5 | Capital Charge

The Ministry pays a capital charge to the Crown on its equity as at 31 December and 30 June each year. The capital charge rate for the six months ended 31 December 2017 was 6.00% and the capital charge rate for the six months ended 30 June 2018 was 6.00 % (2017: 7.00 % and 6.00% respectively).

Note 6 | Debtors and Other Receivables

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
DEBTORS AND OTHER RECEIVABLES UNDER EXCHANGE TRANSACTIONS		
Trade debtors	35	5
Total debtors and other receivables	35	5

The carrying value of trade debtors approximates their fair value. As at 30 June 2018, all overdue receivables have been assessed and bad debts of \$18,000 were written off. These were for old secondment fee invoices.

Note 7 | Property, Plant and Equipment

	Leasehold Improvements \$000	EDP Equipment \$000	Furniture/ Office Equipment \$000	Motor Vehicles \$000	Total \$000
COST					
Balance at 1 July 2016	371	271	278	191	1,111
Balance at 30 June 2017	371	279	284	171	1,105
Balance at 1 July 2017	371	279	284	171	1,105
Additions	-	15	12	54	81
Disposals	-	(8)	-	(28)	(36)
Balance at 30 June 2018	371	286	296	197	1,150
ACCUMULATED DEPRECIATION					
Balance at 1 July 2016	371	214	219	79	883
Balance at 30 June 2017	371	231	241	92	935
Balance at 1 July 2017	371	231	241	92	935
Depreciation expense	-	21	25	31	77
Depreciation on disposal	-	(3)	-	(13)	(16)
Balance at 30 June 2018	371	249	266	110	996
CARRYING AMOUNT					
At 1 July 2016	-	57	59	112	228
At 30 June & 1 July 2017	-	48	43	79	170
At 30 June 2018	-	37	30	87	154

Proceeds from the motor vehicle disposed of was \$22,000. The Net Book Value of the vehicle was \$15,000, resulting in a profit on disposal of motor vehicles of \$7,000. There were no proceeds on the broken EDP equipment disposed of, and that EDP equipment had a Net Book Value of \$5,000. The Loss on disposal of EDP equipment was \$5,000. The net profit on disposal of Fixed Assets was \$2,000.



Note 8 | Intangible Assets

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

	Actual 30 June 2018 \$000
COST	
Balance at 1 July 2016	574
Balance at 30 June 2017	627
Balance at 1 July	627
Additions	-
Disposals	-
Balance at 30 June	627
ACCUMULATED AMORTISATION	
Balance at 1 July 2016	183
Balance at 30 June 2017	247
Balance at 1 July	247
Amortisation expense	64
Balance at 30 June 2018	311
CARRYING AMOUNT	
At 1 July 2016	391
At 30 June & 1 July 2017	380
At 30 June 2018	316

Note 9 | Creditors and Other Payables

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
CURRENT LIABILITIES UNDER EXCHANGE TRANSACTIONS		
Creditors	143	90
Accrued expenses	180	346
CURRENT LIABILITIES UNDER NON-EXCHANGE TRANSACTIONS		
Taxes payable	109	84
ACC payable	15	3
Creditor Crown	-	-
Total creditors and other payables	447	523

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

Note 10 | Return of Operating Surplus

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
Net surplus / (deficit)	245	135
Total return of operating surplus	245	135

The net operating surplus from the delivery of outputs must be repaid by 31 October of each year.



Note 11 | Employee Entitlements

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
CURRENT LIABILITIES		
Annual leave	124	200
Sick leave	26	26
Long-service leave	3	3
Total current liabilities	153	229
NON-CURRENT LIABILITIES		
Long-service and retiring leave	51	53
Total non-current liabilities	51	53
Total provision for employee entitlements	204	282

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

Provisions for and long-service leave and retiring leave are calculated on an actuarial basis based on the present value of expected future entitlements. The rates are advised to the Ministry from The Treasury. Refer to Note 1 for details of these rates.

Changes in the liability due to changes in rates are outlined below:

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
Re-measurement	(4)	-

Note 12 | Commitments

The Ministry has moved out of its Christchurch office and is presently participating in a government property co-location arrangement under the lead of Statistics NZ. A co-location agreement has been signed and the obligations reflected in the commitments schedule.

The Ministry has moved out of its Manukau and Lower Hutt offices and is presently participating in a government property sub-lease arrangement under the lead of Te Puni Kōkiri (TPK). Although an agreement with TPK has not yet been drafted and signed, there is a verbal agreement and the figures agreed are reflected in invoices. The figures in the commitments schedule reflect the rentals invoiced and the verbal agreement on the rental terms.

Note 13 | Categories of Financial Instruments

The carrying amounts of financial assets and financial liabilities are as follows:

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
LOANS AND RECEIVABLES		
Cash and cash equivalents	1,425	1,563
Debtors and other receivables (note 6)	35	5
Total loans and receivables	1,460	1,568
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Creditors and other payables (note 9)	447	523
Total financial liabilities measured at amortised cost	447	523

Note 14 | Related Party Transactions and Key Management Personnel

All related-party transactions have been entered on an arm's length basis.

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.

Related-party transactions involving key management personnel (or their close family members)

Key management personnel include the Minister for Pacific Peoples, the Chief Executive and the five managerial positions that form the senior leadership team.

The Ministry has not purchased goods and services from key management personnel or their close family members (2017: nil).

No provision has been required nor any expense recognised for impairment of receivables from related parties.



Key Management Personnel Compensation

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000
Salaries and other short-term employee benefits	813	954
Termination benefits	13	-
Total Key Management Personnel Compensation	826	954

The above key management personnel compensation excludes the remuneration and other benefits the Minister for Pacific Peoples receives. Ministers' remuneration and other benefits are not received only for their role as members of key management personnel of the Ministry. Ministers' remuneration and other benefits are set by the Members of Parliament (Remuneration and Services) Act 2013, and are paid under Permanent Legislative Authority, but not by the Ministry for Pacific Peoples. There were no related party transactions with the Minister for Pacific Peoples.

Note 15 | Budget Variances

Explanations for major variances from the Ministry's budgeted figures in the Information Supporting the Estimates of Appropriations are as follows:

Statement of Comprehensive Revenue and Expense

Crown revenue was \$200,000 higher than the original estimates due to funding from the former Prime Minister's Emerging Priority Contingency for business and strategic advice to help ensure the long-term viability of the Polyfest festival.

Departmental revenue was \$126,000 higher than budget due to some secondments to other departments which were not known at the time that budgets were set.

Other revenue was \$38,000 higher than budget, due to sponsorship revenues that were not known at the time that budgets were set.

Personnel Costs were \$234,000 below budget due to difficulties and delays in securing the right capabilities, particularly for Communications, Policy and Regional Advisors.

Operating Costs were \$475,000 higher than budget.

This was largely due to:

- costs of communications contractors budgeted for under personnel costs were \$105,000
- costs of stakeholder engagement on language weeks and sponsorships were \$173,000 higher than originally budgeted
- travel costs were \$118,000 higher than budgeted. This was due to All-Of-Government discounts to the Ministry being significantly reduced over prior years, price increases and increased volume of travel needed to meet new ministerial priorities for greater regional engagement
- the original budget did not include the funding for business and strategic advice to help ensure the long-term viability of the Polyfest festival. However, the actual expense did include the bulk of this spend.

Property, Plant and Equipment and Intangible Assets

Total property, plant and equipment and intangible assets were \$72,000 lower than budgeted due to timing changes in the Ministry's capital investment programme and due to unanticipated disposals of assets.

Note 16 | Events After the Balance Sheet Date

There have been no significant events after balance date.

Non-Departmental Statements and Schedules

For the year ended 30 June 2018

Schedule of Non-Departmental Revenue

For the year ended 30 June 2018

There is no revenue for the year end 30 June 2018 (2017:nil).

Schedule of Non-Departmental Expenses

For the year ended 30 June 2018

	Actual 30 June 2017	Actual 30 June 2018	Unaudited Budget 30 June 2018	Unaudited Forecast 30 June 2019
Non-Departmental Expenses	\$000	\$000	\$000	\$000
Grants paid to 3rd parties	2,048	1,697	2,809	2,672
Social assistance benefits	339	341	358	358
GST on Crown expenses	346	274	475	455
Total Non-Departmental Expenses	2,733	2,312	3,642	3,485

The accompanying notes form part of these financial statements. Explanation of major variances against budget are provided in note 2.

For a full understanding of the Crown's financial position and the results of its operation for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2018.

Schedule of Non-Departmental Assets

As at 30 June 2018

	Actual 30 June 2017	Actual 30 June 2018	Unaudited Budget 30 June 2018	Unaudited Forecast 30 June 2019
Non-Departmental Assets	\$000	\$000	\$000	\$000
Bank	1,416	2,322	910	1,416

The accompanying notes form part of these financial statements. Explanation of major variances against budget are provided in note 2.

For a full understanding of the Crown's financial position and the results of its operation for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2018.



Schedule of Non-Departmental Liabilities

As at 30 June 2018

	Actual 30 June 2017	Actual 30 June 2018	Unaudited Budget 30 June 2018	Unaudited Forecast 30 June 2019
Non-Departmental Liabilities	\$000	\$000	\$000	\$000
Due to Providers	568	619	86	568

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operation for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2018.

Schedule of Non-Departmental Commitments

As at 30 June 2018

There are no Non-Departmental Commitments at 30 June 2018 (2017: nil).

Schedule of Non-Departmental Contingent Liabilities & Contingent Assets

As at 30 June 2018

There are no contingent liabilities or assets as at 30 June 2018 (2017: nil).

Notes to the Non-Departmental Financial Statements and Schedules

Note 1 | Statement of significant accounting policies for the year ended 30 June 2018

Reporting Entity

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

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2018. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

Basis of Presentation

Statement of Compliance

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

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice (Tier 2 Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Ministry is New Zealand dollars.

Measurement Base

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

Significant Accounting Policies

The non-departmental accounts have been prepared using the same significant accounting policies as outlined in Note 1 of the departmental accounts.

Note 2 | Budget Variances

Explanations for major variance from the Ministry's non-departmental figures in the Main Estimates are as follows:

Schedule of Non-Departmental Expenses

Expenditure on grants paid to 3rd parties comprised \$0.657m for Promotions Business Development and \$1.040m for Skills Training and Employment. The Promotions Business Development expense was \$0.752m lower than budget due to delays as the multi-year contract was being negotiated. Outcome delivery is now to expectation. The Skills Training and Employment Expense was \$0.36m lower than budget due to outcomes in the pipeline that have not yet been fully achieved. However, this programme has stepped up by 75% over last year and has built good momentum.

Schedule of Non-Departmental Assets and Schedule of Non-Departmental Liabilities

The variances to budget are the result of the timing of payments made to suppliers at year end.

The following statements report information about the expenses and capital expenditure against each appropriation administered by the Ministry for the year ended 30 June 2018.



Part Eight: Appropriation Statements

Statement of Departmental Expenses and Capital Expenditure Against Appropriations

For the year ended 30 June 2018

	Expenditure After Re-Measurements 30 June 2017	Expenditure Before Re-Measurements 30 June 2018	Re-Measurements ⁴³ 30 June 2018	Expenditure After Re-Measurements 30 June 2018	Approved Appropriation ⁴⁴ 30 June 2018	Location Of End-Of-Year Performance Information ⁴⁵ 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000
DEPARTMENTAL OUTPUT EXPENSES						
Policy Advice and Ministerial Servicing MCA						
Communications, Projects & Relationships	5,548	5,529	-	5,529	5,550	(a)
Policy Advice	1,312	1,992	-	1,992	2,100	(a)
Total departmental output expenses	6,860	7,521	-	7,521	7,650	-
DEPARTMENTAL CAPITAL EXPENDITURE						
Ministry for Pacific Peoples – Capital Expenditure PLA	67	81	-	81	100	(a)
Total departmental capital expenditure	67	81	-	81	100	-

⁴³ Re-measurement is generally the movement in the value of an asset or liability that is outside the control of the Ministry as defined by the Public Finance Act 1989. Re-measurements do not require an appropriation. The re-measurements shown above are the result of changes to discount rates used in the valuation of Ministry employee entitlements. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the PFA.

⁴⁴ These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the PFA.

⁴⁵ The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:

- a. The Ministry's annual report – part 6 Statement of Service Performance
- b. No reporting due to exemption obtained under section 15D of the PFA.

	Expenditure After Re- Measurements 30 June 2017	Expenditure Before Re- Measurements 30 June 2018	Re- Measurements 30 June 2018	Expenditure After Re- Measurements 30 June 2018	Approved Appropriation 30 June 2018	Location Of End-Of-Year Performance Information 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000
NON-DEPARTMENTAL OUTPUT EXPENSES						
Promotions – Business Development	1,403	657	-	657	1,409	(b)
Skills, Training & Employment	645	1,040	-	1,040	1,400	(a)
Total Non- Departmental output expenses	2,048	1,697	-	1,697	2,809	-
TOTAL BENEFITS AND OTHER RELATED EXPENSES						
Study and Training Awards for Business Development	339	341	-	341	358	(b)
Total benefits and other related expenses	339	341	-	341	358	-





Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority

For the year ended 30 June 2018

Transfers Under Section 26A of the Public Finance Act 1989

No section 26A transfers were authorised in the year ended 30 June 2018.

Transfers Under Section 26B of the Public Finance Act 1989

No section 26B transfers were authorised in the year ended 30 June 2018.

Expenses and Capital Expenditure in Excess of Appropriation

There were no expenses or capital expenditure incurred in excess of appropriation.

Expenses and Capital Expenditure Incurred Without Appropriation or Outside Scope or Period of Appropriation

There were no expenses or capital expenditure incurred without appropriation or outside scope or period of appropriation.



