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STATEMENT FROM PSA PRESIDENT KEITH GUTSELL

The PSA annual report is a vehicle to inform members of the union’s activities over the past year. It also looks at where we are heading.

This past year marks something of a turning point for the PSA. The first years of the decade saw the rebuilding of public services in New Zealand. PSA members, working through PSA structures, have been centrally involved in efforts to restore New Zealand’s public services to a level that is sustainable and workable to the benefit of the whole country.

It is worth noting that a recent World Economic Forum found that countries with the best public services were also the most economically competitive.

In 2006, we saw the union’s rapid growth of recent years ease back. This breathing space has given the union time to map its future for the rest of the decade.

It’s been a year of consolidation and planning that is shaping up to bear fruitful results.

That said, the PSA made some excellent achievements during the year. The PSA negotiates more than 400 employment agreements across the state sector, as well as with private health providers offering government-funded services. With 55,000 members, we are the biggest union in the country.

Over the year, we saw several large employment agreements settled with solid annual pay increases of around 4 percent. As well, some increases negotiated in the 2005 health pay round came into effect, some of around 20 percent.

We made gains with employers who had been resisting the inclusion of pay rates into collective agreements, and we have begun a windback of performance pay provisions that are unworkable and divisive. Many new agreements have better leave provisions that make it easier for members to achieve a work-life balance.

I would like to thank the members of the PSA Executive Board and the sector committee members for all their hard work and leadership – without their efforts the PSA would not be able to achieve as it does on behalf of all members.

Likewise, credit must go to the PSA National Secretaries for their forward thinking, commitment and outstanding leadership, and to all the staff of the PSA for their hard work. We cannot achieve as we do without working together as an efficient team.

For the long term, I see the most significant work that was completed during the year as being the development of a philosophical framework that enables the PSA to achieve the best possible outcomes for members, and for public services that affect all New Zealanders, in the coming years.

We launched a programme called Fresh Perspectives that saw 400 delegates from around the country attend workshops to discuss the shape of the PSA’s strategy for the coming decade.

On the face of it, Fresh Perspectives is a collection of separate issues. But delegates and members did not take long to make the links between:
- Decent work and decent workplaces
- Productivity
- Partnership for Quality
- Workplace delegates
- State sector reform
- The PSA’s political role.

As part of this work, we worked with Demos, a UK think tank. The result of this was a comprehensive report highlighting new forms of public services. We also invited David Coats from the UK think tank, The Work Foundation, to visit New Zealand. He talked to members, delegates, politicians, academics and the media about the latest European and North American thinking on high quality, efficient public service delivery.

His concept of “public value” – putting citizens at the centre on the equation and giving public servants discretion to meet real needs – informed our thinking.

This debate resulted in a PSA strategy document called Democracy at Work, which sets our agenda. It centres on three concepts:
- Decent work and decent workplaces that provide better jobs for PSA members
- High-performing workplaces that are productive and sustainable
- Public value that puts citizens and workers at the heart of public services with a bigger say in their design and delivery.

A key element of the work will be achieved through the new agreement, Partnership for Quality: Fairness and Public Value. This agreement was negotiated by the PSA with the Government and public sector employers during 2006, and signed by the three parties in May 2007.

To meet the demands of its new strategic agenda, the PSA has, or is in the process of, reviewing and renewing its information systems, organisational systems and workplace representational structures.

All this means that the PSA is well set up to meet coming challenges. These include issues around productivity, “public sector bashing”, a general election in 2008, and a slowing economy.

Members can take heart that their union is in great shape.
The 2006 year will be remembered as one where the PSA identified what is happening with public services around the world, and used this knowledge to chart a new direction over the following decade.

We collaborated on projects with two international think tanks, Demos and The Work Foundation; members discussed and debated the ideas; and members and delegates worked together to create a uniquely Kiwi strategy for the future.

The PSA Congress in November was particularly valuable at engaging with the issues that confront us – increasing demands and expectations on public servants, often limited resources, and changing technology among them.

Working together with members, the PSA programme Fresh Perspectives developed into a new strategic agenda called Democracy at Work.

We are delighted at the decisions taken by members and the direction the PSA is set to take. The ideas are enlightened and progressive, and they bode well for the delivery of world-class public services by creative and productive public servants.

Two other developments during the year complement the ideas developed in Democracy at Work. Indeed, they are the beginning of putting the ideas into practice. New bargaining strategies were developed in all the main sectors where the PSA bargains for members, and a new Partnership for Quality agreement was signed with the government and public sector employers.

To ensure the PSA is best-placed to act on these initiatives, we reviewed our organisational and representational practices. This work is on-going as we map out structures that are as effective and productive as they can be.

A major review of information systems has led to substantial investment in improved systems, processes and resources. The intranet and internet websites are both being redeveloped, and staff are being trained to roll out new software and hardware.

At the same time, the day-to-day work of the union continued at full speed. A year of solid bargaining brought some excellent settlements despite a climate where public spending, and wage rises generally, came under attack. Some employers and politicians have been slow to realise that decent wages and conditions are essential to the provision of top quality services. While there is a lot of talk about moving away from a low-wage economy, the practice has been a little slower to come.

It’s been fantastic to see organisers and delegates working together enthusiastically on behalf of all members. A lot of work goes on behind the scenes to achieve a decent settlement, and sometimes in very challenging circumstances.

The best settlements come in organisations with a high density of union membership. Often delegates and organisers have to work hard at recruitment to ensure they have the strength to bargain effectively.

Many delegates in 2006 were also drawn into the process of refreshing the bargaining strategies for the different sectors such as the public service sector and health. While these have common themes, such as fair pay that keeps up with inflation and a partnership approach to decisions about work, they are also specific to each sector.

We congratulate and thank the organisers and delegates for all their efforts and successes achieved on behalf of all members.

We look forward to the next few years as offering both challenges and opportunities. In a fast-paced environment, the PSA is geared up to engage constructively and positively for members. We are in a good place to tackle the challenges and make the most of the opportunities.

“The best settlements come in organisations with a high density of union membership. Often delegates and organisers have to work hard at recruitment to ensure they have the strength to bargain effectively.”
PSA governance

PSA Executive Board
The Executive Board is the PSA's governing body. It includes the president, convenors of the sector committees and te rūnanga, a PSA staff group representative, and the national secretaries.

ACHIEVEMENTS
The Executive Board met six times during the year 1 April 2006-31 March 2007 to provide strategic oversight of the work of the union. Significant decisions made during this time included:
- Development of a strategic development programme.
- Development of a new strategic agenda, Democracy at Work.
- Clarification of the political role of the PSA.
- 2006 Congress and the Fresh Perspectives programme.
- A new delegate development programme.
- A review of workplace representation.
- New bargaining strategies.
- Activities to build Māori membership.
- New policy on the conduct of negotiations for collective agreements.
- Visit of David Coats.
- Partnership for Quality implementation plan.
- CTU leadership nominations.
- Information systems governance structures.
- Policy on KiwiSaver and retirement savings schemes.
- Ten year scenarios.

For a list of executive board members see: appendix 1.

PSA sector committees
The PSA structure is divided into six sectors. Each sector has a sector committee of elected delegates representing members from across the sector. Each sector committee has a PSA organiser in a committee support role.

The body representing our Māori members, Te Rūnanga o Nga Toa Āwhina, is made up of two representatives from each sector committee.

Sector committees met four times during the year 1 April 2006-31 March 2007.

For names of sector committee members: see appendix 1.

COMMUNITY SECTOR COMMITTEE
Representing: Members working in five industrial groups based on commonality of interest: broadcast media; local government; tertiary education; arts and culture; and energy.

ENVIRONMENT SECTOR COMMITTEE
Representing: Members working in enterprises that are seen to be associated with land-based or environmental industries and science such as Ministry of Agriculture and Forestry; Department of Conservation; Asure New Zealand; Crop and Food; Land Information New Zealand; AgResearch; Environmental Scientific Research; Landcare; MetService.

GOVERNANCE SECTOR COMMITTEE
Representing: Members working in government policy; revenue collection and administration, and Parliamentary Services, such as the Department of Internal Affairs; Public Trust; IAG; Inland Revenue Department; Statistics New Zealand; Ministry of Foreign Affairs and Trade; the State Services Commission; the Department of the Prime Minister and Cabinet; Te Pūnui Kōkiri.

HEALTH SECTOR COMMITTEE
Representing: Members working in the health sector including mental and allied health professions; clerical, administration and technical services; Māori and public health services; NGOs; and the Ministry of Health.

INFRASTRUCTURE SECTOR COMMITTEE:
Representing: Members working in public sector agencies such as the Ministry of Justice; Ministry of Transport; Ministry of Defence; Customs Department; Crown Law; Department of Corrections.

SOCIAL SERVICES SECTOR COMMITTEE
Representing: Members who work in social services such as the Ministry of Social Development; Child Youth and Family; Department of Labour; ACC; Ministry of Housing; NGOs; Ministry of Education and education cluster.

TE RŪNANGA O NGA TOA ĀWHINA
Representing: The PSA’s Māori members who are spread throughout the sectors.

PSA national delegates
National delegates are delegates elected to represent members’ views and interests at a national level. This may mean engaging with the senior management teams of their organisations, including the chief executive. National delegate committees are integral to the enterprise planning process.

For names of national delegates see: appendix 1.

PSA member employee group
Staff employed by the PSA are able to join the PSA and are represented and recognised under the PSA rules through the PSA staff group, the Member Employee Group (MEG). The ability for staff to join the PSA came about as a result of the re-organisation of the union’s constitution in 1999.

The PSA staff group is unique in that it has direct representation on the executive board, thus allowing staff who are PSA members direct involvement, through their representative, in the union’s governance.

For names of sector committee members: see appendix 1.
Building Union Organisation

annual report 2006 / 07

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PSA MEMBERSHIP TRENDS
Total membership
Membership by sector
Recruitment

WORKPLACE REPRESENTATION

TE RŪNANGA O NGA TOA AWHINA

PSA NETWORKS
PSA Komiti Pasefika
Out@PSA
Young workers

COMMUNICATING WITH MEMBERS
PSA membership trends

Total membership
At the end of March 2007, PSA membership was 55,093 (of those 51,429 were fee-paying). This compares with 53,418 (and 50,223 fee paying) in March 2006. This is a total increase of 3 percent in membership over the year.

The churn rate for membership is around 20 percent for the 12 months to February. To maintain the current membership numbers therefore, 10,000 members need to be recruited per year. A number of recruitment initiatives are underway in order to achieve this including the recruitment month in September 2007.

Membership by sector
COMMUNITY
The community sector experienced a slight decline in membership from 7,288 in 2006 to 7,141 in year ended 2007. The reason for the decline can be attributed to redundancies at Television New Zealand and some district councils. Tertiary sector membership has continued to decline, though there are areas of high density including Otago University.

There has been some growth in membership in metropolitan councils in the Auckland region, including Auckland City Council, after sustained organising and recruitment. Density remains patchy in local government with 90 percent in some areas to pockets as low as 10 percent in other areas.

Manukau and Waitakere City Councils have high density and active membership. The smaller regional and district councils tend to have low density.

ENVIRONMENT
There has been a healthy growth in the environment sector, up from 6,123 in March 2006 to 6,745 in March 2007. The growth in membership has occurred across most enterprises but has been most evident in the Ministry of Agriculture, Department of Conservation, Environmental Science Research, NIWA and Agresearch.

There has been a membership decline in Land Information New Zealand and Industrial Research Limited due to restructuring and the loss of government funding.

GOVERNANCE
The governance sector has experienced a growth from 5,544 in March 2006 to 5,964 in 2007. The strongest growth in this sector came from the IRD which dominates this sector, accounting for half the membership. After IRD bargaining which spanned a year from February 2006, membership grew from 2845 to 3317. At the end of June that figure was up to 3375. This growth has helped offset slight drops in smaller enterprises.

HEALTH
There has been a slight drop in membership in the health sector from 18,121 in March 2006 to 18,076 in March 2007. District Health Board membership has dropped over the same period from 14,916 to 14,648 but has increased considerably in some NGOs.

The high density reached in 2005/06 with the MECA settlements has not been maintained in the absence of bargaining.

MEMBERSHIP 2006 / 07

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<thead>
<tr>
<th>Date</th>
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<td>50223</td>
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<tr>
<td>Apr 06</td>
<td>53768</td>
<td>50446</td>
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<td>May 06</td>
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<td>Aug 06</td>
<td>55250</td>
<td>51889</td>
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<td>Oct 06</td>
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<tr>
<td>Mar 07</td>
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Turnover is high in the health industry and this has a resulting effect on membership levels. Recruiting continues to maintain membership levels but big gains are not being made.

Membership in the administration and clerical group has grown during the MECA bargaining in the Midlands and Lower North Island. Long term trends toward PHOs as significant employers have serious implications as many of these organisations rely on individual employment contracts.

Canterbury Health has seen strong growth in the Allied Health members and Auckland membership is growing in both the public and NGO sectors.

**INFRASTRUCTURE**

The infrastructure sector has grown from 5,834 in March 2006 to 6,333 in March 2007.

The growth in membership can be attributed to successful Collective Agreement negotiations in Corrections in mid 2006. Areas with high density continue to be the Community Probation Service and the Māori Land Court.

PSA membership in public prisons has continued to grow despite the presence of an in-house union. The Ministry of Justice head office, tribunals and specialist courts, Defence, AvSec, Customs and Transport continue to be areas of low density.

**SOCIAL SERVICES**

The social services sector has grown in membership from 9,876 in March 2006 to 10,207 in March 2007.

The most notable growth has been in Māori membership in the sector which stood at 1,453 in March 2007.

**TE RÖNANGA**

There has been an increase over the year to March 2007 in Māori membership. Across all sectors, those identifying as Māori have increased by 161 with the total number of members identifying as Māori now standing at 5,074. In addition, some current members have chosen to have their Māori identity recorded. From February to June 2007, there have been 83 registrations.

Māori make up 8 percent of PSA membership and it is believed there are still many members who are Māori but who have not identified as such. Statistics on Māori membership have only been gathered in recent years.

Areas with high density are the health and social services sectors, with low density in community and environment.

The environment sector has a particular challenge in that many Māori workers are seasonal workers on low pay. They are hesitant to join a union for a short time.

There are fewer Māori members in the community sector but the reasons for the decline are, as yet, unclear.

Rōnanga sector hui are proving a successful way of recruiting and identifying Māori membership. Other successful methods of recruiting and retention include a newly completed marketing and Powerpoint presentation, letters of welcome to new members, email contact, and a PSA leaflet translated into te reo.

**Recruitment**

Recruitment is ongoing work within each sector, each having its own recruitment drives and initiatives, especially around times of bargaining.

A recruitment month is planned for September 2007. It will involve the whole spectrum of union organisation – members, delegates, and organisers and other PSA staff. Specific worksites will be targeted especially those with potential to increase density. An extensive strategy is planned including many new resources and incentives for delegates to participate and recruit new members.

A branding with a logo will be developed and the campaign will be widely advertised.
Workplace representation

Last year the PSA commissioned a major piece of work to review structures and representation in the workplace. The report by Owen Harvey entitled *Boxing and Dancing* was part of the *Fresh Perspectives* strategic development programme. The report focussed on what was working well in the workplace and what was not, from the perspective of delegates, HR managers and organisers.

It dealt with the selection and recruitment of delegates and the processes around this and how they could be improved. It looked at delegate structures and roles and identified areas requiring greater leadership recognition and focus. The training and support of delegates was a key component of the report which identified a new model for training and development with more tailored and modularised training.

The report formed the basis of an important workshop discussion at Congress and underpinned the improved support sought for delegates in the third Partnership for Quality agreement.

The programme of delegate training for the year ending March 2007 consisted of six courses which together constituted the National Certificate in Employment Relations (Partnership for Quality).

Increased flexibility was introduced which allowed delegates to select the order of the courses undertaken once they completed the base course of Building Your Union. This was an attempt to enable delegates to select courses which related to a specific need they had at that time.

Some enterprise specific training was offered with favourable results in line with the preferred training options identified in Owen Harvey’s report. The leadership programme for experienced delegates was deferred by the Board when resourcing for the third Partnership for Quality programme was identified as the immediate priority.

Administration of the courses was also linked to the membership database and enabled a consistent record of training to be introduced for delegates across the country.

The total number of delegates at March 2007 was 3288.

The number of delegates undertaking training courses from across the sectors are identified in the table below.

<table>
<thead>
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<th>Course</th>
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<th>Governance</th>
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<td>211</td>
<td>62</td>
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<td>139</td>
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<tr>
<td>Difficult Situations</td>
<td>17</td>
<td>91</td>
<td>25</td>
<td>8</td>
<td>33</td>
<td>25</td>
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<td>Employment Legislation</td>
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<td>106</td>
<td>45</td>
<td>13</td>
<td>61</td>
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<tr>
<td>Facilitation Skills</td>
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<td>90</td>
<td>23</td>
<td>8</td>
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<td>20</td>
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<tr>
<td>Problem Solving</td>
<td>28</td>
<td>117</td>
<td>46</td>
<td>12</td>
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The social services sector, comprising more than 10,000 members, had 822 delegates in the year ending March 2007 while infrastructure with just over 6300 members had 455 delegates in the same period.

Both sectors have made building the delegate structures a priority with the aim of having active delegates in every workplace and to implement a strategy of succession planning.

In the health sector which comprises around one third of the membership there were 1636 delegates (both in DHBs and NGOs). In this sector cross enterprise delegate activities have been run in the South and lower North Island. A focus on building up membership in the NGO sector commenced in the latter half of 2006 and this gave rise to the need for dedicated delegate training which was scheduled for the 2007 financial year. Delegate activities in the Auckland area focussed around specific issues particularly mental health.

The governance sector has the smallest membership numbers but delegate training activity was high from this area.

In the community sector which has over 7100 members, local government delegates have been prominent in taking up delegate training.

The environment sector comprising over 6700 members is focussing on getting more delegates to take up training as the level of involvement is lower than desired.
Workplace representation CONTINUED

Te Rūnanga o Ngā Toa Āwhina

The focus over the last year has been to develop leadership and delegate potential within the committee.

Committee members have been encouraged to take more responsibility for facilitating sessions, taking a key role in reference group work and representing Te Rūnanga o Ngā Toa Āwhina at the CTU rūnanga, at women’s hui and at Public Service International (PSI) regional meetings.

The plan developed in the Recruiting, Representing and Building Maori Organisation board paper 2005, has been actively progressed. This plan identified sector runanga hui as the most useful vehicle for Te Rūnanga to build Maori organisation in the PSA. As a result, the sector committees have either completed, or set hui, for this year.

The Social Services Sector Committee held a successful hui in Wellington in May. One result of this was the Ministry of Social Development setting up a “kumara vine” email and one worksite organising te reo lessons with a local provider.

PARTNERSHIP FOR QUALITY

The Rūnanga biennial congress pinpointed several areas for improvement in order to advance the Partnership for Quality agenda. This includes delegates taking more responsibility for providing strong leadership, undertaking delegate training, and workplace recognition for Maori delegates’ skills and expertise, including working and sharing knowledge on Maori specific issues with colleagues and management.

OTHER ACTIVITIES

Over the year the Rūnanga, in conjunction with the delegate development team, developed a bicultural unionism course. It also provided advice to members on their rights to attend the Māori Queen’s funeral and presented a submission to the Justice and Electoral Select Committee opposing the Principles of the Treaty of Waitangi Deletion Bill.

“Committee members have been encouraged to take more responsibility for facilitating sessions”
Representatives from the Out@PSA attended the CTU’s Out@Work Kamp in April where issues such as human rights and organising politically were discussed.

The event was addressed by CTU vice president Carol Beaumont and the chief Human Rights Commissioner Rosslyn Noonan as well as politicians Maryann Street, Metiria Turei and Tim Barnett.

A new convenor of the Out@PSA network was recently elected. The network keep in contact through email but other areas of communication and promotion are being considered.

The CTU’s Komiti Pasefika launched a dvd last year which has relevance to Pacific people across all unions. Entitled Unions Start with You! the dvd explains what unions do and how members can be protected. It will be widely used to recruit Pacific Island workers in local and central government as well as the private sector. The Komiti Pasefika held a biennial fono 9-10 August.

The PSA is involved with the work of the CTU Youth Council and its campaigns. Last year the CTU ran a campaign entitled Youth Rates Suck and made a related submission to Parliament on the issue in an attempt to end youth rates. The Minimum Wage (Abolition of Age Discrimination) Amendment Bill is currently before the House again after changes from the select committee stages.
Communicating with members

Media work
The PSA has maintained its profile in the media as the voice for workers in the state sector. The union was a key voice in the media debate about political neutrality of the public service, sparked by the Madeleine Setchell case, which led to the resignation of David Benson-Pope from Cabinet. The union also gained media coverage in industrial disputes involving prison unit managers and civilian staff working for the Defence Force.

We also gained coverage on pay rises negotiated for science staff working for AgResearch. We emphasised the important role they play in helping boost productivity in the pastoral sector that provides more than a third of New Zealand’s exports. This is an example of highlighting through our media coverage, the economic and social benefits of a well-resourced public sector.

Publications
EMAIL NEWSLETTER
Noticeboard is a monthly email newsletter that is sent to all members for whom we have email addresses. This represents about 70 percent of the total membership. Noticeboard provides brief summaries of news and current events, with links to further information where possible. Feedback from members suggests it is a successful and well-received publication. The internal staff newsletter Arena has also been revived with the first of the new issues being out in August.

PSA WEBSITE
The PSA website has been given a new, fresher look and the content has been updated and re-organised. Content is now updated on a daily basis to maintain currency. This is an interim measure. A completely new website is planned for next year as part of the Information Systems Strategic Plan. This will open the way for greater interactivity and innovative ways of communicating with members and the world at large.

PSA JOURNAL
The PSA Journal, which is issued four times a year, had a facelift in June 2007. The revamp involved changes to the cover which give the Journal a more magazine-type feel including a single picture layout and short headlines. There have also been additions such as more Pacific Island news including a Pacific briefs column. Readership (and pass-on figures) are still difficult to ascertain and a readership survey would be useful to find out what members like about the Journal and what should be changed or dropped.

Some of the big issues covered in the Journal last year included the new Code of Conduct for the State Services, issues surrounding the Fresh Perspectives agenda, including the Big Picture: Partnership for Quality and Democracy at Work, and the work of delegates.

NEW PUBLICATIONS
More newsletters targeting different sector groups were launched in 2007. Two new newsletters, one aimed at the disability and care sector, the other at local government, are being developed. Pulse, which covers the health sector, is already in existence. These newsletters are published on average four times a year or more often as needed.

“The PSA Journal, which is issued four times a year, had a facelift in June 2007.”
Communicating with members CONTINUED

Meetings with members

The PSA has continued to hold regional meetings with members to discuss policy and strategic issues.

Single-issue meetings were also held including the Big Picture Roadshow. The Roadshow covered the major PSA work programmes of Democracy at Work along with Partnership for Quality, support and training of delegates to aid with recruitment, bargaining strategies and the Public Value campaign. It was well-attended by members.

Hui have also been held in the various sectors. The environment and community sectors plan to hold a joint hui in 2007 with the focus being on building the sector rōnanga and what Partnership for Quality means for Māori. During the year the sector committee has used sector meetings to develop members’ skills and knowledge via invited speakers.

The social services sector held a hui from 7-8 May with the focus being on building structures and communication. One initiative that came out of the hui was a “kāmara vine” email network within the Ministry of Social Development, which is functioning well by connecting Māori members.

The health sector has made a strong connection with the organisation Te Rau Matatini after their sector hui in 2006. TRM are particularly interested in Māori workforce development and competencies, particularly in mental health. TRM has, as a result, become part of the Allied Health working party.

The infrastructure sector committee is planning a hui for August 2007.

“The social services sector held a hui from 7-8 May with the focus being on building structures and communication.”
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BARGAINING IN THE PUBLIC SECTOR

BARGAINING IN THE HEALTH SECTOR

BARGAINING POLICIES

PAY AND EMPLOYMENT EQUITY
Bargaining in the public sector

Overview

Bargaining is an important part of the union’s activities, and 2006 was no exception in the way energy and resources were committed to achieving the best possible results for members.

In order to build on the successful bargaining of recent years, PSA members drafted, debated and accepted new strategies in sectors including health, local government, the public service, crown research institutes, and disability support services.

While each strategy is specific to the sector, there were common themes that point the way forward to better workplaces for all members:

- fair pay that keeps pace with inflation, at least
- support for union organisation and the role of delegates
- a partnership approach to decisions about work and the delivery of services
- equitable pay and employment opportunities
- employer-subsidised retirement saving schemes
- better support for people facing life changes such as moving to retirement.

The PSA’s approach to bargaining has close links to our other key strategies, Partnership for Quality and Democracy at Work. Together, they form a blueprint for better jobs and high-trust, high-performance workplaces.

Settlements were generally good through the year, with many members securing wage rises of around 4 percent and extra leave provisions. This fits with the PSA vision of a high-wage, high skill public service, and with the idea of a work-life balance. While many employers and their representatives publicly support these ideas, some are less keen to act on them in practice.

Two issues of concern became obvious during the year, which the PSA will work on in 2007.

The first of these affects clerical and administration staff, who generally speaking received lower increases in collective agreements than other workers did. This was particularly so in the health sector.

Given recruitment and retention problems with clerical and admin staff, it makes no sense for employers to try to keep their wages down. It is far more expensive to have to advertise for, interview, and train new staff than to give existing staff decent wages and conditions. The PSA will focus on these workers in upcoming negotiations to ensure better outcomes.

Likewise, there are still pockets of low paid workers in the state sector. Disability support members, for example, carry huge responsibilities, but some employers seek to keep wages as close as possible to the minimum wage. Again, this will be a major area of focus for the PSA as we seek significant improvements for low paid members.

New Public Sector Bargaining Strategy

Bargaining in this sector had been guided by the Public Sector Bargaining Strategy (PSBS) that was developed in 2004.

This PSBS set out a more coherent and focussed union agenda in bargaining than earlier strategies, and provided a framework for bargaining. It has proved, on the whole, to be successful and has anchored a more robust approach to the PSA’s industrial work.

Since 2004, there have been several key developments, including the third Partnership for Quality Agreement, Fresh Perspectives, and the new State Service Commission Development Goals.

As a consequence, a new PSBS was developed during 2006 and launched in April 2007. It seeks to embed key elements of the new Partnership for Quality document into collective agreements, particularly around common employment provisions and building union organisation. The main themes of Fresh Perspectives will also be reflected in bargaining outcomes, specifically around the quality of working life. The new strategy includes an emphasis on common employment conditions across the public service that support and enhance public service-wide careers.

There were significant bargaining successes in the public sector in 2006, with several large agreements settled with solid improvements to terms and conditions.

However, for some agreements, issues such as pay scales in collective agreements and performance pay, require more work. Some employers are beginning to make progress, with encouragement from the PSA, in dismantling unworkable and divisive performance pay systems. Others need work to make them more fair and transparent, and to wind back the excesses of performance pay. Several employers have made the move to include pay systems into agreements, while others are beginning to move in that direction.

Progress in bargaining

It was another busy year for bargaining with some major settlements, including at Television New Zealand, Inland Revenue, Ministry of Economic Development, Department of Conservation and Ministry of Agriculture and Fisheries. The results were largely positive for members, with some good pay increases and other improvements, particularly around annual leave.

However, other negotiations proved more difficult, with a few examples of employers taking hard-line stands against their employees.

One Ministry, for example, offered PSA members a 0% offer for the second year in a row. Clerical and administration workers in health, and disability support workers, also had to take industrial action, or threaten to do so, because of poor offers by employers.

We have continued to promote Partnership for Quality and have increased the number of collective agreements now having PFQ provisions.
Bargaining in the public sector

CONTINUED

Bargaining by sector

SOCIAL SERVICES SECTOR
Most settlements in this sector had successes in line with the bargaining strategy, including increases to annual leave and better delegate recognition and union facilities. Housing New Zealand members, for example, now have five weeks’ leave after three years of service as well as improved union facilities.

The Ministry of Education approved a $50,000 fund for delegate development, which delegates have already used to study employment legislation and put in place plans to enhance delegate effectiveness.

However, there were still difficulties in removing performance pay systems and to having pay included in some collective agreements. The PSA continues to work at changing this and at the start of 2007 some movement was evident. The government’s bargaining parameters now expect that pay will be negotiated in collective employment negotiations and pay rates will be included in agreements. The PSA continues to push to see this actually happens.

ENVIRONMENT SECTOR
Good outcomes in bargaining led to increasing membership across this sector, particularly at Ministry of Agriculture and Fisheries, Department of Conservation, Environmental Science Research, NIWA, and AgResearch.

The sector committee played an active role in updating both the public sector and science sector bargaining strategies.

GOVERNANCE SECTOR
IRD was in bargaining from February 2006 to February 2007. A good settlement was eventually ratified, with decent improvements to pay and provisions. Membership grew as a result.

Low level industrial action at Archives saw three Partnership for Quality days added to the agreement, and an extra week’s leave for members with more than five years’ service.

The Ministry for Economic Development agreement was settled after mediation.

INFRASTRUCTURE SECTOR
Negotiations at the Department of Corrections saw several agreements settled. The Community Probation Service agreement settled at 8 percent over two years, while members in the Public Prison Service won increases of up to 16 percent. Probation officers maintained their annual leave advantage, with five weeks from the start of employment and six weeks after six years. PSA members have a right to take a year’s leave without pay with preferential return.

Prison unit managers had to take industrial action to win back a $4500 annual muster allowance that recognised the increased prison muster.

Negotiations at Defence hit rocky ground, with management again offering civilian staff a 0 percent pay rise. Members took industrial action and negotiators entered mediation.

Negotiations began at the Ministry of Justice with the ministry seeking one collective agreement for field staff and national office staff.
Bargaining in the health sector

Background
A large part of the year was taken up with development of a new bargaining strategy, Value Health, which applies to members employed by district health boards. Bargaining for these members begins in 2007.

Value Health builds on the achievements of the 2005 round, which saw a "pay jolt" for most members.

The new strategy identifies the following issues for bargaining:
- national collective agreements
- pay increases to maintain parity
- restoring margins for senior clinicians
- minimum national standards in conditions of employment
- the working parties' findings on progression above the automatic ranges and on professional matters
- professional indemnity
- retirement savings
- two-year term.

Members approved the formation of two new industrial councils to support the upcoming negotiations for the two main multi-employer collective agreements in health - for Allied, Public Health and Technical; and for Mental Health and Public Health Nurses.

A separate strategy was being developed for the 3000 members employed by non-governmental organisations who provide home-based and residential support services.

Progress on bargaining
The regional Allied Health & Technical and Nursing MECAs were in place through the 2006 year. The implementation of the "jolted" salary scale rolled out satisfactorily in most enterprises but not in all, and unfortunately legal proceedings continue with several district health boards in the Midlands and South Island regions.

The MECA settlement reached in 2005 was very complex in respect of the translation processes and it is a relief that there have been relatively few problems. Preparations are well in hand to move to national MECAs from July 2007, in particular through building Industrial Councils to improve communications.

Administration and clerical members are covered by four regional MECAs. These multi-employer collective agreements have been hard won, and in some cases only with the threat of industrial action.

Employers have been slow to recognise that clerical and admin workers are an integral part of a national health workforce. None of this group has received "pay jolt" funding for pay movements. The expiry of the Auckland document in late 2007 provides an opportunity to refocus our activities for this very important group. The PSA is planning a campaign that will focus on career pathways, pay systems, low pay, and valuing clerical and administration workers in the health sector.

As part of the settlement of the Allied Health and Technical MECA, a joint DHBNZ-PSA working party was set up to investigate options for a standard salary progression process for senior staff whose salaries fit above the automatic steps on the salary scales. These working parties have reviewed all current practices and are proposing a scheme that will now be subject to bargaining. The working parties followed a problem-solving process that was very successful.

Also during the year, several settlements were reached for members providing home and residential support services, largely in disability support. Around 1200 members at HealthCare New Zealand won significant pay increases, after protracted negotiations and industrial action. However, these increases were off very low bases, and there is a lot more to be achieved for these members.

A significant settlement was gained for members at Te Roopu Taurima o Manukau. It featured free medical insurance, a bereavement grant, and employer contributions to KiwiSaver, as well as a 3 percent backdated pay rise.

“Several settlements were reached for members providing home and residential support services, largely in disability support.”
Bargaining policies

New negotiating policy

The PSA negotiates more than 400 collective employment contracts in a highly decentralised system that imposes few constraints on negotiating teams.

It had become apparent that greater discipline and consistency were needed to ensure the PSA could make progress with its various bargaining strategies.

To this end, a new policy was developed that aims to provide clarity, accountability and support to negotiating teams while maintaining a balance between the needs of national bargaining strategies and the members to be covered by each collective agreement. Among other things, it:

- stresses collectivity as an essential principle of unionism.
- makes it clear to negotiating teams that they have a dual responsibility - to their immediate members and the wider membership through the PSA.
- requires negotiating teams to develop a bargaining brief that incorporates the national bargaining strategy as well as the issues of members in the bargaining unit.
- gives negotiating teams a flexible framework within the bargaining brief, while making clear the few matters where they have limited discretion.
- clarifies the roles of the respective groups and individuals involved in the process.
- provides training, resources and other support to negotiating teams.

Pay and employment equity

The PSA has been closely involved with the development and implementation of the Government's Pay and Employment Equity plan of action to close the gender pay gap. Women on average earn around 84 percent of the average male wage.

The Department of Labour Pay and Employment Equity Steering Group is overseeing the implementation of the plan of action, and the PSA is part of the CTU team represented on the steering group.

Phase one of the plan rolled out with pay and employment equity reviews in core public services, public health and public education getting underway. Reviews have been completed at nine departments including the National Library, Department of Labour, State Services Commission, Education Review Office, and the Ministry of Women's Affairs. Issues emerging from the reviews included:

- confirmation of a pay gap of 5–26 percent
- higher salary starting rates for men than for women in most organisations
- inflexible working hours that make it difficult for many women to balance their paid work and family responsibilities
- opportunities for career progression often being more limited for women than for men.

Where issues are found, organisations must put in place a plan to address them. Some issues are being immediately addressed by departments, some will go through to bargaining with the PSA, and for others a pay investigation and job evaluation may result.

The PSA is involved in all the reviews and is closely following the process to identify issues that are enterprise specific and those that are widespread throughout the public sector.

The Government also adopted the PSA's proposal to extend phase two of the plan of action to encourage Crown entities, state-owned enterprises and local government authorities to voluntarily implement the plan of action.

The PSA has been involved in the development of the Equitable Job Evaluation system and training programme, the design of the New Zealand Standards Board Gender Inclusive Job Evaluation Standard - a world first, and the development of a pay investigation the process.

We have also contributed to the development of resources by the Council of Trade Unions including the production of a DVD.

The PSA was successful in its bid to the Department of Labour contestable fund for funding to employ a pay and employment equity advisor for one year to assist members', delegates' and organisers' participation in the plan of action.
Building Influence

CONTENTS

POLITICAL INFLUENCE

COUNCIL OF TRADE UNIONS
POLITICAL PARTIES
During the year, the PSA met a large number of ministers from the Labour-led Government and has sought to meet with other political parties. Meetings have been held with the National Party and the Green Party. The PSA met the Prime Minister on several occasions, and with the National Party’s Don Brash, Gerry Brownlee and Wayne Mapp in August 2006. Following National’s leadership change, the PSA has sought meetings with its new leaders, and in April 2007 met with Deputy Leader Bill English.

AREAS OF INFLUENCE
The PSA aims to influence policy in order to advance our collective interests and enhance the working lives of members. We also consider the wider influence of quality public services on New Zealand, for example, in areas of economic development and freedom from corruption.

The meetings with ministers were aimed at furthering PSA objectives, including a third Partnership for Quality agreement, enhancing pay and conditions, improving the quality of work and working lives, defining public service productivity, and being part of shaping the future of public services.

THE PSA’S POLITICAL ROLE
Over the year, the PSA has worked to take an active role in the arena of public debate, speaking on issues that affect members, and attempting to influence debate on these issues in positive and constructive ways. At the same time, the PSA maintained a non-partisan stance throughout.

There has been a need to clarify the role of unions in advancing union issues publicly and politically, and to clarify confusion between being politically neutral and neutral in terms of party politics.

The tension between being a union member and a public servant is eased if members know and understand the political nature and role of unions and the union’s agenda.

Engagement
PUBLIC SECTOR TRIPARTITE FORUM
During the year, the PSA negotiated a third agreement, Partnership for Quality: Fairness and Public Value, which was signed in May by the Prime Minister, the PSA President and Secretariat, and the head of the State Services Commission.

The new agreement strengthens accountabilities, promotes collective bargaining and union representation, introduces a comprehensive delegate framework, and identifies priorities – productivity initiatives and common employment provisions.

This Public Service Tripartite Forum gives effect to the Partnership for Quality Agreement and enables the three parties (Government, PSA, and public service employers) to discuss and advance common interests and issues concerning the delivery of quality public services.

It is convened by the Minister of State Services, currently Annette King, and meets at least four times a year. In 2006, the Minister of Labour, Ruth Dyson, became a member of the Tripartite Forum.

Currently, the chief executive members at the forum are from the Department of Labour, Land Information New Zealand, Department of Corrections, Statistics New Zealand, and the Department of Building and Housing.

The Partnership for Quality approach continues to add benefit across the public service. Departments such as the Department of Labour, the Ministry of Social Development, the National Library, and the Department of Conservation are adopting positive new ways of working. Other departments, and the wider state sector, are also moving in this direction. The potential for further uptake is great, and the PSA will continue to work at all levels to achieve this.

LOW PAY
There are pockets of dissatisfaction in the public sector, both with rates of pay and with pay-fixing systems and performance pay with its built-in anomalies. The PSA adopted a three-pronged attack to low pay – through collective agreements, pay equity reviews to remove discrimination against women workers who feature disproportionately amongst the low paid, and lobbying for a lift in the minimum wage.

PSA members in disability support are particularly affected by this, and work done by the PSA during the year, did contribute to new money coming into the sector – see comments in “Health Sector” below. In March, the minimum wage was again raised.
Political influence CONTINUED

Health Sector

Tripartite structures in the health sector continue to ensure open and robust communication between Government, employer and union parties.

ORAL HEALTH

During the year, the Government announced its Oral Health Strategy, involving an extra $40 million to establish new Community Oral Health Services for children and adolescents.

At a meeting with the Ministry of Health, the PSA was advised that consultation with the union would occur at DHB level. However, the PSA’s experience was of little or no consultation, although most DHBs were still to develop their plans.

The PSA has met with the New Zealand Dental Therapists Association and subsequently approached the Ministry of Health to ensure there is, in fact, adequate consultation with the union at DHB level.

LOW PAY

One sector especially hard hit by low pay is disability support and homecare services. The PSA worked with Government on this and the 2007 Budget delivered extra funding to the sector, along with an acknowledgement that the money is more likely to get through to those who its aimed at – low paid workers – if it is tagged to collective agreements.

EXPENDITURE REVIEWS

A review of state sector spending and a review of the role of the State Services Commission (SSC) in improving industrial relations in the state sector were released. Some issues raised by the PSA have been addressed in the new SSC development goals and in the Budget.

However, the PSA was concerned that the reviews missed an opportunity to strengthen relationships and enhance outcomes through an approach based on Partnership for Quality.

Work resulting from the reviews is ongoing, and the PSA continues to seek active involvement, particularly in the area of productivity. Productivity needs to be an organisation-wide issue, and not one with a narrow agenda of bargaining.

STATE-OWNED ENTERPRISES

The issue of competing services offered by two state-owned enterprises, the food safety and biosecurity services agency AgriQual and export red meat inspection services provider Assure, was addressed in discussions with the Minister of State-Owned Enterprises and the Minister for Food Safety. The PSA was concerned that competition would create inefficiencies (a doubling of resources) and lower the quality of services.

Legislation to enable the two agencies to merge was introduced in March 2007 and passed, with some amendments, later in the year.

LAND TRANSPORT REVIEW

The interests of PSA members at Land Transport New Zealand, Transit New Zealand and the Ministry of Transport will be addressed in a submission on a review of land transport, which was announced in February. The PSA approached the State Services Commission to ensure that members will have an input into the review.

BUDGET

The Corrections Advisory Group (CAG), a group of key delegates from the Department of Corrections, was invited to put a submission to the Department of Correction’s Budget bid. The Minister for Corrections and its CEO will attend CAG meetings in the coming year.

The PSA was very active in the Department of Conservation’s capability review and subsequent Budget bid.

CODE OF CONDUCT

The PSA worked with the State Services Commission on the new Code of Conduct for the public service, which was released in July 2007. It states employees must be fair, impartial, responsible and trustworthy. The new code comes into effect in November 2007, along with guidelines. The PSA has offered to work with the SSC to ensure the guidelines are specific in terms of the political neutrality required of members.

PAY AND EMPLOYMENT EQUITY

The PSA worked closely with the SSC and public service employers on the roll out of Pay and Employment Equity Reviews. These are aimed at closing the gender pay gap (currently women on average earn around 84% of the male average wage). The PSA was involved in reviews at the National Library, Department of Labour, the State Services Commission, Education Review Office, and the Ministry of Women’s Affairs, which have been completed. Several more are underway.
Political influence CONTINUED

NATIONAL SCIENCE COMMITTEE
Representatives from the committee met with the Minister of Research, Science and Technology on several occasions to discuss science funding, capability and the PSA Science strategy. The committee also strengthened its relationships with the Association of Crown Research Institutes and the New Zealand Association of Scientists.

Agreement was reached with the Minister of CRIs to establish a tripartite forum between CRIs, Government and the PSA to focus on strategic issues relevant to our members and the CRIs.

BROADCASTING
The PSA met with the Minister of Broadcasting on specific issues related to public broadcasting, including youth radio. The Minister also met with the national committee of broadcasting delegates.

RETIREMENT SAVINGS
The State Sector Retirement Savings Scheme (SSRSS), set up in 2003, resulted from the PSA partnership agreement with Government.

The PSA had been pushing to have it extended beyond the public service to the wider state sector, including the health sector.

In the meantime, the Government developed KiwiSaver which applies to every workplace. With this scheme, the PSA had advocated employer contributions. The 2007 Budget announced significant changes to the earlier proposed version of KiwiSaver, including employer contributions. It also signalled that KiwiSaver will become the core savings vehicle in the state sector, eventually superseding the SSSS.

KiwiSaver will provide a good quality retirement scheme in the health sector. Other members will need to make their own decisions about which scheme is best for them, and a PSA guide was sent to all members. KiwiSaver will evolve over time, and the PSA will continue to monitor changes and report to members on their impact.

COUNCIL OF TRADE UNIONS
The PSA is a committed affiliate of the Council of Trade Unions and actively participates in its national and local forums and programmes. Appendix 2 includes a list of PSA representatives to CTU groups and forums.

NATIONAL AFFILIATES COUNCIL
The National Affiliates Council (NAC) is the CTU’s main representative forum. Through the year, the PSA worked collaboratively with the CTU on a number of issues.

We campaigned actively on the "90-day bill" that would have given employers the right to sack an employee for no reason in the first 90 days of employment. The bill was successfully defeated, but remains as National Party policy.

We worked together on issues of youth rates and the minimum wage, lobbying Government for improvements to these.

Together with the CTU, the PSA called on employers to support flexible working arrangements that foster a healthy balance between work and the rest of our lives. This followed the release of a report showing 19 percent of workers spend 50 hours or more a week at work.

The PSA contributed to a CTU submission on legislation that would establish a right for employees to apply for flexible work hours.

The PSA worked with the CTU on tertiary sector issues.

HEALTH SECTOR STANDING COMMITTEE
This committee meets as the main forum for establishing a health view for the CTU.

During the year, health unions affiliated to the Council of Trade Unions, including the PSA, have been negotiating a Health Relationship Agreement with Government, which may extend to district health boards. This agreement has yet to be finalised, but would be similar to the Partnership for Quality agreement.

The health relationship agreement has two broad aims:
- to strengthen union organisation through an agreement to provide delegates with the time and resources they need at work to carry out their role; and
- to establish a process for ongoing engagement between government ministers, unions and employers and provide a framework for some specific projects that would benefit all parties.

STATE SECTOR COUNCIL
The CTU State Sector Council comprises the PSA and education and health sector unions. Brenda Pilott, PSA National Secretary, and Christine Ross, PSA Policy Advisor, are the PSA representatives. It meets four times a year, and is a forum for unions to share information and agree any joint actions on the issues discussed.

The major items discussed in 2006 were:
- retirement savings
- pay and employment equity
- state sector code of conduct development
- state sector expenditure reviews
- productivity issues in the state sector
- good employer obligations
- state sector pandemic response
- bargaining issues.
Looking to the future

CONTENTS

DEMOCRACY AT WORK
Big Picture Roadshow
Third Partnership for Quality Agreement
Democracy at Work

Democracy at Work is at the heart of the PSA’s strategic agenda for the coming decade. It distils the key findings of Fresh Perspectives, a year-long programme of thinking, research and discussion on how we see the future shape and direction of public services and the implications for how we work as a union.

Two other key pieces of work contributed to the Fresh Perspectives programme:

- The Demos project which the PSA commissioned to take a fresh look at New Zealand public services in light of developing trends, both here and internationally. The Demos report – Re-imagining Public Services: putting people at the heart of New Zealand’s public sector – was published in 2006.
- The Work Foundation report which drew on international experience to develop a new governance model for public services. Reviving the Public: a new governance and management model for public services was published in New Zealand in early 2007. The author of the report, David Coats, visited New Zealand in April 2007 and received ministerial and media attention. He met with some 400 people including the PSA executive board, staff, delegates and members, Ministers, senior public servants, the State Services Commissioner, business leaders, academics and HR managers. He also gave a number of public talks.

The rationale behind Democracy at Work is that public service workers care about the quality of public services. They work with pride and professionalism and have a strong interest, individually and collectively, in the outcomes of their work.

Democracy at Work: a Fresh Perspective for the Public Sector is an aspirational agenda and has three main goals:

1/ Decent work, decent workplaces
Decent work, decent workplaces recognises the social and human nature of work, worker voice, collective dialogue and effective union organisation. It creates high-trust work environments, inclusive management styles and better work/life balance.

Fair pay and conditions of employment, secure, interesting, safe and healthy jobs are also central to a decent workplace.

2/ Public value
This involves working with citizens to deliver valued public services by generating, producing and implementing solutions. It gives bigger worker voice through valuing the skills and judgement of staff through greater autonomy and a greater front-line influence on policy.

Public Value also reappraises the relationships and structures at the heart of government and aims to build trust in public institutions.

3/ High-performing workplaces
A high-performing workplace mobilises its knowledge to improve the efficiency and quality of services and sustainable jobs. It encourages networking and collaboration within and between state agencies and embeds positive and productive workplace relationships and practices.

A high-performing workplace is a decent workplace.

Big Picture roadshow

Democracy at Work was central to the Big Picture roadshow for PSA delegates hosted by the secretariat in May. Feedback and participation in the roadshow was excellent with delegates well-informed and inspired by the principles of Democracy at Work.

The Big Picture covered the major PSA work programmes of Partnership for Quality, support and training of delegates to aid with recruitment, bargaining strategies and the Public Value and Democracy at Work campaigns.

Third Partnership for Quality agreement

The new agreement, Partnership for Quality: Fairness and Public Value, was signed in Wellington in May at a gathering of government ministers, chief executives, and PSA staff and delegates.

This third agreement, PFQ3, between the Government, the State Services Commission, and the PSA, promises to strengthen day-to-day partnership in the workplace.

There will be a staged roll-out of PFQ3 in public service enterprises, reflecting the different stages of partnership in enterprises, ranging from those with comprehensive agreements to those in the initial stages.
PSA capability and resources

CONTENTS

PSA STAFFING

ORGANISATIONAL DEVELOPMENT
- Operational Priorities
- Capability and Capacity
- Centenary
- Women

PSA SERVICES AND EXTRA BENEFITS
PSA Plus
NUMBERS AND LOCATION
PSA permanent staff numbers have increased from 109 to 118 during the year to March 2007.

PSA SECRETARIAT
The secretariat was reduced to two in 2005 with the two-person team of Brenda Pilott and Richard Wagstaff being confirmed in February 2006. PSA national secretary Richard Wagstaff has recently been appointed as CTU vice president and he will be confirmed in this role at the CTU biennial conference on October 15-17. He will also continue to do his work as PSA national secretary alongside Brenda.

RECRUITMENT AND RETENTION
The number of staff who have worked for the PSA for more than 6 years has increased from 38 to 44 over this reporting period. The number of staff who have worked between 3 to 6 years has remained the same at 25. The number who have worked for the PSA for less than 3 years has increased from 46 to 49.

Eleven staff resigned during this period which equates to a 9.3 percent turnover.

Eighteen staff were appointed during the reporting period to fill existing positions. They comprised 16 full-time and 2 part-time staff. The majority of staff were appointed at national office in Wellington including two legal officers, three online organisers, two membership support and two IT staff. There were also organisers appointed in Wellington, Hamilton, Christchurch and Palmerston North. Administration staff were appointed in Christchurch and Dunedin.

PAY AND EMPLOYMENT EQUITY
The PSA PaEE working party is conducting an internal review. It has undertaken an analysis of all PSA practices and processes and has run a survey and an e-forum to allow staff to participate and ensure the working party has a complete picture. A summary document has gone out to staff through the unions for validation and then a report and response plan will be presented to the Joint Union Management Committee meeting in August. The working party has been following the pay and employment equity review process prescribed by the Department of Labour Working Towards Employment Equity for Women workbook. The review is based on the premise that women and men should have equitable opportunities at work to access rewards, participate and be treated with respect and fairness.

HEALTH AND SAFETY
Workplace Health and Safety initiatives in terms of stress management are being used effectively. In the last Workforce Report several steps were recorded in order to provide better protection for organisers who are coping regularly with angry or distressed members and obstructive managers. These steps have all continued to be used. Now that workplace stress has a higher profile, staff in general have felt more comfortable discussing stress and this has enabled the leadership to intervene early. The team structure adopted at the PSA has also contributed to decreasing stress as staff now have a regular forum to discuss these matters.

PSA MEMBER EMPLOYEE GROUP
Staff employed by the PSA are able to join the PSA and are represented and recognised under the PSA rules through the PSA Staff Group, the Member Employee Group (MEG).

The PSA has developed a “Partnership for Quality & Organising Practice” document which outlines how the objectives of the union can be delivered through a partnership approach.

One of the key features of the PSA staff group is that, as PSA members, the principles of Partnership for Quality are promoted within the PSA, and MEG works with the employer (the secretariat) to demonstrate Partnership for Quality and participate collectively, through a range of internal joint PSA staff group/employer forums.

During the past year, the PSA staff group and the secretariat – through a Strategic Management Group (a joint decision making forum) - have continued to implement the review of organising and people and capability reviews and discussed progressing the democracy at work agenda.

The PSA MEG Group, along with the other unions, is currently concluding bargaining a Multi Union Collective Agreement (MUCA) with the secretariat. The new agreement, when ratified, will expire on 31 March 2009.

PSA SALARIES BY GENDER AS AT MARCH 2007

<table>
<thead>
<tr>
<th>Salary range ($)</th>
<th>total staff</th>
<th>women</th>
<th>men</th>
</tr>
</thead>
<tbody>
<tr>
<td>35-55,000</td>
<td>45</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>55-65,000</td>
<td>56</td>
<td>22</td>
<td>34</td>
</tr>
<tr>
<td>65,000 and over</td>
<td>17</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>
Organisational development

Operational priorities

The executive board held a planning retreat in December 2006 to de-brief on Congress and discuss options evolving out of Congress for future strategic development. The following were considered operational priorities and constitute ongoing work:

- Boosting delegates through the delegate development programmes
- Implementing PFQ3 (a staged roll-out) and taking opportunities around that to recruit and build membership
- The development of strategies in conjunction with other CTU unions in the lead-up to the 2008 general election
- Pay and employment equity plan of action
- Best practice and organising plan for the contact centre
- Building Maori organisation
- Further policy work to advance aspects of the Fresh Perspectives work, including the Demos report.

CAPABILITY AND CAPACITY

As well as operational priorities, the PSA operating plan includes organisational capability and capacity and the sustainability of the organisation.

This includes plans for improving information and knowledge systems with the focus on improving mobility of organisers, a document management system, redeveloping the Internet and Intranet and improving membership and reporting databases. On-line resources for delegates are also considered an operational priority.

Other operational priorities include establishing a new performance development system for PSA staff and further refining organiser induction and ongoing development and negotiating a new collective with PSA staff. The executive board has also directed a review be undertaken of representative structures for the sectors and rōnanga with a view to taking any proposed rule changes to 2008 Congress.

CENTENARY

Planning is underway for the PSA centenary in 2013. The occasion is a significant date for the PSA and the trade union movement as a whole.

The executive board has established a centenary project which has begun to develop ideas. Members will also be asked to contribute ideas.

WOMEN

A review of women’s representation in governance structures of PSA during the year showed a lack of sustained progress towards equitable representation. The planned review of the PSA rules relating to rōnanga and representative structures will consider how to give effect to solutions to this.

"Implementing PFQ3 (a staged roll-out) and taking opportunities around that to recruit and build membership [is an operational priority]."
Proper implementation of these decisions will enhance our organising effort through providing all staff with more accessible and reliable information no matter where they are.

**PSA Plus**

Two new benefits have been added to the PSA Plus stable. These were launched in July 2007. Cardplus Starcard (fuel card) offers 4 cents off petrol per litre, half price car washes, regular monthly billing and no transaction fees. A new Duty Free Discount card with Regency Duty Free offers 15% discount on purchases made on line and 10% discount at airport shops. They are also part of the fly-buys scheme.

This adds to the other benefits and money-saving discounts that come with union membership including the PSA holiday homes, insurance, PSA credit card, optometry discount, rental cars and tyre services.

**HOLIDAY HOMES**

The Raumati holiday home complex has been redeveloped with four new units with sea views. These have exceeded occupancy forecasts and are regularly booked out three months in advance.

A new holiday house is being sought in the upper North Island.

**PSA Premises**

**WELLINGTON OFFICE**

Over recent years, as staff numbers have grown, staff have occupied any available space in PSA House. With a tenant leaving, making a complete floor available, we have taken the opportunity to relocate the organising centre, organisation development and organisers into open plan accommodation on the fifth floor. Once changes are complete staff will be housed on either the fourth or fifth floor.

**DUNEDIN OFFICE**

Negotiations have been concluded to renew the lease of our premises situated on the corner of Princes and Jetty streets. The premises continue to suit our member and staff needs well.

**HAMILTON OFFICE**

A new office in Hamilton has greatly improved staff and training facilities.

**CHRISTCHURCH OFFICE**

The office in Christchurch has been upgraded to include better video-conferencing and meeting room space.

"The Raumati holiday home complex has been redeveloped with four new units with sea views."
International activities

CONTENTS

PUBLIC SERVICES INTERNATIONAL

UNION NETWORK INTERNATIONAL
International activities

PSI
The Oceania sub-regional advisory committee meeting was held in Auckland in March this year with around 20 people participating from around the Pacific. Issues such as productivity, health and social services in the region, trade agreements and case studies on the political situation in Fiji, Tonga and Australia were discussed.

A report on the structural reform of the public sector in PNG was also delivered. The Auckland meeting was a follow-up to the regional conference in Chennai and considered matters that were unresolved at that regional conference.

The PSA is also developing overarching arrangements with the PSI which set out a continued commitment to Pacific work with the aim of developing a self-sustaining union organisation. Samoa and Tonga are priority areas. The Cook Islands public sector has benefitted greatly from PSA support.

The SUBRAC meeting provided an opportunity to refine plans and activities in Tonga and Samoa over the next year.

- The PSA was represented at the PSI Regional Executive meeting held in Singapore in April by the two Regional co-ordinators.
- The next PSI Congress, which will celebrate 100 years of the PSI, is scheduled for Vienna, Austria, September 24–28, 2007. It will involve a combination of formal meetings and workshops.

UNION NETWORK INTERNATIONAL
The PSA is continuing to develop its relationship with UNI. An information and communications technology conference is scheduled for Singapore in June 2007. Asia Pacific conferences will also be run in August. The PSA affiliated its broadcasting members to UNI in 2006. UNI is active in its work to support public broadcasting.

“The PSA is also developing overarching arrangements with the PSI which set out a continued commitment to Pacific work with the aim of developing a self-sustaining union organisation. Samoa and Tonga are priority areas.”
Appendices

CONTENTS

BOARD AND COMMITTEE MEMBERS
Executive Board
Sector committees
National delegates

REPRESENTATIVES
CTU committees
Representing CTU on external bodies
Other representative roles

LEGAL REPORT

PSA SUBMISSIONS
APPENDIX 1

Board and committee members

PSA executive board members
PSA executive board members
Keith Gutsell (president), Environment
Paula Scholes (vice president), Environment
John Upfold, Governance
Georgina Kerr, Te Rūnanga o Ngā Toa Āwhina
Ian Bull, Community
Richard Chalklen, Social Services
Trevor Day, (treasurer) Infrastructure
Janet Quigley, Health
Ian Gordon, staff group representative
Brenda Pilott, PSA national secretary
Richard Wagstaff, PSA national secretary

Sector committees
PSA sector committee members and organisations in which they work:

COMMUNITY SECTOR COMMITTEE
Ian Bull (convenor), Radio New Zealand
Pam Jemmett, Otago University
Ted Rippey, Waipa District Council
Neil Coup, Hutt City Council
Walter Cook, National Library
Diana McRae, National Library
Roy Ramsey, Marlborough District Council
Janette Third, University of Auckland
Greg Whaiapu, Manukau City Council
Benedict Ferguson, Manukau City Council
Gina Beston, Auckland University
PSA organiser support: Brenden Sheehan

ENVIRONMENT SECTOR CTTEE
Paula Scholes (convenor), Environment and Scientific Research
Craig Ross, Landcare
Peter Embling, AgResearch
Mei Hardy-Birch, Department of Conservation
Bruce McKinlay, Department of Conservation
Davie Nendick, Ministry of Agriculture and Forestry
Craig Hawthorne, Ministry of Agriculture and Forestry
Keith Gutsell, Asure
Chris Buckler, Land Information NZ
Ken Lloyd, Asure New Zealand
Alby Marsh, Crop and Food
Mike Tana, Ministry of Agriculture and Fisheries
PSA organiser support: Malcolm Blair

GOVERNANCE SECTOR COMMITTEE
John Upfold (convenor), Statistics New Zealand
Abdul Rafik, Inland Revenue
Denise Lusby, Inland Revenue
Judy McReady, Inland Revenue
Martha Selwyn, Public Trust
Paul Whyte, Parliamentary Services
(one vacancy, finance)
PSA organiser support: Jayne MacFarlane

HEALTH SECTOR COMMITTEE
Janet Quigley, Canterbury DHB (convenor from June 2006)
Colleen Sayer-Roberts (convenor to June 2006), Auckland DHB
Glenda Reid, Northland Health
Nancy Dally, Counties-Manukau DHB
Louise McIntyre, Hutt Valley Health
Steve Downs, Waikato DHB
Glennis Stewart, Taranaki DHB
Jen Lankshear, Child Oral Health Service
Randall Jones, Nelson DHB
Collette Gordon, Otago DHB
Erana Poulsen, Waitemata DHB
Allan Franks, Auckland DHB
Annette Davies, Hawkes Bay DHB
PSA organiser support: John Shennan

INFRASTRUCTURE SECTOR CTTEE
Trevor Day (convenor), Ministry of Justice–Courts
Andrew Tanner, AvSec
Jeana Jurisich, Dept. of Corrections
Marshall Tangaroa, Dept. of Corrections
Gordon Mosley, Ministry of Justice
Pam Glass, Ministry of Defence
Brendon Trask, Ministry of Justice – Courts
Hamiora Te Aramakutu, Dept. of Corrections
Keith Oldcorn, New Zealand Defence Force
Mike Cross, Department of Corrections
Norm Mannix, Chch. International Airport
Steve Clarke, Department of Corrections
PSA organiser support: Pam Hornby

SOCIAL SERVICES SECTOR CTTEE
Richard Chalklen (convenor), Special Residential Schools
Dennis Gibbs, ERO
Sam Battacharjee, ACC
Neil Lester, Department of Labour
Ben Prasad, Housing New Zealand
Georgina Kerr, Education Review Office
Marlene Pitman, Child Youth and Family
Jocelyn Coppins, Ministry of Education
Alison van Dyk, Ministry of Social Development
Colleen Boyer, Ministry of Social Development
PSA organiser support: Sheryl Penehio

TE RŪNANGA O NGĀ TOA ĀWHINA
Kiwhare Mihaka (kaumatua), Inland Revenue Department
Martha Selwyn, Public Trust
Mike Tana, Ministry of Agriculture and Fisheries
Alby Marsh, Crop and Food
Georgina Kerr (convenor), Education Review Office
Marlene Pitman, Child Youth and Family
Erana Poulsen, Waitemata DHB
Greg Whaiapu, Manukau City Council
Jean A. Jurisich, Dept. of Corrections
Marshall Tangaroa, Dept of Corrections
Organiser support: Hina Short
APPENDIX 2

Representatives

CTU COMMITTEES
National Affiliates Council: Brenda Pilott
Te Rūnanga: Kiwhare Mihaka, Marlene Pitman
Youth Union Movement: Hina Short (co-convenor)
Women’s Council: Sue O’Shea (co-convenor)
Health sector committee: Richard Wagstaff, Glenn Barclay
Education sector committee: Glenn Barclay
State sector committee: Brenda Pilott, Christine Ross
Pay and employment equity reference group: Clare Wells
Finance and administration committee: Richard Wagstaff
International committee: Glenn Barclay
Health and Safety: Anne Thewles
Organising and education committee: Tricia French
Communications group: Jane Blaikie, Nick Hirst, Kate Drury
The PSA is involved on 14 of the 16 Local Affiliates Councils.

REPRESENT CTU ON EXTERNAL BODIES
Partnership Resource Centre board: Richard Wagstaff
Health bipartite forum: Richard Wagstaff
Local government industry training organisation: Brenda Pilott
State sector retirement savings scheme working group: Glenn Barclay
Pay and Employment Equity Steering Group: Clare Wells
Te Kaiwhina Ahumahi (Social services ITO): John Stace

OTHER REPRESENTATIVE ROLES:
Public sector tripartite forum: Keith Gutsell, Brenda Pilott, Richard Wagstaff
Workplace Productivity Agenda reference group: Brenda Pilott
People Capability sub-committee (of the Advisory Committee on State Services): Richard Wagstaff
Public Sector Training Organisation: Tricia French, Sue O’Shea

APPENDIX 3

Legal Report

The Legal Team has provided advice and assistance in bargaining, drafting and interpretation of collective agreements, and where appropriate, advocacy in legal proceedings over the year.

The team has also participated in staff and new organiser development to ensure we are all familiar with recent developments in employment law, including communication during bargaining, “pass on”, and changes to the Holidays Act 2003.

We have been proactive in developing a number of resources for organisers, including a revised legal strategy and a model bargaining process agreement.

As well as representing individual members at mediation and in the Employment Relations Authority, some of the larger cases the team has been involved in this year are:

WAITEMATA DISTRICT HEALTH BOARD V NZPSA
Unsuccessful appeal by WDHB against decision of Employment Court that held WDHB breached the collective employment agreement by not paying a clothing allowance to certain employees. The matter has gone back to the Employment Court for determination of the amount.

ASURE NEW ZEALAND LTD V NZPSA
A successful challenge to ANZL’s application of collective agreement penal rates clause that resulted in a finding by the Authority that overtime worked by ANZL employees in Canterbury plant was not caught by an exclusion limiting penal rate during “high kill” period, and staff should be paid accordingly.

We are dealing with a number of cases at present that have significant implications for the union, which we will report on next year.
APPENDIX 4

PSA Submissions

CORRECTIONS

LOCAL GOVERNMENT
Submission to the Councils of the Auckland Region on Strengthening Auckland’s Regional Governance - Issues and Options. November 2006

HEALTH
Submission to the Select Committee Inquiry into the Quality and Care of Service Provision for Disabled People and How They Might Be Improved. August 2006
Submission to District Health Boards New Zealand on Future Workforce 2005-2010, August 2006

GOVERNMENT ADMINISTRATION
Submission to the Government Administration Select Committee on The Therapeutic Products and Medicines Bill. February 2007

ECONOMICS
Submission to the Government’s Business Tax Review September 2006
Submission to the Finance and Expenditure Committee on the Budget Policy Statement 2007, January 2007

RETIREMENT SAVINGS
Submission to the Finance and Expenditure Committee on the KiwiSaver Bill. April 2006
Submission to the State Sector Retirement Savings Scheme Wider State Sector Working Party: First Consultation, June 2006
Submission to the State Sector Retirement Savings Scheme Wider State Sector Working Party: Second Consultation, December 2006

EMPLOYMENT RELATIONS
Submission to the Transport and Industrial Relations Committee on the Minimum Wage (Abolition of Age Discrimination) Amendment Bill. April 2006

LAND TRANSPORT
Submission to the Review of the Land Transport Sector “Next Steps”. March 2007
Submission to the Transport and Industrial Relations Committee on the Employment Relations (Probationary Employment) Amendment Bill, May 2006

TREATY OF WAITANGI
Submission to the Justice and Electoral Select Committee on the Principles of the Treaty of Waitangi Deletion Bill, October 2006

TERTIARY EDUCATION
Submission to the Ministry of Education on Tertiary Education Strategy and Statement of Tertiary Education Priorities. October 2006

DECENT WORK
Submission to the Department of Labour on Quality Flexible Work, August December

SOCIAL SERVICES
Submission to the Ministry of Social Development on the Review of the Social Worker Registration Act 2003, March 2007
Financial reports

CONTENTS

TREASURER’S REPORT

AUDIT REPORT

FINANCIAL STATEMENTS
Treasurer’s report
TREASURER’S REPORT FOR THE FINANCIAL YEAR 2006-07

I am pleased to report on another year of excellent financial results. Again the year has been marked by significant growth. Growth in membership has allowed income to increase and expenditure has also grown at a similar rate. The strong revenues are being used to ensure that the union is well resourced to meet the needs of our members.

FINANCIAL PERFORMANCE
The operating surplus of $1,059,262 far exceeded our budget expectation but is down from the previous year by $105,987. After tax the surplus at $770,098 has fallen by $130,133.

This is our seventh successive surplus. This result is most impressive in light of the fact that the budget allowed for a deficit of $303,757. Within these figures there is, however, a major challenge for us. Membership has effectively plateaued since August 2006. In terms of revenue this was not a problem as a spurt in recruitment occurred late in the previous financial year allowing us a high entry point for membership for this year but this was a one off advantage. An additional one off factor was the successful implementation of a fee increase from 1 March 2007 which also gave subscription income a boost. Subscription income for the year was $14,016,607. Our 2007/08 budget is built on continuing growth. If we are to continue our strong performance industrially and financially we need to return to the membership growth path.

I would like to emphasise the revenue from our other activities. We have adopted a policy of benchmarking our financial reserves against our annual spending. Some have questioned the need for this but one major benefit of holding significant cash reserves is the $974,331 interest received. This is mirrored by the strong revenue flow from rents of $793,854 which includes holiday homes and the commissions from the other PSA Plus services of $151,306. The recent upgrade to the holiday homes at Raumati has been an unqualified success with occupancy exceeding our expectations. Without these additional sources of income we would barely have broken even this year.

Overall income was $1,358,698 up on the previous year and significantly up on budget.

In planning the 2006/07 year the executive board approved a budget which completed a programme of increasing staffing and travel. An after-tax deficit was accepted provided there was strict cost control. During the year results indicated that activity levels justified additional travel costs and this was accepted as there was additional income to cover the increases. This area continues to be of concern as it is a major cost and there have been significantly increased in recent years.

Overall costs were constrained to budget and the good income results flowed through to create the reported surplus.

The strong income position established in 2005/06 was recognised in the 2006/07 budget and further commitments to increasing staff resources made. The 2007/08 budget restores the long term parameters of better than break even results, consistent investment in fixed assets, and commences a process of restoring the reserves to expenditure ratio. Staff remuneration has been significantly enhanced to honour our commitment to staff to fairly recognise the work of staff. The board is planning to use all its subscription income on union activity. Asset and reserve development is funded by investment income.

FINANCIAL POSITION
This year’s results highlight the difficulty in budgeting our subscription income. We commenced the year with membership significantly above budget assumptions. This loading of new members to the beginning of the financial year meant we received nearly a full year’s subscription from more new members than expected. As this helped generate an unexpected surplus the revenue has been invested in two areas. The Cash Flow Statement shows that cash investment in term deposits was $290,737 and fixed assets $834,400. The union maintains a very strong net asset position and ultimately aims to hold readily realisable financial assets equal to a year’s operating expenditure. These reserves are in place to ensure that if income reduces at a rate faster than we can reduce our commitment to expenditure we are in a position to absorb the financial impact. The reserve strategy is in place to manage the risk of not being able to protect our members’ interests in the future.

The asset revaluation reserve increased by $655,045 this year and $1,420,758 in the prior year. The scale of these gains emphasise the value of holding a significant investment in property in addition to financial investments.

OUTLOOK
The 2007/08 year is set to be challenging as we work to meet the demanding target of growing membership. Regaining momentum is a priority and plans are in place to boost membership. In looking to the future the executive board endeavours to anticipate major developments. In turn it pursues the financial strategies necessary to ensure we have a strong organisation built on informed members, skilled delegates, a strong staff resource and a solid financial foundation.

Trevor Day
AUDIT REPORT

TO THE MEMBERS OF THE NEW ZEALAND PUBLIC SERVICE ASSOCIATION INCORPORATED (THE ‘NZPSA’)

We have audited the financial statements on pages 3 to 15. The financial statements provide information about the past financial performance of the NZPSA and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 7 to 9.

Executive Board’s Responsibilities
The Executive Board is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of the NZPSA as at 31 March 2007 and the results of its operations and cash flows for the year ended 31 March 2007.

Auditors’ Responsibilities
It is our responsibility to express to you an independent opinion on the financial statements presented by the Executive Board.

Basis of Opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Executive Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the NZPSA’s circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards except that our work was limited as explained below. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Qualified Opinion
In common with organisations of a similar nature, control over subscription income prior to its being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. In this respect alone we have not obtained all the information and explanations that we have required.

In our opinion, except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning subscription income, the financial statements on pages 3 to 15, fairly reflect the financial position of the NZPSA as at 31 March 2007 and the results of its operations and cash flows for the year then ended.

Our audit was completed on 28 August 2007 and our qualified opinion is expressed as at that date.

CHARTERED ACCOUNTANTS
WELLINGTON, NEW ZEALAND
## Financial Statements

**FOR THE YEAR ENDED 31 MARCH 2007**

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<td>Statement of Movements in Equity</td>
<td>40</td>
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<td>Statement of Financial Position</td>
<td>41</td>
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<td>Statement of Cash Flows</td>
<td>42</td>
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<tr>
<td>Notes to the Financial Statements</td>
<td>43-51</td>
</tr>
<tr>
<td>Auditors' Report</td>
<td>37</td>
</tr>
</tbody>
</table>
New Zealand Public Service Association
Te Pākenga Here Tikanga Mahi Incorporated

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>1(c)(i)</td>
<td>14,016,607</td>
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<tr>
<td>Rental income</td>
<td></td>
<td>793,854</td>
</tr>
<tr>
<td>Interest received</td>
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<td>974,331</td>
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<tr>
<td>Dividends received</td>
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<td>2,316</td>
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<tr>
<td>Journal advertising</td>
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<td>9,733</td>
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<tr>
<td>Commission</td>
<td></td>
<td>151,306</td>
</tr>
<tr>
<td>Change in market value of investments</td>
<td>1(c)(iv)</td>
<td>2,108</td>
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<tr>
<td>Sundry income</td>
<td>13</td>
<td>175,622</td>
</tr>
<tr>
<td>Total Income</td>
<td></td>
<td>16,125,877</td>
</tr>
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</table>

Less Expenditure:

<table>
<thead>
<tr>
<th>Note</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Commission on subscriptions</td>
<td></td>
<td>352,833</td>
</tr>
<tr>
<td>Salaries</td>
<td></td>
<td>7,368,606</td>
</tr>
<tr>
<td>Other staff costs</td>
<td></td>
<td>568,049</td>
</tr>
<tr>
<td>Meetings and travel</td>
<td>2</td>
<td>2,500,237</td>
</tr>
<tr>
<td>Communications and printing</td>
<td></td>
<td>664,861</td>
</tr>
<tr>
<td>Affiliation fees</td>
<td></td>
<td>286,208</td>
</tr>
<tr>
<td>Rent and rates</td>
<td></td>
<td>476,922</td>
</tr>
<tr>
<td>Lease of vehicles and equipment</td>
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<td>766,677</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7</td>
<td>320,725</td>
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<tr>
<td>Audit fees</td>
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<td>25,000</td>
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<td>Other fees paid to the auditors</td>
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<td>5,140</td>
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<td>Professional fees</td>
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<td>219,405</td>
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<tr>
<td>Loss on disposal of fixed assets</td>
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<td>1,425</td>
</tr>
<tr>
<td>Other expenses</td>
<td>14</td>
<td>1,510,527</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td></td>
<td>15,066,615</td>
</tr>
</tbody>
</table>

Net Operating Surplus | 1,059,262 | 1,165,249 |

Net gain on revaluation of investment property | 64,000 | 60,445 |

Net Surplus before Taxation | 1,123,262 | 1,225,694 |

Less taxation charge | 3 | 353,164 | 325,463 |

Net Surplus after Taxation | 770,098 | 900,231 |
New Zealand Public Service Association  
Te Pōkenga Here Tikanga Mahi Incorporated

Statement of Movements on Equity
FOR THE YEAR ENDED 31 MARCH 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members' Funds and reserves at 1 April</td>
<td>21,245,012</td>
<td>18,569,189</td>
</tr>
<tr>
<td>Net surplus after taxation</td>
<td>770,098</td>
<td>900,231</td>
</tr>
<tr>
<td>Total recognised revenues and expenses</td>
<td>770,098</td>
<td>900,231</td>
</tr>
<tr>
<td>Increase in asset revaluation reserve</td>
<td>655,044</td>
<td>1,775,592</td>
</tr>
<tr>
<td>Members' Funds and reserves at 31 March</td>
<td>22,670,154</td>
<td>21,245,012</td>
</tr>
</tbody>
</table>

The notes on pages 43 to 51 form part of and are to be read in conjunction with these financial statements.
New Zealand Public Service Association  
Te Pukenga Here Tikanga Mahi Incorporated

Statement of Financial Position

AS AT 31 MARCH 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Members' Funds</td>
<td>4</td>
<td>17,474,625</td>
</tr>
<tr>
<td>Asset Revaluation Reserve</td>
<td>5</td>
<td>5,195,529</td>
</tr>
<tr>
<td><strong>Total Funds and Reserves</strong></td>
<td></td>
<td><strong>22,670,154</strong></td>
</tr>
</tbody>
</table>

Represented by:

**Current Assets**


Less Current Liabilities


**Non - current Assets**


**Total Net Assets**


The Financial Statements were approved for issue by:

President: [Signature]  
Date: 28/8/2007

National Secretary: [Signature]  
Date: 28/8/2007

The notes on pages 43 to 51 form part of and are to be read in conjunction with these financial statements.
New Zealand Public Service Association
Te Pukenga Here Tikanga Mahi Incorporated

Statement of Cash Flows
FOR THE YEAR ENDED 31 MARCH 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash Flows from Operating Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was provided from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>13,809,552</td>
<td>12,848,311</td>
</tr>
<tr>
<td>Rental income</td>
<td>793,854</td>
<td>744,778</td>
</tr>
<tr>
<td>Interest received</td>
<td>895,875</td>
<td>889,615</td>
</tr>
<tr>
<td>Dividends received</td>
<td>2,316</td>
<td>853</td>
</tr>
<tr>
<td>Other income</td>
<td>336,661</td>
<td>312,486</td>
</tr>
<tr>
<td></td>
<td>15,838,258</td>
<td>14,796,043</td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(14,529,706)</td>
<td>(13,231,167)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(323,233)</td>
<td>(305,352)</td>
</tr>
<tr>
<td></td>
<td>(14,852,939)</td>
<td>(13,536,519)</td>
</tr>
<tr>
<td>Net Cash inflow from Operating Activities</td>
<td>9</td>
<td>985,319</td>
</tr>
<tr>
<td>Cash Flows from Investing Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of fixed assets</td>
<td>(834,400)</td>
<td>(600,843)</td>
</tr>
<tr>
<td>Net movement in investments</td>
<td>(290,737)</td>
<td>(879,080)</td>
</tr>
<tr>
<td></td>
<td>(1,125,137)</td>
<td>(1,479,923)</td>
</tr>
<tr>
<td>Net Cash (Outflow) from Investing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Flows from Financing Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was provided from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing on mortgage security</td>
<td>(13,667)</td>
<td>450,146</td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease payments</td>
<td>(36,989)</td>
<td>(43,440)</td>
</tr>
<tr>
<td>Net Cash (Outflow) Inflow from Financing Activities</td>
<td>(50,656)</td>
<td>406,706</td>
</tr>
<tr>
<td>Net (decrease) increase in cash held</td>
<td>(190,474)</td>
<td>186,307</td>
</tr>
<tr>
<td>Add opening cash brought forward</td>
<td>636,918</td>
<td>450,611</td>
</tr>
<tr>
<td>Closing cash carried forward</td>
<td>446,444</td>
<td>636,918</td>
</tr>
</tbody>
</table>

The notes on pages 43 to 51 form part of and are to be read in conjunction with these financial statements.
New Zealand Public Service Association
Te Pōkenga Here Tikanga Mahi Incorporated

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

1. STATEMENT OF ACCOUNTING POLICIES

(a) Reporting Entity
The New Zealand Public Service Association is a union incorporated under the Incorporated Societies Act 1908.

It operates solely in New Zealand.

These financial statements reflect the activities of the Association which include:

(i) All activities associated with the achievement of fair, secure, and equal employment opportunities and conditions and quality of working environment for its members.

(ii) PSA plus which provides holiday homes, and other benefits to members of the Association.

(b) Measurement Base
The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by the Association with the exception of land and buildings which are revalued to net current value and equity and fixed interest investments which are stated at market value.

Reliance is placed on the fact that the Association is a going concern.

(c) Specific Accounting Policies
The following specific accounting principles which materially affect the measurement of financial performance and financial position have been applied:

(i) Subscriptions
Subscription income is dependent on information supplied by employers pursuant to respective collective agreements. For practical reasons, the Association is unable to independently confirm the validity of personnel information supplied. Subscription income, therefore, represents amounts either received during the year or in arrears at balance date which have been subsequently received prior to the presentation of these financial statements.

(ii) Taxation
The New Zealand Public Service Association is an incorporated society which transacts with members and non-members. The Association is not liable for taxation to the extent it generates net income from non trading transactions such as subscriptions received.
New Zealand Public Service Association
Te Pōkenga Here Tikanga Mahi Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

(iii) Accounts Receivable

Accounts Receivable are valued at net realisable value.

(iv) Investments

Term loans are valued on the basis of principal outstanding. All other investments are valued at market value. Any realised or unrealised gains or losses on investments during the year are reflected in the Statement of Financial Performance.

(v) Investment Properties

Investment properties, which are revalued annually, are recorded at net current value and are not depreciated. Net changes in value are recognised in the Statement of Financial Performance.

(vi) Fixed Assets

The Association has five classes of fixed assets, which are initially recorded at cost:

- Offices
- Holiday homes
- Furniture and equipment
- Computer hardware
- Computer software

Property is revalued on a cyclical basis with no individual property being included at a valuation undertaken more than three years previously.

Valuations are at fair value as determined by a registered independent valuer. In the case of some of the holiday homes, government valuations have been used. While the use of government valuations does not technically comply with the provisions of Statement of Standard Accounting Practice No. 28 issued by the Institute of Chartered Accountants of New Zealand, the Association believes that such valuations are appropriate for the purposes of these financial statements due to the vacant possession nature of these properties.

(vii) Depreciation

Depreciation is calculated using the following rates as follows:

- Land: Nil
- Buildings: 1% - 2.5% straight line
- Renovations & Alterations: 7.5% - 33% straight line
- Furniture and equipment: 9.5% - 50% diminishing value
- Computer hardware: 20% - 50% diminishing value
- Computer software: 20% - 40% diminishing value

From 1 April 1999, assets purchased have been depreciated at the maximum rates allowed by the Inland Revenue Department.
New Zealand Public Service Association  
Te Pukenga Here Tikanga Mahi Incorporated  

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

(viii) Leases

Operating Leases
The Association leases certain furniture and equipment, vehicles, and property. Some leases are operating leases where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items. All payments made in respect of these leases are therefore included in the determination of performance for the year based on equal instalments over the lease term.

Finance Leases
The Association leases certain computer and office equipment. Leases under which PSA assumes substantially all the risks and rewards of ownership are classified as finance leases. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the outstanding balance of the liability for each period.

(ix) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis. However, accounts receivable and accounts payable balances are shown GST inclusive in the Statement of Financial Position.

(x) Financial Instruments

All financial instruments of the Association are stated at fair value and recognised within the Statement of Financial Position. All investments and cash are subject to credit risk in the event of non performance by their counterparties.

(d) Changes to Accounting Policies

There were no changes to accounting policies during the year.

2. REMUNERATION PAID TO MEMBERS OF THE NATIONAL EXECUTIVE

Included in the meetings and travel figure of $2,500,237 shown in the statement of financial performance are the honoraria paid to members elected to the Association’s national executive.

The annual rates of these are; president $4,260, vice president $2,770, Treasurer $2,770 and other members $1,870. These rates were effective from 1 July 2007.

3. TAXATION

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net surplus before taxation</td>
<td>$1,059,262</td>
<td>$1,165,249</td>
</tr>
<tr>
<td>Add/(less) permanent differences:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-deductible expenses</td>
<td>$14,213,815</td>
<td>$12,841,275</td>
</tr>
<tr>
<td>Non-assessable income</td>
<td>$(14,202,882)</td>
<td>$(13,019,957)</td>
</tr>
<tr>
<td>Imputation credits/DWP credits</td>
<td>-</td>
<td>156</td>
</tr>
<tr>
<td>Taxable income</td>
<td>$1,070,195</td>
<td>$986,723</td>
</tr>
<tr>
<td>Tax thereon @ 33%</td>
<td>$353,164</td>
<td>$325,619</td>
</tr>
<tr>
<td>Less imputation and RWT credits utilised</td>
<td></td>
<td>(156)</td>
</tr>
<tr>
<td>Taxation charge for the year</td>
<td>$353,164</td>
<td>$325,463</td>
</tr>
</tbody>
</table>
New Zealand Public Service Association
Te Pōkenga Here Tikanga Mahi Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

<table>
<thead>
<tr>
<th>Tax Paid in Advance</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>54,347</td>
<td>74,458</td>
</tr>
<tr>
<td>Plus RWT credits</td>
<td>322,616</td>
<td>305,196</td>
</tr>
<tr>
<td>Plus Provisional Tax paid</td>
<td>617</td>
<td>156</td>
</tr>
<tr>
<td>Plus Imputation credits</td>
<td>377,580</td>
<td>379,810</td>
</tr>
<tr>
<td>Less tax charge</td>
<td>353,164</td>
<td>325,463</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>24,416</td>
<td>54,347</td>
</tr>
</tbody>
</table>

4. MEMBERS’ FUNDS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 April</td>
<td>16,704,527</td>
<td>15,804,296</td>
</tr>
<tr>
<td>Add surplus for the year</td>
<td>770,098</td>
<td>900,231</td>
</tr>
<tr>
<td>Balance as at 31 March</td>
<td>17,474,625</td>
<td>16,704,527</td>
</tr>
</tbody>
</table>

5. ASSET REVALUATION RESERVE

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 April</td>
<td>4,540,484</td>
<td>2,764,892</td>
</tr>
<tr>
<td>Add revaluation of properties</td>
<td>655,044</td>
<td>1,775,592</td>
</tr>
<tr>
<td>Balance as at 31 March</td>
<td>5,195,529</td>
<td>4,540,484</td>
</tr>
</tbody>
</table>

6. INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Term deposits</td>
<td>12,679,662</td>
<td>12,388,925</td>
</tr>
<tr>
<td>Shares in Trustpower</td>
<td>12,116</td>
<td>10,008</td>
</tr>
<tr>
<td>Total Investments</td>
<td>12,691,778</td>
<td>12,398,933</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

7. FIXED ASSETS

(i) Book value

<table>
<thead>
<tr>
<th></th>
<th>2007 Cost or Revaluation $</th>
<th>2007 Annual Depreciation $</th>
<th>2007 Accumulated Depreciation $</th>
<th>2007 Book value $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td>6,231,820</td>
<td>(106,635)</td>
<td>(602,790)</td>
<td>5,629,030</td>
</tr>
<tr>
<td>Holiday homes</td>
<td>4,373,668</td>
<td>(57,186)</td>
<td>(283,685)</td>
<td>4,089,983</td>
</tr>
<tr>
<td>Construction in progress at Raumati</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Property</strong></td>
<td>10,605,488</td>
<td>(163,821)</td>
<td>(886,475)</td>
<td>9,719,013</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>982,650</td>
<td>(43,043)</td>
<td>(625,075)</td>
<td>357,575</td>
</tr>
<tr>
<td>Computers</td>
<td>993,988</td>
<td>(77,899)</td>
<td>(752,972)</td>
<td>241,016</td>
</tr>
<tr>
<td>Leased computers and equipment</td>
<td>215,175</td>
<td>(35,962)</td>
<td>(124,316)</td>
<td>90,859</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td>12,797,301</td>
<td>(320,725)</td>
<td>(2,388,838)</td>
<td>10,408,463</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2006 Cost or Revaluation $</th>
<th>2006 Annual Depreciation $</th>
<th>2006 Accumulated Depreciation $</th>
<th>2006 Book value $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td>6,122,358</td>
<td>(131,347)</td>
<td>(566,179)</td>
<td>5,556,179</td>
</tr>
<tr>
<td>Holiday homes</td>
<td>2,961,749</td>
<td>(40,756)</td>
<td>(283,684)</td>
<td>2,678,065</td>
</tr>
<tr>
<td>Construction in progress at Raumati</td>
<td>478,537</td>
<td></td>
<td></td>
<td>478,537</td>
</tr>
<tr>
<td><strong>Subtotal Property</strong></td>
<td>9,562,644</td>
<td>(172,103)</td>
<td>(849,863)</td>
<td>8,712,781</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>825,742</td>
<td>(42,262)</td>
<td>(589,724)</td>
<td>236,018</td>
</tr>
<tr>
<td>Computers</td>
<td>840,622</td>
<td>(69,323)</td>
<td>(675,073)</td>
<td>165,549</td>
</tr>
<tr>
<td>Leased computers and equipment</td>
<td>282,937</td>
<td>(40,635)</td>
<td>(247,240)</td>
<td>35,697</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td>11,511,945</td>
<td>(324,323)</td>
<td>(2,361,900)</td>
<td>9,150,045</td>
</tr>
</tbody>
</table>

(ii) Breakdown of property

<table>
<thead>
<tr>
<th>Property at valuer’s valuation performed by DTZ New Zealand Ltd</th>
<th>2007 $</th>
<th>2006 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties last valued March 2007</td>
<td>2,818,657</td>
<td></td>
</tr>
<tr>
<td>Properties last valued March 2006</td>
<td>6,313,937</td>
<td></td>
</tr>
<tr>
<td>Properties last valued March 2005</td>
<td>461,139</td>
<td></td>
</tr>
<tr>
<td>Telfer Young (Nelson) Ltd</td>
<td>426,666</td>
<td></td>
</tr>
<tr>
<td>Properties last valued March 2007</td>
<td>382,054</td>
<td></td>
</tr>
<tr>
<td>Richard Ellis Pty Ltd (ANZI)</td>
<td>1,543,723</td>
<td></td>
</tr>
<tr>
<td>Properties last valued March 2004</td>
<td>151,111</td>
<td></td>
</tr>
<tr>
<td>Properties last valued September 2006</td>
<td>67,464</td>
<td></td>
</tr>
<tr>
<td>Properties last valued September 2003</td>
<td>9,710,371</td>
<td></td>
</tr>
<tr>
<td><strong>Book value of leasehold improvements to rental properties</strong></td>
<td>8,642</td>
<td></td>
</tr>
<tr>
<td><strong>Total properties at cost or revaluation</strong></td>
<td>9,719,013</td>
<td></td>
</tr>
</tbody>
</table>

The valuations of the above are based on market value.
New Zealand Public Service Association
Te Pakenga Here Tikanga Mahi Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

(iii) Investment Property

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>at valuer’s</td>
<td></td>
<td></td>
</tr>
<tr>
<td>valuation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>performed by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DTZ New Zealand Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>property -</td>
<td>707,556</td>
<td>643,556</td>
</tr>
<tr>
<td>Hill St,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valued March</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Association considers Holiday Homes to be a non profit service to members and therefore has not classified them as investment property.

8. FINANCIAL INSTRUMENTS

(a) Nature and Extent of Activities

The Association does not enter into transactions involving off-balance sheet instruments.

(b) Fair Value

The fair value of all balance sheet assets and liabilities is equivalent to their carrying value as disclosed in the Statement of Financial Position.

(c) Interest Rate and Currency Risk

All financial instruments are subject to the normal market risks.

(d) Credit Risk

All investments, debtors, and cash are subject to credit risk in the event of non performance by their counterparties. Apart from the term loans the Association places its cash, short term, and equity investments with high credit rating, quality financial institutions, sovereign bodies and corporates, and limits the amount of credit exposure to any one financial institution or corporate thus eliminating the need for the Association to acquire collateral or other security to support financial instruments.

All term deposits mature within twelve months. Interest rates range from 7.40% to 7.58%

The Association has a concentration of credit risk in respect of short term investments with:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of New Zealand</td>
<td>1,069,499</td>
<td>1,007,227</td>
</tr>
<tr>
<td>Kiwibank</td>
<td>2,086,105</td>
<td>1,012,622</td>
</tr>
<tr>
<td>The National Bank</td>
<td>3,805,600</td>
<td>4,608,279</td>
</tr>
<tr>
<td>ASB Bank</td>
<td>5,718,458</td>
<td>5,735,797</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,679,662</strong></td>
<td><strong>12,363,925</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

9. RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net surplus</td>
<td>$770,098</td>
<td>$900,231</td>
</tr>
<tr>
<td>Add non cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$284,763</td>
<td>$283,688</td>
</tr>
<tr>
<td>Amortisation of leased assets</td>
<td>$35,962</td>
<td>$40,635</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>$1,425</td>
<td>$4,621</td>
</tr>
<tr>
<td>(Gain) on Investments (unrealised)</td>
<td>$(2,108)</td>
<td>$(2,344)</td>
</tr>
<tr>
<td>(Gain) on revaluation of property</td>
<td>$(64,000)</td>
<td>$(60,445)</td>
</tr>
<tr>
<td>Add/(less) movements in working capital items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$(285,511)</td>
<td>$31,208</td>
</tr>
<tr>
<td>Prepayments</td>
<td>$(42,020)</td>
<td>$(82,568)</td>
</tr>
<tr>
<td>Tax paid in advance</td>
<td>$29,931</td>
<td>$20,111</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>$282,881</td>
<td>$(11,044)</td>
</tr>
<tr>
<td>Holiday pay provision</td>
<td>$29,931</td>
<td>$135,106</td>
</tr>
<tr>
<td>Service leave provision</td>
<td>$(56,033)</td>
<td>$325</td>
</tr>
<tr>
<td></td>
<td>$(40,821)</td>
<td>$93,138</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>$985,319</td>
<td>$1,259,524</td>
</tr>
</tbody>
</table>

10. COMMITMENTS

(a) Capital Expenditure Commitments

There was no capital expenditure contract authorised by the executive and contracted for at balance date. The amount outstanding at 31 March 2006 was $329,604 relating to the completion of the building project at the Raumati Holiday home.

(b) Lease Commitments

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Lease</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due within one year</td>
<td>$29,216</td>
<td>$26,673</td>
</tr>
<tr>
<td>Due between one and two years</td>
<td>$26,146</td>
<td>$13,504</td>
</tr>
<tr>
<td>Due between two and five years</td>
<td>$38,950</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$94,312</td>
<td>$40,177</td>
</tr>
<tr>
<td>Operating Leases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due within one year</td>
<td>-</td>
<td>$377,174</td>
</tr>
<tr>
<td>Due between one and two years</td>
<td>-</td>
<td>$256,763</td>
</tr>
<tr>
<td>Due between two and five years</td>
<td>-</td>
<td>$308,437</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>$942,374</td>
</tr>
</tbody>
</table>

At balance dates, interest rates ranged from 6.5% to 10.7% per annum.
New Zealand Public Service Association  
Te Pōkenga Here Tikanga Mahi Incorporated  

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

11. NON-CURRENT LIABILITIES

Kiwibank mortgage  
This mortgage was raised to fund the construction of new units at the Raumati Holiday Home complex and is secured over the Raumati Property. As at 31 March 2007 it was a table mortgage at a fixed interest rate of 7.75%.

12. CONTINGENT LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various letters of credit with the BNZ for branch cheque encashment and credit card facilities</td>
<td>–</td>
<td>7,200</td>
</tr>
</tbody>
</table>

13. SUNDRY INCOME

Included in sundry income is recovery for the provision of office facilities and staff to the ICFTU and Public Service International totalling $133,983 (2006: $125,996).
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

14. OTHER EXPENSES

<table>
<thead>
<tr>
<th>Expense</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal - External Opinions</td>
<td>79,864</td>
<td>25,328</td>
</tr>
<tr>
<td>Opinion Surveys</td>
<td>1,840</td>
<td></td>
</tr>
<tr>
<td>Promotion &amp; Publicity</td>
<td>25,185</td>
<td>29,251</td>
</tr>
<tr>
<td>Subscriptions - Organisations</td>
<td>1,237</td>
<td>1,035</td>
</tr>
<tr>
<td>Tribunal &amp; Court Fees</td>
<td>836</td>
<td>11,166</td>
</tr>
<tr>
<td>Bank fees</td>
<td>8,489</td>
<td>7,371</td>
</tr>
<tr>
<td>Computer Consumables</td>
<td>20,823</td>
<td>22,444</td>
</tr>
<tr>
<td>Data Processing Charges</td>
<td>112,152</td>
<td>95,133</td>
</tr>
<tr>
<td>General Office Costs</td>
<td>35,904</td>
<td>39,653</td>
</tr>
<tr>
<td>Grants, Donations &amp; Sponsorship</td>
<td>11,410</td>
<td>3,154</td>
</tr>
<tr>
<td>Inspection - Holiday Homes</td>
<td>7,228</td>
<td>4,942</td>
</tr>
<tr>
<td>Lease Interest Paid</td>
<td>47,336</td>
<td>8,190</td>
</tr>
<tr>
<td>Photocopying</td>
<td>72,689</td>
<td>63,352</td>
</tr>
<tr>
<td>Postage &amp; Courier</td>
<td>141,929</td>
<td>109,171</td>
</tr>
<tr>
<td>Stationery</td>
<td>61,023</td>
<td>48,975</td>
</tr>
<tr>
<td>Subscriptions - Publications</td>
<td>28,233</td>
<td>17,074</td>
</tr>
<tr>
<td>Sundry Equipment</td>
<td>11,571</td>
<td>11,878</td>
</tr>
<tr>
<td>Buildings - Maintenance Contracts</td>
<td>29,705</td>
<td>30,512</td>
</tr>
<tr>
<td>Buildings - Repairs &amp; Maintenance</td>
<td>211,623</td>
<td>247,980</td>
</tr>
<tr>
<td>Buildings - Energy</td>
<td>95,675</td>
<td>80,549</td>
</tr>
<tr>
<td>Buildings - Cleaning</td>
<td>78,062</td>
<td>72,126</td>
</tr>
<tr>
<td>Buildings - Security</td>
<td>21,758</td>
<td>18,645</td>
</tr>
<tr>
<td>Buildings - Engineers / Architects</td>
<td>64,339</td>
<td>27,720</td>
</tr>
<tr>
<td>Furniture &amp; Equipment - Maintenance Contracts</td>
<td>1,343</td>
<td>1,669</td>
</tr>
<tr>
<td>Furniture &amp; Equipment - Repairs</td>
<td>7,982</td>
<td>9,279</td>
</tr>
<tr>
<td>Computer Repairs</td>
<td>16,158</td>
<td>9,472</td>
</tr>
<tr>
<td>Computer Software Contracts</td>
<td>190,745</td>
<td>12,153</td>
</tr>
<tr>
<td>Insurance Premiums</td>
<td>125,388</td>
<td>130,990</td>
</tr>
</tbody>
</table>

1,510,527  
1,139,212