

DEPARTMENTAL

FORECAST

REPORT



C ONTENTS

Statement of Responsibility	4
-----------------------------	---

Part A – Introduction and Highlights

Explanation of Ministry's Core Business	5
Contribution of the Ministry to Government Goals	6
Government Strategic Framework	6
Intermediate Outcomes	7
Ministry's Strategic Direction	8
Key Priorities 2001/2002	11
Vote Senior Citizens	13
Financial Highlights	14
Changes in Departmental and Vote Structures	15

Part B – Forecast Financial Statements

(for year ending 30 June 2002)

Forecast Statement of Financial Performance	16
Statement of Estimated Financial Position and Forecast Financial Position	17
Forecast Statement of Cash Flows	18
Reconciliation of Net Cash Flows from Operating Activities to Net Surplus/(Deficit) in the Operating Statement	19
Statement of Forecast Movements in Taxpayers' Funds (Equity)	20
Details of Forecast Fixed Assets by Category	21
Statement of Objectives Specifying the Financial Performance Forecast for the Ministry	22
Output Operating Statements: 2001/2002	23
Statement of Significant Underlying Assumptions	24
Statement of Significant Accounting Policies	24
Other Information – Forecast Output Performance Statements	27

S T A T E M E N T O F **R** E S P O N S I B I L I T Y

The forecast financial statements for the Ministry of Social Policy for the year ending 30 June 2002 have been prepared in accordance with Section 34A of the Public Finance Act 1989.

The Chief Executive of the Ministry of Social Policy acknowledges, in signing this statement, that she is responsible for the forecast financial statements contained in this report.

The financial performance forecast to be achieved by the Ministry for the year ending 30 June 2002 that is specified in the Statement of Objectives is as agreed with the Minister of Social Services and Employment, who is the responsible Minister for the Ministry of Social Policy.

The performance for each class of output forecast to be achieved by the Ministry for the year ending 30 June 2002 that is specified in the Statement of Objectives is as agreed with the Minister for each Vote administered by the Ministry.

We certify that the information contained in this report is consistent with the appropriations contained in the Estimates for the year ending 30 June 2002 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.

SIGNED



DAME MARGARET BAZLEY, DNZM

Chief Executive

Ministry of Social Policy

23 April 2001

COUNTERSIGNED



TINA CORNELIUS

Finance Manager

Ministry of Social Policy

23 April 2001

INTRODUCTION AND HIGHLIGHTS

Explanation of the Ministry's Core Business

The Ministry of Social Policy (MSP) has four principal roles:

- ▲ providing strategic social policy advice across government agencies dealing with those socially excluded;
- ▲ providing policy advice in respect of income support, children and family services, retirement incomes and positive ageing, and the community and voluntary sector;
- ▲ providing purchase and monitoring advice to the Government to ensure cost-effective service delivery by the Department of Work and Income; the Department of Child, Youth and Family Services; and
- ▲ maintaining the Information Technology Infrastructure for the Department of Work and Income; the Department of Child, Youth and Family Services and the Ministry of Social Policy.

A developing role within the Ministry concerns knowledge management – the creation of usable information and data to support evidence based policy and purchase advice, and the publication of information on the social services sector to better inform public understanding and debate.

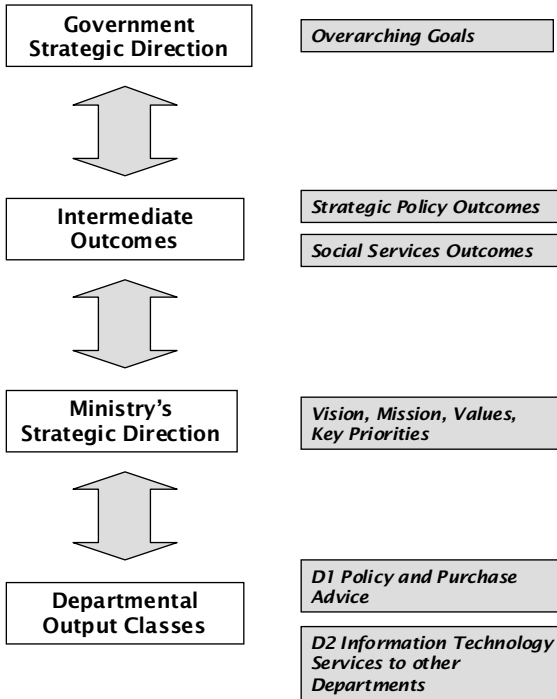
In 2000/01 the Government took the first step towards integrating the various housing agencies. The new integrated agency, Housing New Zealand Corporation (HNZC), will deliver integrated housing services for low income New Zealanders and community groups. The housing policy advice previously provided by the Ministry of Social Policy will become the responsibility of the new entity from 1 July 2001. As well, the purchase and monitoring advice role carried out by the Ministry of Social Policy (for HCNZ, Community Housing Ltd and Housing New Zealand) was transferred to the Ministry of Housing in February 2001.

The Ministry of Social Policy employs approximately 170 permanent staff and manages a departmental budget of \$82 million GST inclusive (\$72.9m GST exclusive). This is currently appropriated through Vote Social Policy and Vote Senior Citizens. This budget comprises:

\$34.52m Revenue Crown for the purchase of policy and purchase advice.

\$47.528m Revenue Departmental for the purchase of the Information Technology Infrastructure.

Contribution of the Ministry to Government Goals



Government Strategic Framework

Strategic Direction and Key Goals

- ▲ Strengthen National Identity and Uphold the Principles of the Treaty of Waitangi.
- ▲ Grow an Inclusive, Innovative Economy for the Benefit of All.
- ▲ Restore Trust in Government and Provide Strong Social Services.
- ▲ Improve New Zealanders' Skills.
- ▲ Reduce Inequalities in Health, Education, Employment and Housing.
- ▲ Protect and Enhance the Environment.

The Ministry's work predominantly contributes to the third, fourth and fifth of these goals.

Intermediate Outcomes

The intermediate outcomes noted below show how the work of the Ministry of Social Policy contributes to the Government's desired strategic direction and goals. The intermediate outcomes provide a strategic context for the Ministry's work and identify those specific outcomes to which the Ministry makes a direct contribution.

Strategic Policy Goals

The overall strategic goals for social policy are the following:

1. Ensuring that all New Zealanders have an opportunity to achieve their potential and realise their life goals. This is reflected by an enhanced overall quality of life for all people and groups, and influenced by the collective efforts of society and government agencies.
2. Ensuring all New Zealanders attain an adequate quality of life so that they are able to participate and belong within society and the different communities within which they want to associate.

There is a range of interacting and complex indicators that together form a basis for assessing social well-being, as reflected by the above statements. The Ministry will be publishing various reports showing progress against a range of social indicators. The first of these reports is to be published by 30 June 2001.

The Ministry's contribution to these high level goals, through its strategic policy work, has the following objectives:

- ▲ Integrated economic and social analysis is brought together in the advice provided to Government on how to achieve well-being for all New Zealanders. The Ministry encourages other Government agencies to do the same.
- ▲ A theoretical and practical understanding of the multiple causes of social outcomes, and of how different policies can combine to promote social well-being, forms an integral part of this advice.
- ▲ The provision of information and publications ensures that the New Zealand public is informed about social issues, trends and outcomes.

Social Services Sector Intermediate Outcomes¹

- 1 Children and young people grow up in an environment which is free from harm, and which encourages their healthy development.
- 2 New Zealanders of all ages are protected from economic hardship, and assisted to be independent, contributing and participating members of society.
- 3 Disadvantaged people do not experience inequality in terms of their social well-being.
- 4 Communities and the voluntary sector are involved in, and able to contribute to, the resolution of social issues and the delivery of social services.

Ministry's Strategic Direction

Vision

The vision of the Ministry is:

“Social well-being for all New Zealanders”.

This vision focuses on the need to provide people with opportunities for independence and significantly improved life outcomes. The Ministry's vision moves forward from previous references to “welfare” and reinforces the growing emphasis on policies that invest in the capability of individuals, families and communities to positively shape their own futures. The vision recognises the range of social policies encompassed by the Ministry that impact on the lives of virtually all New Zealanders.

Mission

The Ministry's mission is:

“Building a positive future for all New Zealanders through strategic advice and knowledge management, and inter-sectoral collaboration”.

¹ Success in terms of these outcomes is a consequence of a variety of factors including the work of other departments. The Ministry makes an important contribution to these intermediate outcomes. Indicators for these will be included in the Purchase Agreement for 2001/02.

The mission emphasises the Ministry’s role to provide well-informed policy and purchase advice, backed up by in-depth knowledge and data. The mission supports the well-being vision through its focus on policies that reduce social exclusion by encouraging and enabling individuals, families and communities to help themselves, and working collaboratively with them on solutions to social issues.

Values

The Ministry’s values are:

- We celebrate excellence, quality, and innovation
- We listen to different perspectives and learn
- We value collaboration as well as individual effort
- We act with integrity and treat others with respect
- We are responsible and accountable
- We actively share information and ideas
- We value bicultural practice and diversity
- We encourage balance and enjoyment in life and work
- We deliver**

Ministry's Organisational Priorities

The previous sections convey the high level objectives for the Ministry. However, in order for the Ministry to successfully deliver on its work programme and the expectations of Government a number of organisational priorities have been identified for particular emphasis over the coming year. These are:

Strategic Policy Advice

The Ministry intends to progressively build its capability to provide strategic social policy advice. This includes giving emphasis to advice on social outcomes and key social indicators, developing cross-sectoral strategies for achieving outcomes and aligning policies and translating work on outcomes and indicators into suggestions for departmental Purchase Agreements, and planning and accountability documents.

The Ministry’s emphasis will be on completing key elements of the strategic social policy work programme and on developing the resources, skills and cross-sectoral processes which underlie this.

Knowledge Management and Evidential Advice

The Ministry wishes to enhance the quantitative and evidential basis for its advice through the development of skills and resources in terms of information, analysis, research and programme evaluation. There are four streams to this work:

- ▲ Investing in the maintenance and development of service delivery and other data repositories, for MSP and other government agencies, which can support monitoring and policy/purchase advice functions.
- ▲ Improving the linkage between the quantitative/evidential data that is available and the provision of policy, purchase and monitoring advice.
- ▲ Creating a body of knowledge through research, evaluation and analysis that successfully supports policy objectives. This will include working with other organisations to expand the evidential base for social policy advice.
- ▲ Provision of information to the public, on a range of social issues and related policies, to contribute to understanding and debate.

Relationships with the Community and the Non-Government Sector

In order to be well informed the Ministry needs not only quantitative information on social problems and delivery, but also needs to link constructively with the wider community and non-government sector. The Ministry of Social Policy will be looking at how it can develop its relationships and maintain effective links with the community in terms of information flows, communication, relationships and consultation. It will also be interested in community views on social issues and service delivery.

Organisational Capability and Positive Culture

Given the changing role of the Ministry of Social Policy it will be important to enhance the strategic, policy and collaborative skills mix of the organisation. Recruitment, retention and staff development should focus on enhancing our human resource. Internal processes, including communication and project based work practices will also be further developed. The objective is to create a professional organisation where staff are skilled, well informed, have access to necessary information, link to colleagues working in related areas and understand how their work contributes to the whole.

Key Priorities 2001/2002

In 2001/02 the Ministry will continue its focus on the search for practical solutions to the varied and complex issues related to social exclusion and the factors that prevent segments of society from achieving full social and economic participation. Addressing social exclusion is a long term commitment and requires close collaboration and co-ordination of services delivered by a large number of Government agencies. The Ministry will continue to make a major investment in providing strategic social policy leadership and in providing high quality policy and purchase advice on particular issues relating to social assistance, children, young people, families and communities.

The Ministry has identified the following key priorities for 2001/02 to help the Government achieve its goals:

Strategic Social Policy and Social Services Sector Policy

- ▲ Developing a capacity to provide strategic social policy advice, including the preparation of a prototype report on the social health and well-being of New Zealanders.
- ▲ Reviewing income support policies to ensure that social assistance is well targeted and does not trap people into cycles of poverty.
- ▲ Developing strategies to provide opportunities and incentives for sole parent beneficiaries to develop their skills and undertake meaningful work.
- ▲ Developing and implementing a Strategic Policy Agenda for Children to provide children with the security and the opportunities they need to maximise their potential.
- ▲ Developing strategies to ensure that central and local government work in partnership with communities and voluntary sector agencies to develop social cohesion and support a 'strong community' approach to social wellbeing.
- ▲ Overseeing a Positive Ageing strategy to ensure that older New Zealanders enjoy security and independence and are able to continue to participate in their communities.

Purchase and Monitoring

- ▲ Enhancing the use of soundly based evidential advice on the cost effectiveness of services, to assist Government decisions regarding service priorities and Value for Money.
- ▲ Improving service and costing information for Purchase Agreements to enhance transparency and accountability. Included in this is the better use of measurable intermediate outcomes demonstrating the linkage of services to Government goals.
- ▲ Undertaking collaborative projects with delivery departments to better understand service delivery issues and costs in priority areas.
- ▲ Working with delivery agencies in the implementation of longer term performance improvement initiatives to enhance Value for Money and cost-effectiveness of service delivery.

Knowledge Management

- ▲ Developing a coordinated approach to knowledge management within social sector agencies, to ensure that social policy developments are informed by the best available information.
- ▲ Developing information and knowledge to support policy and purchase advice, including processes which link that information to the policy/purchase priorities of the Ministry.
- ▲ Publishing information and reports to enhance public understanding regarding social issues and trends.

Improving Service Delivery

- ▲ Working together with other government departments to assist Māori and Pacific Island communities in building capacity to deliver social and other services within their respective communities.
- ▲ Overseeing the local collaboration network to ensure a coordinated approach to the delivery of social services at a local level, and the development of Heartland Services Centres to facilitate access to services by people living in remote communities.
- ▲ Developing delivery and capability initiatives to improve core services for children, young people and families.

The Ministry provides services to the Minister for Senior Citizens under a separate Purchase Agreement. The Minister for Senior Citizens purchases policy advice from the Ministry on matters concerning the well-being of senior citizens and related issues; secretariat services to advisory groups and committees; and ministerial services.

Key priorities for 2001/02 will be:

- ▲ Promotion of the New Zealand Positive Ageing Strategy among government agencies and the community sector.
- ▲ Working towards an environment in which older people can maintain their independence and continue to contribute to the community.
- ▲ Representing the interests and concerns of older people in policy development relating to:
 - Health services and policies
 - Retirement income
 - Protection of retirement village residents
 - Driver licensing.

Financial Highlights

The financial highlights are as follows:

	2000/2001		2001/2002
	BUDGETED \$'000	ESTIMATED ACTUAL \$'000	BUDGETED \$'000
Revenue Crown	29,621	29,621	30,690
Revenue Department	42,952	42,952	42,247
Revenue Interest	600	1,200	600
Output Expenses	72,573	72,573	72,937
Net Surplus/(Deficit)	600	1,200	600
Taxpayers' Funds	38,101	38,101	38,101
Net Cash Flows from Operating & Investing Activities	6,108	5,995	3,378

The following Government decisions have impacted on the level of purchase of Departmental Outputs:

- ▲ The transfer of housing policy and advice and housing benefits from the Ministry of Social Policy to the newly formed Housing New Zealand Corporation.
- ▲ Funding to facilitate the further development of the Ministry's strategic social policy capability. This capability includes setting and measuring Government social outcomes and advice on cross-sectoral social issues, complex issues and long term policy initiatives.
- ▲ Funding to enable the implementation of recommendations made by the Community and Voluntary Sector Agreement Working Party to strengthen the relationship between Government and Community, Voluntary and Iwi/Māori Organisations.
- ▲ Funding to establish up to sixteen service centres, called Heartland Services Centres, in certain smaller provincial centres to improve the delivery of government services and support local voluntary agencies.
- ▲ Funding to establish a Social Work Registration Board that will administer the system of registration of social workers.
- ▲ Funding to enable the Ministry to develop a 'government volunteering strategy' and to provide advice on the impact of government policy and legislation on volunteering.

Changes in Departmental and Vote Structures

As a result of the changes relating to the integration of the housing agencies described above, specifically the transfer of housing policy advice and purchase and monitoring advice out of the Ministry of Social Policy, the Ministry's departmental funding has been adjusted to reflect this change in the provision of services.

The Vote title has been changed from Social Services to Vote Social Policy, to better reflect the services purchased by Government.

The Government has announced its intention to merge the Department of Work and Income and the Ministry of Social Policy into the Ministry of Social Development. Pending the establishment of the new Ministry it is business as usual for the Ministry, and the Departmental Forecast Report has been prepared on this basis.

PART B

FORECAST FINANCIAL STATEMENTS

Forecast Statement of Financial Performance

FOR THE YEAR ENDING 30 JUNE 2002

	2000/2001		2001/2002
	BUDGETED \$'000	ESTIMATED ACTUAL \$'000	BUDGETED \$'000
Revenue			
Crown	29,621	29,621	30,690
Department	42,952	42,952	42,247
Interest	600	1,200	600
Total Revenue	73,173	73,773	73,537
Expenses			
<i>Output Expenses:</i>			
Personnel	16,518	16,518	16,519
Operating other	41,084	44,352	41,692
Depreciation	11,193	7,893	11,297
Capital Charge	3,778	3,810	3,429
Total Output Expenses	72,573	72,573	72,937
Net Surplus/(Deficit)	600	1,200	600

Statement of Estimated Financial Position AS AT 30 JUNE 2001
and Forecast Financial Position AS AT 30 JUNE 2002

	ACTUAL POSITION AS AT 30/06/2000 \$'000	ESTIMATED ACTUAL POSITION AS AT 30/06/2001 \$'000	PROJECTED POSITION AS AT 30/06/2002 \$'000
Taxpayers' Funds	38,101	38,101	38,101
Represented by:			
Assets			
<i>Current Assets:</i>			
Bank	25,635	27,685	29,863
Inventories	0	0	0
Prepayments	1,452	1,396	1,340
Receivables	4,078	4,327	4,270
Crown Receivable	6,817	6,115	9,640
Total Current Assets	37,982	39,523	45,113
Fixed Assets	14,369	16,706	17,798
Total Assets	52,351	56,229	62,911
Less Liabilities			
Payables and Accruals	8,098	14,735	22,030
Other Short Term Liabilities	2,207	2,193	2,180
Provision to Repay the Crown	3,945	1,200	600
Total Current Liabilities	14,250	18,128	24,810
Total Liabilities	14,250	18,128	24,810
Net Assets	38,101	38,101	38,101

Forecast Statement of Cash Flows

FOR THE YEAR ENDING 30 JUNE 2002

	2000/2001		2001/2002
	BUDGETED \$'000	ESTIMATED ACTUAL \$'000	BUDGETED \$'000
Cash Flows from Operating Activities			
<i>Cash Provided from:</i>			
- Supply of Outputs	72,325	73,026	69,469
- Interest Revenue	600	1,200	600
<i>Cash Disbursed to:</i>			
- Production of Outputs	(53,415)	(54,192)	(50,872)
- Capital Charge	(3,778)	(3,810)	(3,429)
Net Operating Cash Flows	15,732	16,224	15,768
Cash Flows from Investing Activities			
<i>Cash Provided from:</i>			
- Sale of Fixed Assets	2,690	20	30
<i>Cash Disbursed to:</i>			
- Purchase of Fixed Assets	(12,314)	(10,249)	(12,420)
Net Investing Cash Flows	(9,624)	(10,229)	(12,390)
Cash Flows from Financing Activities			
<i>Cash Disbursed to:</i>			
- Payment of Net Surplus to Crown	(600)	(3,945)	(1,200)
Net Financing Cash Flows	(600)	(3,945)	(1,200)
Net Increase/(Decrease) in Cash	5,508	2,050	2,178
Cash at Beginning of Period	25,635	25,635	27,685
Cash at End of Period	31,143	27,685	29,863

Reconciliation of Net Cash Flows from Operating Activities to Net Surplus/(Deficit) in the Operating Statement

FOR THE YEAR ENDING 30 JUNE 2002

	2000/2001		2001/2002
	BUDGETED \$'000	ESTIMATED ACTUAL \$'000	BUDGETED \$'000
Net Operating Surplus/(Deficit)	600	1,200	600
Non Cash Items:			
Depreciation	11,193	7,893	11,297
Working Capital Items:			
(Increase)/Decrease in:			
Receivables and Prepayments	(192)	(193)	113
Crown Receivable	0	702	(3,525)
Increase/(Decrease) in:			
Short Term Liabilities	4,131	6,623	7,281
Net Cash Flow from Operating Activities	15,732	16,225	15,766

**Statement of Forecast Movements in Taxpayers' Funds
(Equity) as at 30 June 2002**

	ESTIMATED ACTUAL POSITION AS AT 30/6/2001 \$'000	PROJECTED POSITION AS AT 30/6/2002 \$'000
Opening Balance	38,101	38,101
Add:		
- Capital Contributions	0	0
Closing Balance	38,101	38,101

Details of Forecast Fixed Assets by Category

AS AT 30 JUNE 2002

	2000/01 ESTIMATED ACTUAL NBV \$'000	30 JUNE 2002 PROJECTED POSITION		
		COST \$'000	ACCUMULATED DEPRECIATION \$'000	NET BOOK VALUE \$'000
Land	150	205	0	205
Leasehold Improvements	881	3,239	(2,918)	321
Computer Equipment and Software	15,389	73,732	(56,792)	16,940
Furniture, Fittings and Office Equipment	237	3,960	(3,666)	294
Motor Vehicles	49	100	(62)	38
Total Fixed Assets	16,706	81,236	(63,438)	17,798

Statement of Objectives Specifying the Financial Performance Forecast for the Ministry

FOR THE YEAR ENDING 30 JUNE 2002

PERFORMANCE INDICATORS	UNIT	1998/99	1999/00	2000/01		2001/02
		ACTUAL	ACTUAL	BUDGETED	ESTIMATED ACTUAL	BUDGETED
Operating Results						
Revenue other	\$'000	21,508	36,095	0	0	0
Revenue interest	\$'000	1,369	1,070	600	1,200	600
Output expenses	\$'000	317,084	118,201	72,573	72,573	72,937
Other expenses	\$'000	8,704	(1,146)	0	0	0
Net surplus	\$'000	(5,227)	3,945	600	1,200	600
Working Capital						
Net current assets	\$'000	3,823	23,732	43,682	21,395	20,304
Current ratio	%	107	267	238	218	182
Resource Utilisation						
<i>Physical assets:</i>						
Total physical assets at year end	\$'000	104,627	14,369	12,801	16,706	17,798
Additions as % of physical assets	%	20	(88)	96	61	86
<i>Taxpayers' funds:</i>						
Level at year-end	\$'000	108,450	38,101	38,101	38,101	38,101
Taxpayers' funds as a % of Total Assets	%	67	73	67	68	61
Forecast Net Cash Flows						
Net operating activities	\$'000	20,622	(6,700)	15,732	16,224	15,768
Net investing activities	\$'000	29,340	75,967	(9,624)	(10,229)	(12,390)
Net financing activities	\$'000	(801)	(3,395)	(600)	(3,945)	(1,200)
Net increase/(decrease) in cash held	\$'000	49,161	65,872	5,508	2,050	2,178

Output Operating Statements

FOR THE YEAR ENDING 30 JUNE 2002

30 JUNE 2002

DEPARTMENTAL OUTPUT CLASS	REVENUE CROWN \$'000	REVENUE DEPT \$'000	REVENUE OTHER \$'000	TOTAL EXPENSES (EXCL GST) \$'000	GST \$'000	TOTAL EXPENSES (INCL GST) \$'000
Vote Social Policy						
Ministry of Social Policy						
1. Policy and Purchase Advice	28,125	250	0	28,375	3,547	31,922
2. Information Technology	2,032	41,997	0	44,029	5,504	49,533
Vote Senior Citizens						
Senior Citizen Services	533	0	0	533	67	600

Statement of Significant Underlying Assumptions

These statements have been compiled on the basis of Government policies and the Ministry's agreement with the Minister at the time the statements were finalised.

These forecast financial statements comply with generally accepted accounting practice. The measurement base applied is historical cost, adjusted for the revaluation of land and buildings.

The accrual basis of accounting has been used in the preparation of these forecast financial statements.

Although the Government has made an announcement in relation to the future of the Ministry, financial statements have been prepared on a going concern basis. The Ministry will continue to use this basis until details of the merger are finalised.

Statement of Significant Accounting Policies

(for the year ending 30 June 2002)

Statutory Authority

The forecast financial statements for the Ministry of Social Policy have been prepared in accordance with Section 34A of the Public Finance Act 1989.

Financial Instruments

Financial instruments used by the Ministry consist of bank balances, Crown receivable and accounts receivable, and accounts payable.

Revenue and expenses in relation to all financial instruments are recognised in the Operating Statement at historical cost. No foreign currency hedge transactions are entered into. Any exposure or gains or losses on these transactions is not offset as the value is not material.

All financial instruments are recognised in the Statement of Financial Position at fair value.

Crown Receivable

Crown receivable represents revenue available to be drawn down from the Crown.

Statement of Cashflows

Cash includes bank and short-term deposits.

Operating activities include the net cash movement in outputs supplied and includes interest received. Activities that are not investing or financing are included in operating activities.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the net change in capital contributions from the Crown.

Receivables

Receivables are stated at estimated net realisable value.

Fixed Assets

All fixed assets are recorded at historical cost less accumulated depreciation with the exception of land which is valued by an independent registered valuer every three years.

Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets, except freehold land. Rates are calculated to allocate the cost or valuation less estimated residual value of assets over their estimated useful lives.

Estimated useful lives for the main classes of assets fall within the following range:

	Estimated Life (years)
Computer Equipment and Software	2 to 5
Furniture, Fittings and Office Equipment	5
Motor Vehicles	4

GST

These financial statements are prepared exclusive of GST, with the exception of Payables and Receivables in the Statement of Financial Position, which are GST inclusive.

The amount of GST owing to or from the Inland Revenue Department at 30 June is included in Payables or Receivables as appropriate. The GST inclusive appropriation value for all output classes is disclosed in each individual statement of service performance.

Taxation

The Ministry is exempt from paying income tax.

Payables and Accruals and Other Short-Term Liabilities

Provision has been made for all known and identifiable liabilities existing at balance date.

Cost Allocations

The Ministry of Social Policy employs a two stage costing system to accumulate and allocate costs to output classes. The first stage allocates all direct costs to output classes as and when they are incurred. Direct costs are all costs that are identified as specifically relating to an individual output class. The Ministry has two distinct Output Classes, Policy and Purchase Advice and IT Services to Other Departments.

The second stage allocates the costs of the administrative support to output classes based on appropriate cost drivers.

Capital Charge

The Crown charges the Ministry a levy on taxpayers' funds at the rate of 9% on the capital employed. This charge is paid on a semi-annual basis in arrears.

Changes in Accounting Policy

The Ministry is not anticipating making changes to any of the current accounting policies.

FORECAST OUTPUT PERFORMANCE STATEMENTS

1 JULY 2001 – 30 JUNE 2002

General Service Performance Objectives

The Ministry will provide social policy advice to the Government to improve the lives of all New Zealanders.

This advice will contribute to the development of policies and strategies to provide security for those in need and to promote opportunities for all New Zealanders to maximise their potential. This contributes to a number of the Government's overarching goals, in particular:

- ▲ Restore Trust in Government and Provide Strong Social Services.
- ▲ Improve New Zealanders' Skills.
- ▲ Reduce Inequalities in Health, Education, Employment and Housing.

Output Class D1 – Policy and Purchase Advice

27

Description

In this output class the Minister of Social Services and Employment purchases the provision of strategic policy advice, policy advice, purchase and monitoring advice and ministerial services.

The Minister of Social Services and Employment will expect advice and services in the following areas:

- ▲ **Policy Advice in relation to:**
 - The provision of a broad social policy framework to ensure government has access to strategic advice on the “big picture” for social policy.
 - The provision of information to the public, on a range of social issues and related policies to contribute to understanding and debate.
 - The development of new approaches to social assistance to protect people from hardship and provide people with opportunities.
 - The improvement of child, youth and family outcomes over time by protecting children, reducing barriers, enhancing opportunities and providing effective services to young people at risk.

- Social and economic participation, by advising on the effect policy proposals have on social exclusion.
- Ensuring progress towards parity in social and economic outcomes for disadvantaged groups.
- Senior citizens, including policies to promote positive ageing.
- Intersectoral developments, such as Interagency Collaboration.
- The creation of a body of knowledge through research, evaluation, and analysis which supports policy development.
- Forecasting demand driven Crown expenditure of welfare benefits.
- Policy management of the Social Security Act 1964, the Children, Young Persons and Their Families Act 1989, and related legislation.

▲ **Purchase and Monitoring Advice in relation to:**

- cost-effectiveness of services
- efficiency and cost of service delivery
- alignment of services to Government objectives
- delivery performance against agreed measures and targets

This advice is provided in regard to the following organisations:

- The Department of Work and Income;
- The Department of Child, Youth and Family Services;
- Retirement Commissioner;
- Commissioner for Children.

The total operational spend of these departments and Crown entities is around \$850 million (GST inclusive), with Non Departmental Output class expenditure and social assistance totalling some \$12.5 billion.

▲ **Ministerial Services include:**

- The provision of ministerial, advisory, support and administrative services to or on behalf of the Minister of Social Services and Employment and Ministerial Advisory Committees and groups.

Quantity, Quality and Cost

The Minister will expect the following quantity, quality and cost performance indicators to be met:

PERFORMANCE MEASURE	PERFORMANCE STANDARD 2001/2002	PERFORMANCE STANDARD 2000/2001
----------------------------	---	---

Quantity

(A) POLICY

Policy Days

The total number of worked days applied to policy work (includes consultancy days):	14,000	14,000
---	--------	--------

Work Programme

Policy advice will be delivered in accordance with prioritised requirements of a work programme agreed prior to each six month period with the Minister of Social Services and Employment.	Sign-off Received	Sign-off Received
--	-------------------	-------------------

(B) PURCHASING AND MONITORING

Advice on:

(1) Delivery Agency Purchase Agreements	4	4
---	---	---

(2) Budget round and new spending proposals	As agreed with Ministers	As agreed with Ministers
---	--------------------------	--------------------------

Provide monitoring reports on each delivery agency's Quarterly Performance Reports	16	28 ²
--	----	-----------------

Quality

(A) POLICY

Appropriateness

Policy advice will meet the negotiated requirements to the satisfaction of the Minister of Social Services and Employment.	Sign-off Received	Sign-off Received
--	-------------------	-------------------

² This figure included the Ministry of Social Policy's own performance report and housing related reports, which are not included in the 2001/02 standard.

PERFORMANCE MEASURE	PERFORMANCE STANDARD 2001/2002	PERFORMANCE STANDARD 2000/2001
NEW MEASURE		
Quarterly assessment/feedback meeting with Minister Office staff.	As agreed (see Page 32)	N/A
NEW MEASURE		
Quality Assurance System in place in respect of policy advice.	As described (see Page 31)	N/A
FORECASTING AND MODELLING CROWN EXPENDITURE		
Forecasts will be prepared using appropriate methodologies. Forecasts will be free from significant computational error and will meet the requirements of CAB(84)M 1/5(h) that forecasts are best mid-point estimates.	Sign-off Received	Sign-off Received
First presentations of draft Ministerial replies to be approved by Minister	95%	N/A
Suggested answers to parliamentary questions acceptable to the Minister	95%	N/A
(B) PURCHASING AND MONITORING		
Reports will meet quality standards noted below	Meets standard	N/A
NEW MEASURE		
Quarterly assessment/feedback meeting with Minister Office staff.	As agreed (see Page 32)	N/A
NEW MEASURE		
Quality Assurance System in place in respect of purchase and monitoring advice	As described (see Page 31)	N/A
<i>Timeliness</i>		
Policy and Purchase advice will be delivered to the Minister of Social Services and Employment within negotiated deadlines.	Meets standard	Meets standard
Replies to parliamentary questions, ministerial correspondence and Official Information Act requests will be delivered within agreed and statutory timeframes.	Meets standard	Meets standard

Quarterly Monitoring Reports

Within 15 working
days of receipt of
the final agency report

Within 6 weeks of
end of the quarter

Cost

This output class will be provided within the appropriated sum of \$31.922 million (inclusive of GST).

Year	Cost GST incl \$'000	Cost GST excl \$'000	Total Revenue GST excl \$'000	Revenue Crown GST excl \$'000	Revenue Dept GST excl \$'000	Revenue Other GST excl \$'000
2001/02	31,922	28,375	28,375	28,125	250	0
2000/01	31,137	27,677	27,677	27,156	521	0

Quality assurance

1. OVERALL QUALITY ASSURANCE SYSTEM

The Ministry has guidelines which provide a framework for the completion of policy, and purchase and monitoring related advice. The quality assurance framework provides assurance to the Minister that a system is in place to ensure quality standards are consistently applied to all advice prepared by the Ministry. The system includes the following quality assurance principles:

- Analysis and writing standards are known to staff
- Evidential information is used where possible
- Internal and external consultation takes place
- Peer review takes place
- Other departmental sign-off occurs where required
- All relevant managers give sign-off
- Feedback is sought from the Minister.

2. SPECIFIC POLICY AND PURCHASE ADVICE

These characteristics apply to individual items of work (e.g. papers)

- The advice supports the Government's strategic directions.
- The aim of the advice is clearly stated and it answers the questions set.
- The assumptions behind the advice are explicit and the argument is logical and supported by facts.
- The facts in the papers are accurate and all material facts are included.
- An adequate range of options is presented and the benefits, costs and consequences of each option are assessed.
- Forecasting of social security benefit costs will meet quality assurance standards.

- Other government agencies and other affected parties have been consulted and possible objections to proposals are identified.
- The problems of implementation, technical feasibility, timing and consistency of recommendations have been considered.
- The format meets formal requirements, and the material is effectively, concisely and clearly presented; has short sentences in plain English; and is free of spelling or grammatical or numerical errors.

3. ADDITIONAL CHARACTERISTICS RELATING TO PURCHASE AND MONITORING ADVICE

- Issues such as efficiency, effectiveness and Value for Money are considered.
- Fiscal implications are identified and commented upon.
- Delivery issues and risks are assessed.
- Accuracy of performance commentary and data is tested with delivery agencies.
- Commentary is provided on delivery agency performance and results, based on each agency's Purchase Agreement.
- Commentary is timely and gives a comprehensive overview compared to the Purchase Agreement.
- Commentary will cover:
 - i) Variances;
 - ii) Risks, issues and outlook;
 - iii) Performance, results and impacts on service delivery; and
 - iv) Alignment with Government outcomes/priorities.

4. FEEDBACK FROM MINISTER'S OFFICE STAFF

Senior managers from the Ministry will meet with Minister's Office staff quarterly to obtain feedback on the following:

- Relationship management between Ministry and Minister's Office
- Relationship management between Ministry and relevant Departments/ Crown entities
- Extent to which Minister is kept fully briefed and informed
- Responsiveness of Ministry to issues raised by the Minister/his Office
- Social services sector strategic leadership and direction
- Quality of strategic and social issues policy advice
- Quality of purchase advice and monitoring commentary

A brief record of each meeting will be kept, including any follow-up action to be undertaken by the Ministry.

Underlying these meetings is the regular process the Minister's office staff has in discussing the Ministry's work directly with the Minister, and providing feedback on particular work items.

Output Class D2 – Information Technology Services to Other Departments

Description

In this output class the Minister of Social Services and Employment purchases the provision of an Information Technology (IT) Infrastructure for the Department of Work and Income, the Department of Child, Youth and Family Services and the Ministry of Social Policy. The Infrastructure provides a digital network (including switches, servers, routers and hubs) that is maintained by a series of technical, security and data standards, IT policies and appropriate software tools. It allows social sector data to be collected on to a common database, the Information Analysis Platform (IAP). A new service 'Voice over Internet Protocol' (VoIP) has replaced the PABX.

As well as the IT Infrastructure, this output class includes the provision of advice on IT trends and delivery impact assessments, the negotiation of common contracts (cellular, software), and the monitoring of IT Infrastructure performance.

Quantity, Quality and Cost

The Minister will expect the following quantity, quality and cost performance indicators to be met:³

PERFORMANCE MEASURE	PERFORMANCE STANDARD 2001/2002	PERFORMANCE STANDARD 2000/2001
---------------------	-----------------------------------	-----------------------------------

Quantity

Availability:

Wide Area Network (WAN) availability	99%	99%
--------------------------------------	-----	-----

Quality

Access:

Scheduled downtime	No more than 8 hours of scheduled downtime per site per month (except Ministry where 16 hour maximums apply)	No more than 8 hours of scheduled downtime per site per month (except Ministry where 16 hour maximums apply)
--------------------	--	--

³ New governance arrangements are being established for this Output Class and performance measures will be reviewed as part of this process.

Unscheduled downtime	To monitor and analyse outages	To minimise
Unplanned outage duration (minutes)	To minimise those > 4 hrs for major sites and > 8 hrs for remote sites	
<u>Event and Fault Management:</u>		
Priority "A" Response	99% within 30 minutes	99% within 30 minutes
<u>Performance and Capacity Management:</u>		
CPU Utilisation	To maintain a 30% margin above peak demand	To maintain a margin above peak demand
<u>Network and Server Administration:</u>		
Scheduled backups completed overnight	100%	100%

Cost

This output class will be provided within the appropriated sum of \$49.533 million (inclusive of GST).

Year	Cost GST incl \$'000	Cost GST excl \$'000	Total Revenue GST excl \$'000	Revenue Crown GST excl \$'000	Revenue Dept GST excl \$'000	Revenue Other GST excl \$'000
2001/02	49,533	44,029	44,029	2,032	41,997	0
2000/01	50,021	44,463	44,463	2,032	42,431	0

Vote Senior Citizens

Output Class D1 – Senior Citizens Services

Description

In the output class the Minister for Senior Citizens purchases policy advice on matters concerning the well-being of senior citizens and related issues; secretariat services to advisory groups and committees; and ministerial services.

This output class also includes specified funding to:

- ▲ promote the New Zealand Positive Ageing Strategy within local communities;
- ▲ support local community involvement in senior citizens issues; and
- ▲ maintain and expand the network of volunteer community co-ordinators (VCCs), originally established during the International Year of Older Persons, 1999.

Quantity, Quality and Cost

The Minister will expect the following quantity, quality and cost performance indicators to be met:

PERFORMANCE MEASURE	PERFORMANCE STANDARD 2001/2002	PERFORMANCE STANDARD 2000/2001
---------------------	-----------------------------------	-----------------------------------

Quantity

Policy Days

The total number of worked days applied to policy work :	710	710
--	-----	-----

Work Programme

Policy advice will be delivered in accordance with prioritised requirements of a work programme agreed every six months with the Minister for Senior Citizens.	Sign-off Received	Sign-off Received
--	-------------------	-------------------

Quality

Appropriateness

Policy advice will be delivered to the satisfaction of the Minister for Senior Citizens, as evidenced by sign-off every six months.	Sign-off Received	Sign-off Received
---	-------------------	-------------------

NEW MEASURE

Quarterly assessment/feedback meeting with Minister Office staff.	As agreed (see Page 32)	N/A
---	----------------------------	-----

NEW MEASURE

Quality Assurance System	As described (see Page 31)	N/A
--------------------------	-------------------------------	-----

Timeliness

Replies to Parliamentary questions, ministerial correspondence and Official Information Act requests will be delivered within agreed and statutory timeframes.	Meets standard	Meets standard
--	----------------	----------------

Cost

This output class will be provided within the appropriated sum of \$0.600 million (inclusive of GST).

Year	Cost GST incl \$'000	Cost GST excl \$'000	Total Revenue GST excl \$'000	Revenue Crown GST excl \$'000	Revenue Dept GST excl \$'000	Revenue Other GST excl \$'000
2001/02	600	533	533	533	0	0
2000/01	487	433	433	433	433	0

Back of Cover (printed card)

