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*Presented to the House of Representatives Pursuant to section 39 of the Public Finance Act 1989*

## Director-General's Overview

*This is the final Annual Report that will be prepared by the Department of Social Welfare. Structural changes progressed over the last year will result in the transformation of the Department into a standalone Ministry of Social Policy on 1 October 1999.*

**These changes are the completion of approximately a 10-year evolution in the formulation and delivery of social services in New Zealand. Over this decade, the Department has played an enormous role in helping people move from welfare to well-being. The impetus behind our social policy has been driven by a vision of a society where people are given a hand up not a handout.**

However, the need for strong, standalone, social service delivery agencies, supported by an independent, equally strong, highly focused policy organisation has been apparent for some time. The changes finalised this year will put such a structure in place.

In July 1998, the Department of Social Welfare comprised the Corporate Office and the business units of the Social Policy Agency (SPA), the New Zealand Community Funding Agency (NZCFA), the Children, Young Persons and Their Families Service (CYPFS), and Income Support.

Since then, Income Support has moved to form the new Department of Work and Income (WINZ). The New Zealand Community Funding Agency (NZCFA) has integrated with CYPFS to form the Children, Young Persons and Their Families Agency (CYPFA). On 1 October 1999, CYPFA will become in its own right a standalone Department of Child, Youth and Family Services (CYFS).

The remaining Corporate Office of the Department and SPA will integrate to form the Ministry of Social Policy. In December 1998, preliminary to establishing this Ministry, the housing policy function of the Ministry of Housing was transferred to SPA. This has enhanced the ability of the Agency to provide advice to the Government on a greater breadth of social policy on cross-sector issues.

With the creation of the Ministry and separate establishment of the delivery agencies, a new purchase advice role will be required to provide the Minister with independent advice in this area. A new group has been set up to do this.



DEPARTMENT OF

*Social Welfare*  
*Te Tari Toko i te Ora*

DIRECTOR-GENERAL

Periods of change can be unsettling. However, I am pleased to say that the business units of the Department remained dedicated to maintaining the development and delivery of social policy, while working towards the smooth establishment of the two new standalone entities. The challenge of managing a smooth transition and maintaining a high-quality service output has been well met by Department staff.

While I can affirm and outline progress in all areas of the Department's achievements, there are two areas of development that I would like to especially comment on.

Firstly, a vital initiative successfully implemented is the Strengthening Families strategy. Within a relatively short period of time this strategy has been embraced by more than 40 government and non-government agencies.

The willingness of these various organisations to operate within the collaborative Strengthening Families model of social services delivery is the basis for this strategy to positively impact on the lives of families.

Reports I have received as I visit various sites around the country, along with my Chief Executive colleagues in the Ministries of Health and Education, reaffirms how vital this programme is.

The strategy can be illustrated simply by the example – one that has sadly been all too common – of a child whose behaviour was placing himself and his family at considerable risk. The severity of the multiple problems being dealt with was creating enormous pressure and stress within the family.

Previously, a number of different agencies would have become involved with the child but no coordinated or consistent course of action would have been determined, leading to duplication of services and support.

However, under this strategy, a Strengthening Families meeting identifies the key agency which, in discussion with the other groups, formulates a plan of action to assist the family. Their methods are creative, consultative and effective.

In progressing this strategy the Department has been the lead agency in support of the Social Responsibility and Strengthening Families Ministerial Team led by the Hon Roger Sowry. The Department's commitment to and responsibility for this role will be carried into the new Ministry.

As lead agency, the Department coordinated the Ministerial Team's new budget initiatives for the 1999 Budget. This included a number of innovative cross-sector Strengthening Families initiatives such as the expansion of Family Start, Social Workers in Schools, and Child and Youth Mental Health.

The Social Policy Agency has been involved in the development of new procedures in other areas, particularly for assessing the work capacity of sickness and invalid beneficiaries and work facilitation initiatives. Strategies have also been put in place to evaluate the impact of the benefit reforms.

The second policy I will comment on is the Residential Services Strategy. This is a crucial component of the Department's work with children and young people needing residential care due to care and protection or youth justice issues. CYFS will assume the management of the strategy and facilities from the Corporate office on 1 October 1999.

Important progress in the Residential Services Strategy has been made with the construction of two of the planned seven residential facilities completed throughout the year. Te Poutama Ārahi Rangatahi treatment facility for adolescents who have sexually abused, opened in July and the Youth Justice residential centre in Palmerston North will open in October.

The commitment from the Residential Services Project Team to progress this vital project must be commended.

In the Department's Corporate Office the Business Development team has provided the overall direction and leadership for the process of change. Once the new Ministry is established, Business Development will be called Business Support.

A new Purchase and Monitoring Group is being set up to provide the Minister with independent advice on purchased services and the performance of the delivery agencies. This process commenced during May 1999 with the appointment of Stuart Macdonald as General Manager.

The Group will focus on providing advice to the Minister that helps inform decisions about the best mix of outputs or services to achieve the Government's outcomes. Given the size and complexity of services delivered in the social services sector this will be an important role in improving value for money and effectiveness.

The role is firmly linked to each agency's Purchase Agreement with the Minister. Monitoring and purchase advice is provided in respect of WINZ, CYFS (from 1 October 1999), Housing Corporation New Zealand and Community Housing Ltd, the Retirement Commissioner and the Commissioner for Children.

CYPFA deals with some of the most difficult and heartbreaking cases. The challenge to raise public awareness of the difficult issue of child abuse has been a significant component of the Breaking the Cycle campaign.

This year, under the umbrella of Breaking the Cycle, funding was secured for three years for the Child Neglect Prevention Campaign designed to encourage caregivers to take responsibility for their children's well-being. This has forged important links with Maori and Pacific Island communities.

The Agency has also continued its impetus in supporting the establishment, approval and contracting with Iwi Social Services providers. A development fund enabled the establishment of a programme to support the approval and contracting of providers. During 1998/99, 17 Iwi Social Service providers received funds from this source.

A great deal of uncertainty exists regarding the management of Y2K issues. As an organisation highly dependent upon information technology to maintain and deliver outputs and services, the Department has been planning and making contingency plans for Y2K since 1997.

The Department also has responsibility for the Information Technology infrastructure for WINZ and CYPFA. Software used on the infrastructure is being progressively tested with completion scheduled for September. I can give my assurance that, if software problems are unresolved, contingency plans are in place and have been tested.

As a Crown agent approaching the new millennium it is timely to reaffirm our commitment to biculturalism and EEO principles. Progress during 1998 included launching Pathways – the strategy for people with disabilities working in the Department. Pathways is the fourth EEO publication and joins Te Punga – a strategy for Maori, Pate Lali Nafa – a strategy for Pacific peoples, and Gatherings – a strategy for ethnic minorities.

A review of the strategy documents Te Punga and Pate Lali Nafa was undertaken to determine whether the Department was effectively meeting its obligations to Maori and Pacific Island staff and clients. Findings show that we have made good progress in many areas; however, the principles contained in these documents are dynamic and evolving, and require effort, innovation and commitment to be carried into the next century.

The new Ministry will maintain the leading position of the Department in the formulation of strategies dedicated to ensuring the best professional outcome for all staff.

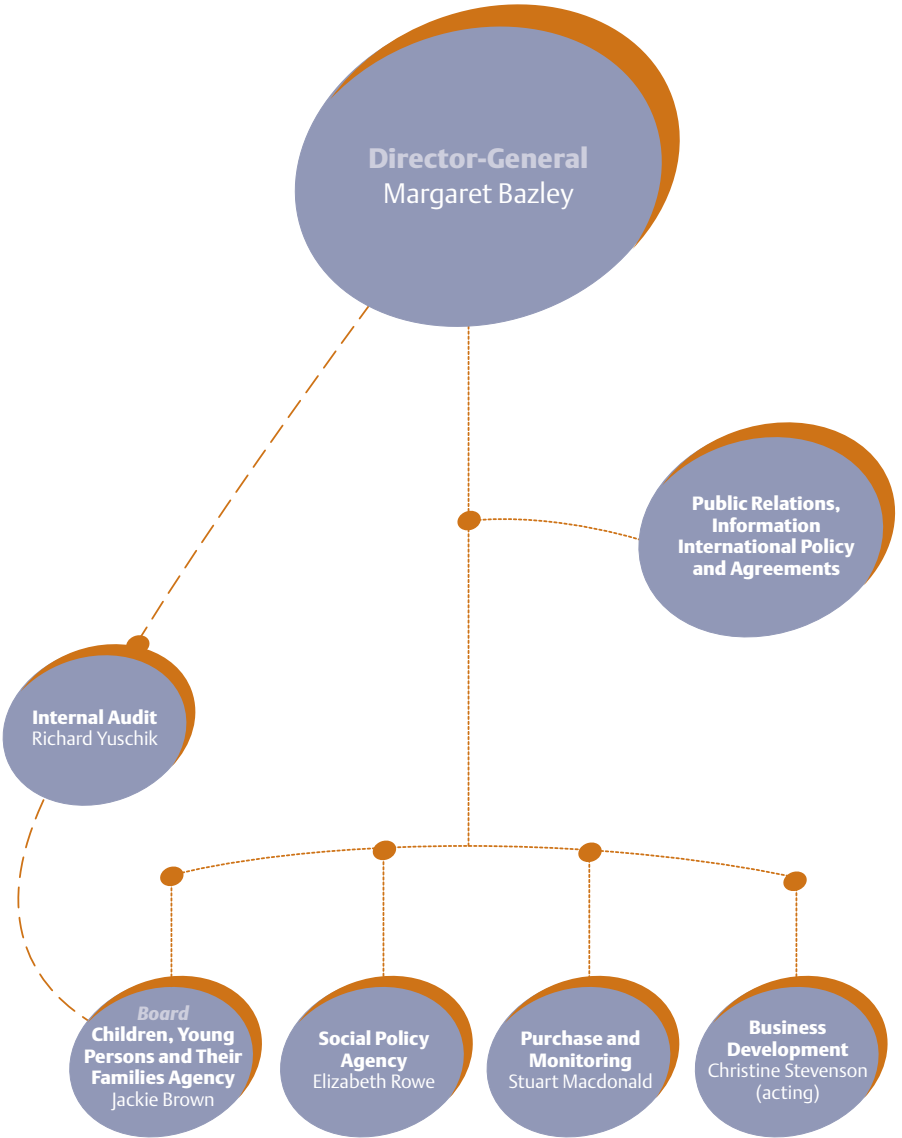
Undeniably, this year has provided enormous challenges and opportunities for staff and management. I have been very pleased with the progress achieved within an environment of change.

It has been a great pleasure to work with such a rich and varied array of staff who have provided long service to the Department. Their continued efforts in the new Department of Child, Youth and Family Services and in the Ministry of Social Policy will remain dedicated to ensuring better outcomes for children, young people and their families into the new millennium.

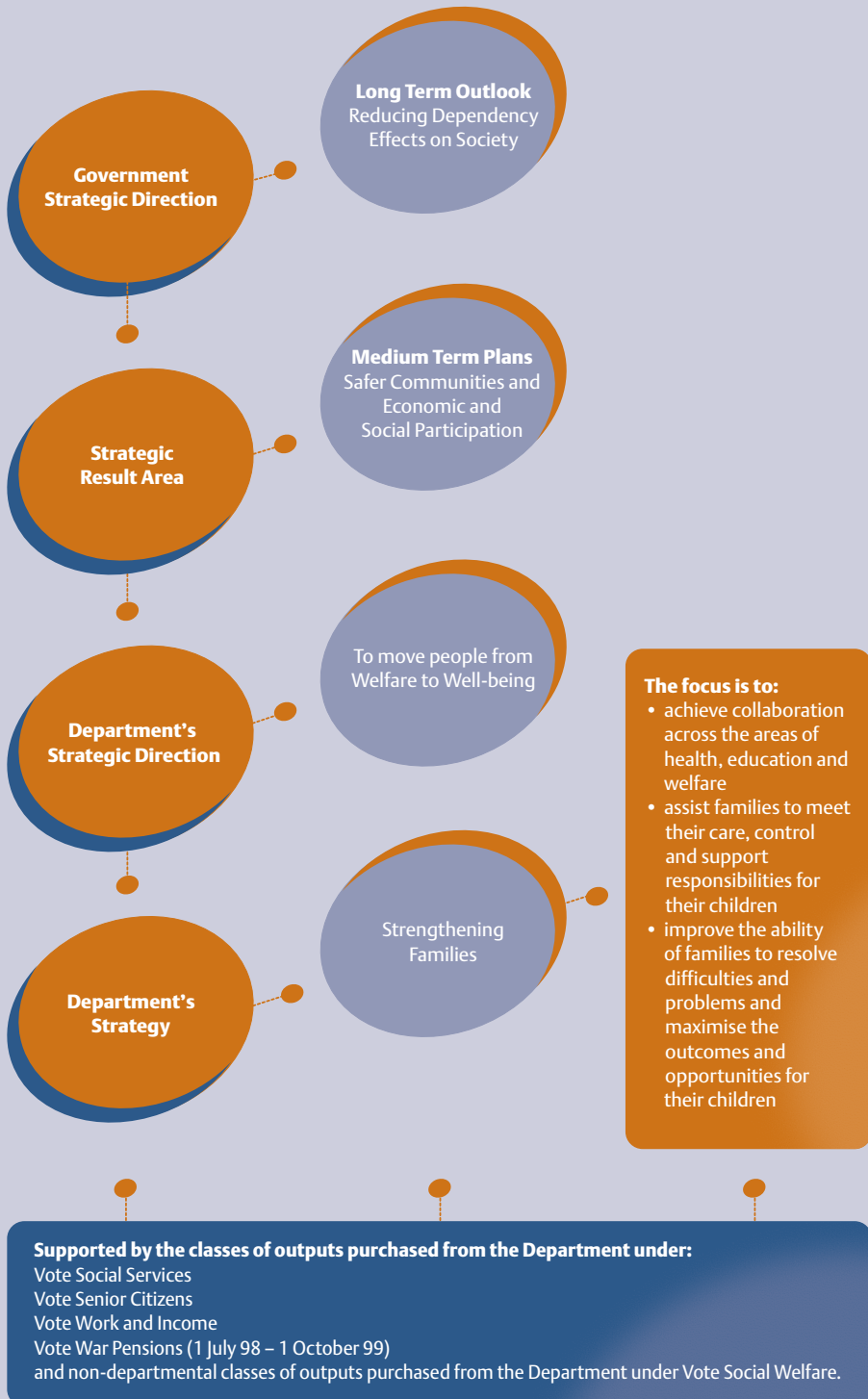


**Dame Margaret Bazley, DNZM**  
Director-General

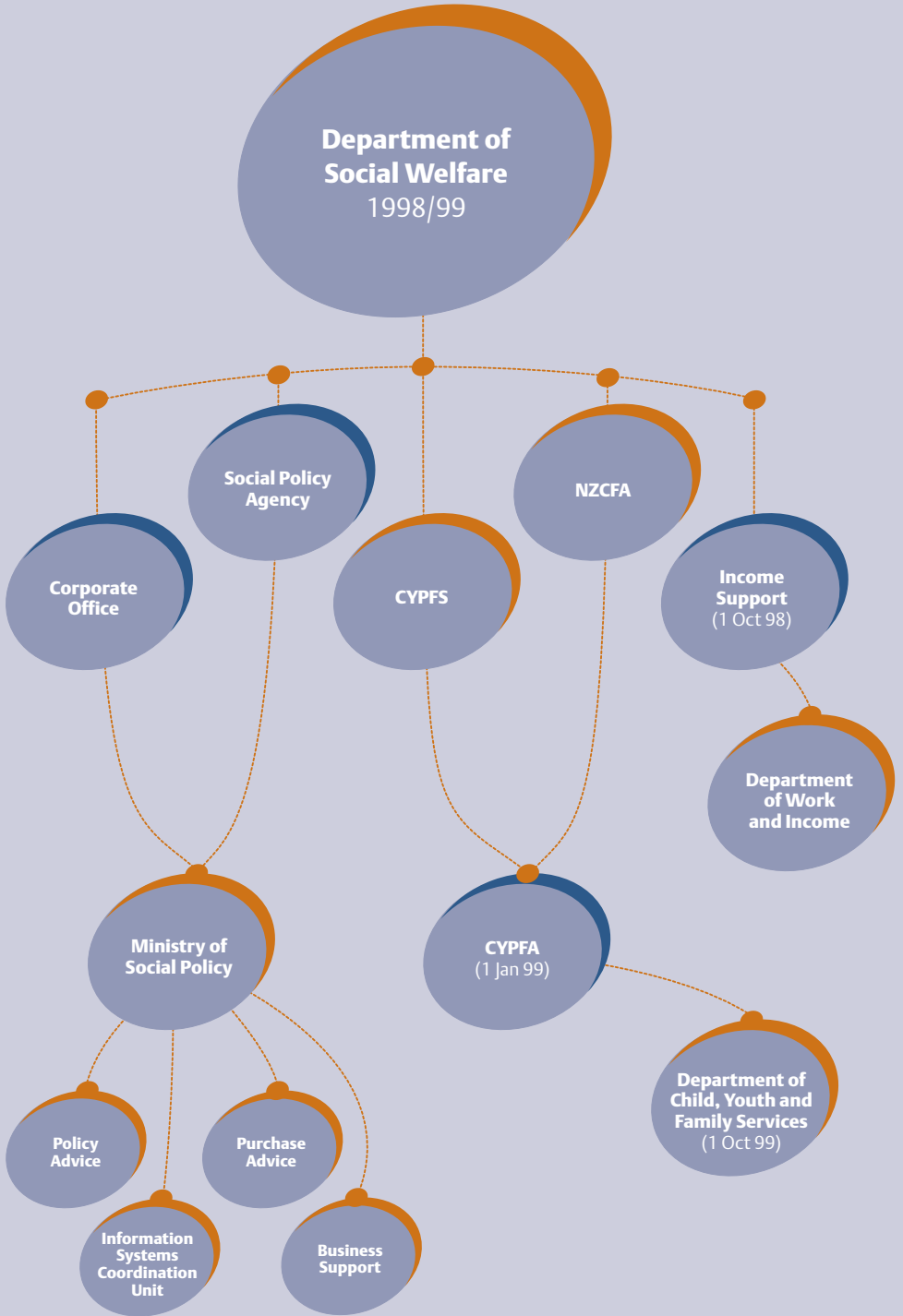
# Management Structure Chart as at 1 July 1999



## Alignment with Long Term **Government Goals**



# Departmental Structure Chart





## Social Policy Agency

*“Leading the way in innovative social policy advice”*

*Our new vision for the Social Policy Agency was developed during the year and reflects some of the major changes that have taken place within the Agency and within our operating environment. The major machinery of government changes during 1998/99 has provided the Agency with an opportunity to re-examine the ways in which we operate and to reconsider our strategic direction.*

**During 1998/99, the Department of Social Welfare (DSW) has undergone three substantial changes. The combined effect has reduced the size of the Department from 6500 staff to fewer than 200.**



*These changes were:*

- *Income Support and the Employment Service of the Department of Labour merged in October 1998 to form the new Department of Work and Income (WINZ). This new Department provides working-age beneficiaries with integrated services targeted to facilitate improved self-reliance and employment*
- *Housing policy and monitoring functions were transferred to the Social Policy Agency from December 1998. This development recognised that affordability and access are the key reasons for government involvement in housing. It brings housing policy together with income maintenance (particularly Accommodation Supplement) policy and social services designed to strengthen families*
- *The internal integration of the CYPFS direct-delivery functions with the NZCFA functions within DSW from December 1998, and the decision to establish the new Department of Child, Youth and Family Services from 1 October 1999. This development will provide integrated services to improve outcomes for children and young people.*

From 1 October 1999, the Agency will come together with the Corporate Office as one organisation known as the Ministry of Social Policy, designed to provide policy and purchase advice to the Government.

In December 1998/January 1999, we broke away from the confines of a divisional structure in favour of organising ourselves around project work and project teams. This focuses our work on key policy projects and gives staff the opportunity to participate in a broad range of projects. We also increased the number of senior managers and senior policy analysts to provide the added experience we need to cope with the complexities of the social policy issues we are addressing and the increasing need for high-level cross-sector collaboration in the policy development process.

The past year has been one of constant change and continuous challenge. As always, our staff have been our greatest resource. They have risen to the challenges over the year with enthusiasm, professionalism and commitment.



**Elizabeth Rowe**  
**General Manager**  
*Social Policy Agency*

## Achievements During 1998/99

The 1998/99 year was marked by a number of major machinery of government changes. These changes have had a significant effect on the Social Policy Agency, the work we have been involved in, and the way we operate.

In October 1998, the new Department of Work and Income New Zealand (WINZ) was established. The Social Policy Agency provided advice and support in the development and implementation arrangements for the new Department, including Purchase Agreements, Performance Agreements and Ministerial and inter-agency protocols to ensure effective collaboration within the welfare and employment sector. The Agency also developed strategies to monitor and audit the delivery of government policy by the new Department.

The integration of the Children, Young Persons and Their Families Service (CYPFS) and the New Zealand Community Funding Agency from December 1998, and the subsequent government decision to establish a new standalone Department of Child, Youth and Family Services (CYFS), have also been major projects for the Agency this year. The new Department will be established from 1 October 1999.

In recent years, growing recognition of the need for policy to measure the outcomes of government interventions has suggested the need for a social policy agency with a broader mandate. This has helped prompt the change and the development of the way the Agency is structured. In December 1998, the housing policy function of the Ministry of Housing was transferred to the Social Policy Agency.

In collaboration with the other social policy ministries and central agencies, a strategic social policy capability has been established under the direction of a cross-agency senior officials group convened by the Agency. The ability of the Agency to provide the Government with advice on medium to long-term and cross-sector policy issues has been extended and enhanced through these changes.

## Child and Family Issues

### Strengthening Families

The Strengthening Families project has become a major platform for developing innovative and collaborative programmes for families in New Zealand, especially for those raising children. The project is part of a wider focus on promoting collaboration and seamless services to those who most need them. Strengthening Families originally started with the Government's health, welfare and education agencies but has now been extended to include housing, justice, internal affairs, police, local government, and community-based agencies.

The local collaboration approach now has national coverage. It is based on the underlying assumption that what happens in families strongly influences outcomes for children and that a seamless service through a lead agency is more likely to be effective than a fragmented or sector-specific approach.

Early policy work and community feedback identified gaps in services and areas for development. Much of the policy work in this area during the year has been in implementing programmes and initiatives designed to address these gaps.

The Family Start programme was developed to provide a comprehensive support network from the earliest stages of a child's life through well-trained and committed family workers. Families join the programme voluntarily through referral around the time of the child's birth. They can then access a wide range of services and support which is provided through one family worker who works with the family in the home.

The programme was established in three sites during 1998 (Whangarei, Ranui Massey and Rotorua), with 10-14 families a month joining the programme. Four new sites are currently being developed, and a further nine are planned. When established, some 4,000 families at any one time will be getting support from the Family Start programme.

#### **Social Workers in Schools**

A further innovative programme designed to address the gaps in programmes for families at risk has been the development and introduction of Social Workers in Schools. This programme provides direct assistance to families and schools, with 12 social workers currently operating in specific priority regions. This programme will cover 8,000 pupils by the end of 1999 and will be expanded to cover at least 35,000 pupil during the year 2000.

#### **Code of Social and Family Responsibility**

The development of the Code of Social and Family Responsibility discussion document, its distribution to all New Zealanders, and the analysis of the responses was a major project for the Social Policy Agency in 1998/99. The response document was published in October 1998.

#### **CYPFA Youth Services Strategy**

Over 1998/99, the Agency provided input and developed policy advice to obtain funding for several major projects involving provision of services for young people. These included the establishment of the CYPFA Youth Services Strategy, funding for the strategy and the identification of services to be purchased.

### Iwi Social Services

The Iwi Social Services programme was developed in 1997/98 and is designed to increase Maori participation in the delivery of social services through whanau, hapu and iwi structures. During 1998/99 the Agency developed policy advice to secure additional funding for infrastructure development and further contracting for the delivery of iwi services. There are now 17 approved Iwi Social Services providers.

### Waipareira Trust

In June 1998, the Waitangi Tribunal found that the application of the principle of rangatiratanga is not limited to kin-based tribes but can be exercised by non-kin-based groups. This finding extended the understanding of rangatiratanga that the Crown has generally responded to and required policy responses that are inclusive of both kin-based and non-kin-based groups.

The Tribunal made several recommendations on the Crown's Treaty obligations regarding the protection of rangatiratanga for all Maori, and the development and application of policy for the delivery or funding of social services to Maori.

*The Social Policy Agency was involved in major projects in response to this decision. The Agency has worked to:*

- *Amend the CYP&F Act 1989 to provide a Maori Social Services category with equal sole guardianship status*
- *Develop an outcomes focused Maori Social Services Strategy that is inclusive of both kin-based and non-kin-based groups such as Te Whanau O Waipareira*
- *Investigate the options and implications of further devolution to Maori*
- *Investigate greater coordination in the social service sector.*

### Positive Income Support

As foreshadowed by the 1998 Annual Report, significant changes to most working-age benefits were implemented in 1998/99, changes based on decisions announced in the 1998 Budget. This involved the Department and the Agency in considerable work on policy specification. This was initially undertaken with the Income Support business unit of the Department (until 30 September 1998) and subsequently with WINZ. The development of strategies to evaluate the impact of these changes was begun.

*The benefit changes included:*

- *Unemployment-related benefits and the sickness benefit (merged into the new Community Wage from 1 October 1998)*
- *Domestic purposes and widows benefits (changes to work test rules from 1 February 1999)*
- *Child care subsidy – extended to cover school-aged children from 1 February 1999*
- *Invalid benefit – changes to eligibility criteria and obligations on spouses (from 1 February 1999)*
- *Changes to youth benefit provisions and the emergency benefit for students during the long summer vacation.*

The Agency has also been involved in the implementation of aspects of the Government's Employment Strategy, including supporting the establishment of WINZ, and the development of employment programme guidelines.

During the year, reviews were undertaken on the Training Incentive Allowance, with resultant changes being implemented for the 1999 academic year. Aspects of the Disability Allowance programme were also reviewed, with some changes decided, while further work is planned for the coming year.

The Agency contributed significantly to cross-agency work on the development of new procedures for assessing the work capacity of sickness and invalids beneficiaries and on work facilitation initiatives. An initial trial to test work capacity assessment procedures began at eight sites in February. A further trial will commence in November 1999 which will test the effectiveness of the procedures in helping people in this group into employment.

A further inter-agency project was the initiation of a project to look at policy options for teenage sole parents.

### Positive Ageing

The Social Policy Agency was involved in the development of the terms of reference for the Superannuation 2000 Task Force exercise on retirement incomes policy, and is participating in the secretariat for that multi-party exercise.

The revision of the legislation governing the portability of New Zealand Superannuation to certain Pacific Island countries has also been part of the work in the Agency over the past year. The Agency has also been involved in discussions on the revision of the social security Agreement with Australia.

### Other Key Activities

*Other projects during the year included:*

- *Policy work on the indexation of New Zealand Superannuation*
- *Advice on compliance with the Human Rights Act 1993, including the development of advice on appropriate exemptions*
- *Cost modelling and forecasting services for policy development*
- *Activities for the International Year of Older Persons*
- *Hosting a number of seminars with international speakers and publishing the Social Policy Journal of New Zealand, issues 11 and 12.*



## The Children, Young Persons and Their Families Agency (CYPFA)

*The Children, Young Persons and Their Families Agency (CYPFA) came into being on 1 January 1999. It integrated the service delivery functions of the Children, Young Persons and Their Families Service (CYPFS) and the contracting and approval functions of the New Zealand Community Funding Agency (NZCFA). CYPFA works to ensure the safety, protection and well-being of children and young people in at-risk and high-risk families.*

**CYPFA's statutory service role is defined by the Children**

**Young Persons and Their Families Act 1989, the**

**Guardianship Act 1968, the Adoption Act 1955, the**

**Adult Adoption Information Act 1985 and the Adoption (Intercountry) Act 1997.**



CYPFA directly contributed to the Government's Strategic Priorities of Strengthening Families and addressing youth offending and re-offending. CYPFA delivered on the Department of Social Welfare's Welfare to Well-being vision and the Department's Social Service Strategic Plan. This was through the provision of directly delivered and contracted services, the collaboration with statutory and voluntary agencies and local authorities, and the provision of services to youth at risk of offending and re-offending.

1998/99 was a challenging year which included facing significant organisational changes, testing performance targets, and an increased demand for CYPFA's services. Achievements made during the year take on added significance when viewed against this dynamic environment.

### **Children, Young Persons and Their Families Agency**

The integration of the former Department of Social Welfare business units NZCFA and CYPFS and the transfer of management and staff into the new integrated agency was successfully completed in early 1999. The integration process has provided an important vehicle that will be enhanced by CYPFA becoming a standalone entity, the Department of Child, Youth and Family Services, on 1 October 1999.

CYPFA has developed an Early Help vision for the organisation and the new Department. Strategies are being developed to radically shift CYPFA and the child welfare sector's focus over the next decade from crisis intervention to early intervention and prevention. The concept is to add maximum value to clients through collaborative partnerships in order to break the cycle of disadvantage.

Largely through the combined effort of staff and management, CYPFA has successfully achieved its strategic objectives and delivered on its commitments by:

- **Improving client access to services**
- **Achieving excellence in core service delivery and improved performance**
- **Implementing key service strategies to improve client outcomes**
- **Increasing collaboration with other Strengthening Families partners in the statutory and voluntary sectors**
- **Enhancing CYPFA's infrastructures and system capabilities.**

Performance improvement has been achieved in all Key Performance Indicators (KPIs) with 79 percent of all KPIs being met or exceeded by 30 June 1999. Of note was the significant improvement in timeliness of service response to critical notifications requiring responses within 24 hours. A 96 percent response rate for these critical cases was achieved for Protection Services, 99 percent for Child and Family Services and 98 percent for Youth Services. The majority of 1998/99 Business Plan projects were successfully completed despite the additional pressure placed on staff and resources as a result of integration.

This is a year of significant achievement, which sees CYPFA well positioned to move into a new department on 1 October.



**Jackie Brown**  
**General Manager**

*Children, Young Persons and Their Families Agency*

## Achievements During 1998/99

### Performance Improvements

*The Children, Young Persons and Their Families Agency improved its performance for delivery of direct services and in contracting with and approval of external service providers.*

### Directly Delivered Services

Additional resources were appropriated to CYPFA to improve front-line service delivery. The target of recruiting an additional 65 front-line staff was achieved.

*Direct service delivery improved significantly, including:*

- **Substantially reducing the level of unactioned/unallocated cases from over 2000 in March 1998 to 196 in June 1999**
- **Improving the timeliness of service response to all notifications to be actioned within seven days from 44 percent in June 1998, to 67 percent by June 1999 and achieving 87 percent responsiveness for all notifications to be actioned within 28 days**
- **Improving the percentage of Family Group Conference (FGC) plans reviewed on time. CYPFA had reviewed 90 percent of Care and Protection FGC plans and 94 percent of Youth Justice FGC plans on time by 30 June 1999**



- *Introducing Professional Quality Assurance system (PQA) from 1 July 1998 to all social work service outputs. By 30 June, 1999, the PQA performance measure standards of 80 percent were either met or exceeded for 12 out of 14 measures.*

## Contracting and Approval

The upper range of the performance targets for both contracting and approval were achieved for 1998/99. Ninety-five percent of current contracts for the coming financial year were issued in draft prior to 30 June 1999. This is an achievement of seamless contracting which has occurred for the first time in the history of the former NZCFA and CYPFA.

## Progress Made on Key Strategies

### Strengthening Families

#### Interagency Collaboration

CYPFA took a leading role in supporting other Strengthening Families partners (the Ministries of Health and Education), as well as working with the Social Policy Agency (SPA), Justice, the Police, Courts and the Judiciary, through regular interface meetings. This involves the joint service planning, the co-ordinated purchasing and the delivery of services to the same target families, the development of Best Practice models for funding and approval of providers, and case conferencing to ensure a seamless delivery of services to families with multiple needs.

*Collaboration under the Strengthening Families framework has been implemented by CYPFA at national and local levels. Nationally, CYPFA has been involved in the following types of Strengthening Families initiatives:*

- *Nationwide, 60 Strengthening Families inter-agency committees have been established, with 50 operating under the Strengthening Families framework*
- *Working with the Department of the Prime Minister and Cabinet's Crime Prevention Unit and other agencies on a number of crime prevention initiatives, particularly for at-risk youth*
- *Working with Health and Education regarding children and young people with mental health problems*
- *participating on the Inter-Agency Committee on Youth Suicide Prevention*
- *Working with the University of Auckland's School of Psychology to determine the feasibility of setting up an inter-agency Child Advocacy Centre for serious and sexual abuse intervention. (This work is funded by the NZ Law Foundation.)*
- *Contributing to the Funding Best Practice Initiative which is being led by the Department of Internal Affairs.*

*At a local level, CYPFA has been involved in the following Strengthening Families initiatives:*

- *Actively engaging communities in Strengthening Families initiatives to encourage closer collaborations with statutory and voluntary sectors, and to improve service delivery*
- *Promoting non-profit provider participation in the formation of Local Management Committees*
- *Training in the Strengthening Families Case Management Model.*

#### Joint Service Delivery Initiatives

A number of joint service initiatives have been developed between CYPFA, its Strengthening Families partners and representative groups of the community

sector. Many of these service initiatives are beginning to show improved client results:

- *Family Start Programme targets intensive support and early intervention services to children and young people in at-risk families from the time of childbirth*
- *Te Aranui Programme has been jointly developed between CYPFA, the Police and various community providers and other funders to address the issue of youth offending and re-offending*
- *Wraparound Programmes develop tailored and individualised services and support for children and families experiencing severe and ongoing difficulties, offered on a principle of unconditional care. The programmes accept referrals from Welfare, Health and Education*
- *Crime Prevention Programmes which include programmes to prevent family violence, through increasing awareness, assisting people who have been affected by family violence and breaking the cycle of family violence*
- *Specialist Therapeutic Programmes for children and young people with Care and Protection problems or Youth Justice problems have been developed in partnership with community providers*
- *Social Workers in Schools have been increased to provide preventive, early intervention programmes for children in primary schools*
- *New Service Protocol with the Family Court – CYPFA and the Department for Courts piloted a new jointly developed protocol to ensure the more streamlined and co-ordinated servicing of the Family Court by social workers. Agreement has been reached with the Department for Courts to progressively implement this inter-agency protocol across all sites and Family Courts in 1999/2000.*

### Case Management

At 30 June 1999, 586 cases had been managed by CYPFA using the Strengthening Families Case Management Model, which advocates the use of a Strengthening Families framework to maximise a collaborative approach between respective agencies for families with multiple service needs. Over half of the current Strengthening Families Coordinators are being jointly funded by the Ministries of Health and Education, along with the Department of Social Welfare.

In addition to this CYPFA has also made significant gains in promoting and implementing the Lead Agency Model with the objective of providing seamless service to clients. The Lead Agency Model is used in cases where one Strengthening Families partner is responsible for the predominant management of the case.

## Key Service Strategies

### Youth Services Strategy

The Youth Services Strategy (YSS) was approved by the Government in October 1998, following a review of Youth Services. The strategy aims to ensure that young people notified for various youth offences also have their needs for social services assessed and met.

Significant progress has been made by CYPFA in the development of the Youth Services Practice Tools for risk and needs assessment. The research and design phases have been completed in preparation for the piloting of introduction programmes in mid July 1999, with national rollout from August 1999. *Decision-making tools include:*

- *Three screening tools for drug and alcohol difficulties and psychological distress*
- *A comprehensive youth suicide recognition and management framework*
- *An Adolescent Well-being Assessment tool focusing on needs and strengths.*

Contracts have been negotiated with non-profit providers for the provision of six specialist family homes and associated training for family home caregivers. The pilot training programme was completed, with caregivers to be trained in August 1999. Contracts have also been signed for the provision of 36 specialist day programmes for youth residing in the specialist family homes.

### **Family Start Programme**

The Family Start Programme is aimed at providing co-ordinated access to early intervention specialist services for high-risk families as early as possible in the life of a child. It is jointly funded by the Department of Social Welfare, the Ministry of Health and the Ministry of Education. It was introduced as a pilot programme in Whangarei, Ranui Massey and Rotorua during 1998/99 and will be further expanded in 1999/2000.

### **Social Workers in Schools**

The Social Workers in Schools Programme, which is aimed at providing early intervention services by providing social worker services in schools, has been successfully piloted by CYPFA over the past two years. Currently, 12 specially trained social workers are providing services to 56 schools in Northland, the East Coast and Porirua/Hutt Valley areas. CYPFA has led this inter-agency initiative, with support from the Ministry of Education, the Ministry of Health, Te Puni Kokiri and the Department of Pacific Island Affairs.

A contestable fund will be set up in 1999/2000 in conjunction with the Ministry of Health, for further expansion of the programme by providing an additional 75 social workers in primary schools over the next three years.

### **Iwi Social Services**

CYPFA has continued its impetus in supporting the establishment, approval and contracting with Iwi Social Services providers to provide services for Maori children, young people and their whanau. It is also currently undertaking a review of the Iwi Social Services Strategy which will contribute to SPA-led work on Iwi/Maori Social Services. A steering group has been established within CYPFA to manage the implementation of Iwi/Maori Social Services.

In 1998/99 an Iwi Social Services development fund of \$0.9 million (GST-exclusive) was appropriated and a programme established to support the approval and contracting of Iwi Social Services providers.

By 30 June 1999, 17 Iwi Social Services have been approved with another three expected to complete the approval process by the end of July 1999. A further four iwi have received development funding to assist in becoming approved. Twelve of the approved Iwi Social Services have entered into a Part 1 contract, and seven are delivering services under DOC output contracts. A number of the contracted Iwi Social Services are delivering services from multiple sites.

The value of DOC contracts signed during the 1998/99 year totalled \$2.675 million with expenditure against the contracts totalling \$0.999 million by year-end. An increased number of CYPFA staff have been seconded to contracted Iwi Social Services.

### **Pacific Island Cultural Social Services**

CYPFA has been supporting Pacific Island communities living in New Zealand, by supporting the establishment, approval and contracting with Pacific Island Cultural Social Services providers to provide services for Pacific Island children, young

people and their fono. An Interim Approval Standard was signed off in March 1999 after consultation. Funds have been allocated to assist with development, ensuring that potential providers have the systems and processes in place to achieve approval status. Three potential Pacific Island Cultural Social Services providers have been identified in Auckland, South Auckland and Wellington.

### **Call Centre**

CYPFA successfully piloted a Call Centre in 1997/98, to increase the consistency and speediness of the intake process in Auckland. This move towards providing a Call Centre was aimed at separating intake prioritisation decisions based on the criticality of cases, from resource application decisions, to provide an enhanced level of service. Initial results indicated that the Call Centre has brought the level of case intake in Auckland closer to those received in other parts of the country.

The pilot Call Centre was then successfully extended to Northland to test issues relating to provincial and rural areas. Extension of the Call Centre concept on a nationwide basis is being considered, as a complement to CYPFA's new Case Management System.

### **Adoption Services**

Adoption Services provided by CYPFA have been substantially affected by the introduction of the Adoption (Intercountry) Act 1997 and New Zealand's 1 January 1999 accession to the Hague Convention regarding international adoptions. CYPFA has become New Zealand's Central Authority in relation to intercountry adoptions.

The standards for the accreditation of non-governmental organisations to facilitate intercountry adoptions in countries that have ratified or acceded to the Hague Convention are currently being signed off.

### **Public Awareness/Prevention**

CYPFA has significantly increased its prevention focus during the year by continuing the successful Breaking the Cycle Campaign to increase public awareness about child abuse, and to change attitudes and behaviour amongst target groups towards child abuse. This programme was also successfully extended to include a campaign to promote alternatives to smacking.

Complementing these child abuse awareness programmes has been the first year of the Child Neglect Prevention Campaign, which will be conducted over a three-year period.

### **Residential Services Strategy**

The Residential Services Strategy (RSS) was approved in 1996 and updated in 1998 to increase CYPFA's residential capacity by over 50 percent, from 100 to 166 beds by 2002/03. The RSS allows for the provision of purpose built facilities with greater emphasis on therapeutic programmes to specifically meet the needs of children and young people requiring residential care. Separate residential centres are being established for children and young people needing either Care and Protection or Youth Justice services.

The implementation of the RSS is progressing well, taking into account the delays in obtaining suitable sites and gaining the appropriate statutory consent. Completion times for projects mentioned below marked with an asterisk are subject to there

being no appeals to the Environmental Court. *Work undertaken to date includes:*

- *The continued divestment of identified surplus properties contributes to the funding of the RSS*
- *The construction of Te Poutama Ārahi Rangatahi (Treatment Unit for Adolescents who have Sexually Abused) was completed, with the facility being opened on 30 July 1999*
- *The opening of the Youth Justice Lower North Residential Centre scheduled for October 1999*
- *The completion of statutory processes for the Epuni Residential Centre. The construction of the new Care and Protection Residential Centre is expected to commence in November 1999, with the Centre opening in 2000/01*
- *The commencement of community consultation on the Youth Justice South Residential Centre. The Centre will open in 2001/02\**
- *The commencement of community consultation for Youth Justice Upper North. The centre will open in 2001/02\**
- *The commencement of statutory processes for Care and Protection Upper North, and Care and Protection South Residential Centres will occur in 2000. It is currently estimated that these new Centres will be opened in 2002/03\**
- *A resource consent appeal has been lodged to the Environment Court regarding the activities at the Northern Residential Centre, but the facility is operational.*

## Professional Tools

### Professional Quality Assurance

The Professional Quality Assurance (PQA) system, which assesses social work practice and professional decision-making, was developed and piloted with extensive staff involvement, in consultation with Audit New Zealand. This programme was rolled out nationwide from 1 July 1998. The PQA system has been computerised to aid its effectiveness and use throughout CYPFA. It is planned to extend the use of PQA performance measures into Adoption Services and Residences and Caregiver Services.

### Risk Estimation System

The Risk Estimation System (RES) was developed and introduced by CYPFA in 1998, to assist social workers in the identification and assessment of client risks. The system was introduced as a nationwide computerised system in July 1998.

Most areas are using the computerised system and front-line practitioners are embracing RES as a key professional tool.

### Contracting

#### Introduction of Risk-based Operations

During the period, the development of a risk-based Contracting Decision Support System (CDSS) was completed. This provides for the evaluation of each provider according to four criteria (value of contract, performance, risk level of service provided and length of contractual relationship) and the management of the funding relationship according to those criteria. This will enable a more appropriate compliance framework to be developed for all non-profit providers.

### Development of a Specialised Funding Service

Following process reviews of the two major functions of contracting and quality assurance within CYPFA, proposals for the transition from generic to specialist roles for staff of the Contracting Group were completed. These were subject to consultation among staff and contracted providers during February 1999. Decisions on the proposed changes will be made by CYPFA in August 1999.

### Building Service Alliances

The Contracting Group has developed a new approach to the negotiation and management of significant contractual relationships with non-profit providers. Piloted with two major providers during 1999, the partnering approach is intended to achieve a relationship between contractors and providers based on mutual trust, shared goals and joint planning for the benefit of clients – children, young people and their families.

## Organisational Strategies

### Integration of Business Units

The integration of the Children, Young Persons and Their Families Service (CYPFS) with the former New Zealand Community Funding Agency (NZCFA) into the Children, Young Persons and Their Families Agency was successfully accomplished. There was a smooth transfer of management and staff from NZCFA and CYPFS into the new Agency and a successful blend of various systems and business processes achieved (including merging Budgets, CHRIS payroll systems and performance monitoring), to enable CYPFA to become a standalone entity as the Department of Child, Youth and Family Services on 1 October 1999.

### Human Resources Development

*Work is progressing towards long-term human resource strategic goals. Significant achievements towards these strategic goals include:*

- *Signing an agreement with the PSA to allow for the development of a new, business-focused collective employment contract*
- *Extensively reviewing the training and development environment provided by CYPFA*
- *Developing a foundation for an environment that will draw on the leadership capacity of all employees in CYPFA by integrating a project to develop professional internal leadership and the performance management project, as the need for individual leadership is seen as a critical part of effective performance management*
- *Significant and ongoing enhancement of the quality of management information available from the Human Resources Management Information System (HRMIS).*

### Risk Management: Strategic Risks, Service Risks and Operational Risks

#### *Strategic Risks*

CYPFA has put in place a strong risk identification, management and control framework to ensure that CYPFA meets the Crown's legislative obligations, protects the Crown's ownership interests, and minimises the Crown's exposure to risks and liability.

#### *Service Provision Risks*

In order to monitor and control service provision risks, CYPFA introduced the PQA and RES systems previously referred to. Service provision risks are also monitored through monthly performance reporting and by CYPFA's Internal Audit Group.

### *Operational Risks*

CYPFA has completed the development of an integrated Business Risk Management (BRM) process, and established policies and procedures to manage key strategic and operational risks. The BRM process has been successfully implemented on a nationwide basis during the year. All managers (in conjunction with Internal Audit) are required to report that key risks have been identified, co-ordinated, managed, monitored and have complied with legislation, on a quarterly basis.

### *Information Technology Risks*

A comprehensive Business Continuity Plan (BCP) has been developed to identify and mitigate any potential information technology (IT) and non-IT risks that could affect CYPFA's ability to deliver critical business activities during any local, regional or national emergency, especially on 1 January 2000. Critical business processes that must be delivered to meet CYPFA's statutory obligations have been identified and development work has begun on recovery strategies and local response contingency plans.

### **Case Management System Development**

In 1997, CYPFA developed an Information Systems Strategic Plan (ISSP) to support business improvement through the development of a new case management system. This was to serve two main objectives:

- *To provide CYPFA with a social work application that would continue to improve integrated service delivery*
- *To develop and introduce a database infrastructure that would enable inter-agency co-ordination and performance monitoring across the child welfare sector.*

In the 1998/99 Budget, the Government approved funding for the development of the Case Management System. The development of the Case Management System is due to be completed in 2001.

### **Operation Management System Enhancement**

CYPFA's Operation Management System (OMS) which records and monitors CYPFA's contracts with service providers has been significantly enhanced during the year to meet changes in the way contracts are managed. Specifically, the system has been altered to allow for the selection of a multiple of contract types and to work with a recently developed community information database.

### **Information Services Development**

#### *Intranet Project*

CYPFA is establishing its own Intranet to support and enhance the flow of information within the organisation. It is expected that the Intranet will be fully operational by 1 October 1999.





## Business Development

*The announcement of the merger of Income Support, the New Zealand Employment Service and the Community Employment Group to form the new Department of Work and Income (WINZ) from 1 October 1998 set in motion a period of change for the Department of Social Welfare (DSW).*

**The devolvement of Income Support from DSW was regarded as the first step in the transformation of DSW from a large multi-function, multi-division organisation to a small focused Ministry. It was envisaged that the core business of the Ministry would be the provision of quality social policy and purchase advice to the Government. This change programme was initially estimated to take three years, but during 1998/99, events and decisions truncated the project and the completion date became 1 October 1999.**



After the devolvement of Income Support, the next stage in the change process was the integration of two of DSW's business units. The Children, Young Persons and Their Families Service and the New Zealand Community Funding Agency (NZCFA) merged on 1 January 1999, forming the Children, Young Persons and Their Families Agency (CYPFA). Further, on 13 April, 1999 the Cabinet approved the establishment of the new, standalone Department of Child, Youth and Family Services (CYFS), effective 1 October 1999. A later Cabinet decision confirmed that as of that date, the residual DSW will be known as the Ministry of Social Policy.

By necessity, the 1998/99 Business Development business plan required modification to take account of the increasing pace of organisational change. Business Development had the responsibility for management of the change and for ensuring governance processes were implemented to protect the Government's ownership interests, both through this period of change and into the establishment of the new Ministry of Social Policy.

The new Ministry of Social Policy will comprise three major groups: the Policy Group, the Purchase and Monitoring Group, and the Business Support Group. The Business Support Group will be established on 1 October 1999, replacing the Business Development Group. Business Support will be responsible for providing the Ministry with a range of services which include Human Resources and EEO, Finance and Administrative Support, the Information Centre (including the Library),

Office of the Chief Legal Advisor, and the Information Systems Operations unit. Business Support will be accountable for governance issues.

Through 1998/99, in addition to its change management role, Business Development continued to provide a number of key advisory functions to the Director-General and a wide range of support services to the Department.

In 1998/99, the Department has carried out significant initiatives with the emphasis being on the Government's EEO Policy to 2010. The Director-General initiated a review of Te Punga and Pate Lali Nafa, and staff were surveyed to determine whether these strategies had been implemented effectively. The Te Punga survey showed that while the Department had made good progress in many areas, increased effort, innovation and commitment were necessary to drive biculturalism in the future. The Pate Lali Nafa survey report was published towards the end of the year.

During the year, much work has been undertaken in the Department to manage Year 2000 compliance. Testing on Information Technology (IT) applications is virtually complete, and any non-compliant hardware has been replaced. The focus is now on developing and testing business continuity plans for both IT and non-IT aspects of the Department's business. The Department has engaged independent external consultants to review its Year 2000 work, to ensure that all critical functions have been identified, tested, and planned for.

This year, Business Development has collaborated with the Social Policy Agency in the development of a new business unit responsible for purchase and monitoring advice to the Government. This newly established function, now operational, is known as the Purchase and Monitoring Group.

The year has been marked by the accelerated pace of change. Change management will still be the central theme for the first part of 1999/2000, as the Department prepares for the devolvement of CYPFA to form CYFS, and the establishment of the Ministry of Social Policy on 1 October 1999. The challenge remains to ensure that this change is well managed, while support to the Director-General and General Managers remains of a high standard.



**Christine Stevenson**  
**Acting General Manager**  
*Business Development*

## Achievements During 1998/99

### Change Management

Business Development's change management focus began with preparing for the separation, on 1 October 1998, of Income Support to WINZ, and the consequent impact on the remaining business units of DSW. This separation occurred with minimal disruption to the business of DSW and WINZ.

Organisational changes in the child and family sector were announced in September 1998. Cabinet agreed to integrate the DSW business units CYPFS and NZCFA. This integration was formalised on 1 January 1999 with the establishment of CYPFA. Business Development led this integration process, and as with the devolution of Income Support to WINZ, there was minimal disruption to client services that the Department provides. Business Development continues to manage the process to prepare for the establishment of CYFS and the Ministry of Social Policy.

In the leadup to the establishment of the Ministry of Social Policy, Business Development was involved in the establishment of two new business groups during 1998/99: Purchase and Monitoring, and Business Support.

The Purchase and Monitoring Group will be responsible for providing purchase advice to the Minister, and managing related processes. This will include negotiation of agreements with the various social sector delivery agencies, monitoring and reporting on their performance, and managing relationships. Stuart Macdonald was appointed General Manager of this Group in May this year.

Business Support will begin operation on 1 October 1999. It will replace the Business Development Group. Of the former Business Development Group, the Property Management requirements may be sourced externally and the Residential Strategy project will be transferred to CYFS during the first quarter of 1999/2000.

## Property Division

The two significant changes in the property area during the past year have been the downsizing of the office portfolio, as a result of the departure of Income Support to form WINZ, and the completion of the first of the new residences to be constructed under the Residential Services Strategy.

The size of the office portfolio prior to the departure of Income Support was 205,423 square metres, with occupancy costs of around \$34,928,000 per annum. As at 30 June 1999, the size of the office portfolio was 61,543 square metres, with occupancy costs of around \$9,793,000 per annum, a reduction of 70 percent in size and 72 percent in cost.

The administrative changes around the separation of the Income Support properties proceeded smoothly, and interdepartmental leases for the shared sites have been put in place.

Occupancy costs for office accommodation as at 30 June are \$4,846 per person and space utilisation 27 square metres per person. There is no vacant space.

## Residential Services Strategy

The Residential Services Strategy (RSS) Implementation project is being progressed by a team based in Business Development. This is a major capital project (\$60-65 million) that will take several years to complete.

This project's overall objective is to develop three Youth Justice Residential Centres, three Care and Protection Residences and three Specialist Therapeutic Residential Units – one treatment facility for adolescents who sexually abuse and two conduct disorder treatment units.

During 1998/99, the strategic framework – including templates for the consultation process with outside stakeholders – has been further developed. Architectural and property schedules for the completion of construction of the remaining facilities are now well established. Construction of two of the facilities was progressed during the year. Te Poutama Ārahi Rangatahi treatment facility for adolescents who sexually abuse was completed in Christchurch during May and opened on 30 July 1999. A management contract for this facility has been signed with Barnardos, staff have been appointed and operating specifications and admissions criteria are complete.

Good progress was made on the planning for the Youth Justice Residences during the year, with technical reports completed, liaison with the Department of Corrections over land issues undertaken, proposed sites identified, and architectural plans finalised as far as possible without confirmed sites. Consultation under the Resource Management Act 1991 is underway for Youth Justice South. The Youth Justice residential centre at Palmerston North will be opened in October 1999.

The concept plans have been finalised for the Care and Protection/Conduct Disorder Unit in the Lower North area, architectural plans are being developed, and construction will commence in November 1999. Site assessment work for Care and Protection Upper North is well advanced.

Statutory processes for new designations for the existing Kingslea and Northern Residential Centres are well advanced.

### **Human Resources**

A major focus for Human Resources (HR) has been on the significant change management programmes, with the separation of Income Support from 1 October 1998 and the preparation for the establishment of CYFS and the Ministry of Social Policy.

Work on ACC matters concentrated on CYPFA achieving accredited employer status, and preparation for the 1 July 1999 legislative changes.

Human Resources continued to develop and improve HR reporting and analysis to the DSW Board and external agencies.

Contract management across the Department continued to be a focus for HR with several collective contracts expiring in 1998. Work is underway to develop a new contract in CYPFA to meet the needs of CYFS and the staff of that organisation. This involves a collaborative approach between management and the bargaining agents.

### **Biculturalism/EEO**

The Department undertook some major initiatives during 1998/99, with the emphasis being on the Government's EEO Policy to 2010.

The Director-General initiated a review of Te Punga, which established a bicultural strategy for Maori staff and clients in 1994, and Pate Lali Nafa, the strategy document for Pacific peoples, was implemented in 1996. A survey was undertaken by all staff to determine whether these strategies had been implemented effectively.

The Te Punga survey report was released by the Director-General in November 1998 at a management training day on "Partnership – The Management Challenge for 2000", which was attended by 100 senior departmental managers. A range of speakers, including a political commentator and speakers from the public and private sectors and urban Maori, brought different perspectives to the day. The Director-General used this forum to stress that while the Department has made good progress in many areas, increased effort, innovation and commitment are necessary to drive biculturalism in the future.

The Pate Lali Nafa survey report was published towards the end of the year and has been sent to managers for recommended action.

Following on from the Director-General's consultation with staff with disabilities the previous year, Pathways, the strategy for people with disabilities, was officially launched in late 1998. Pathways represents another milestone in the leading edge the Department maintains in EEO. This document is the fourth in the series and joins Te Punga, Lali and Gatherings – the strategy for ethnic minority people.

The Department continued its support of the Te Aratau Maori Management Development Programme organised by Massey University and Te Wananga O Raukawa. The Director-General awarded two scholarships to Maori staff this year.

The Department also sent in a nomination for annual EEO Trust Work and Family awards.

## Finance

The separation of Income Support from the Department of Social Welfare from 1 October 1998 took much of Corporate Finance's focus in the early part of 1998/99. Corporate Finance's role was to manage the financial aspects of the separation. The Cabinet paper detailing the Department's new funding requirements was agreed in late September.

The Department achieved an unqualified audit report for 1997/98, and Corporate Finance has continued its good relationships with the Treasury and Audit New Zealand.

Two major projects were undertaken by Corporate Finance in 1998/99. As the owner of the Department's Financial Management Information System (FMIS) the upgrade of the FMIS to Y2K-compliant software was a priority. This upgrade has been successfully implemented and testing of the FMIS's Y2K compliance has been completed.

Also, a full stocktake of the assets held by Corporate Office and the Social Policy Agency is being finalised. It is envisioned that such a stocktake will be undertaken every six months.

## ACC – Workplace Accident Insurance

The passing of the Accident Insurance Act 1998 introduced competition for workplace accident insurance and placed a greater emphasis on safety in the work environment.

The Department analysed the five-year claim history provided by the Accident Rehabilitation and Compensation Insurance Corporation (ACC) and reconciled the data to the Department's records. With the separation of Income Support, integration of NZCFA and CYPFS and the forthcoming establishment of the Ministry of Social Policy, claims costs were assigned to business units so that true claims profiles for obtaining quotes for Workplace Accident Insurance could be developed.

DSW sought proposals from several insurers and selected cover based on a consideration of price, occupational health and safety advice, and the provision of claims management and rehabilitation services. Separate Workplace Accident Insurance Policies have been put in place for CYPFA, and for the Social Policy Agency and Corporate.

## Information Technology Management

The Information Systems Coordination Unit (ISCU) provided key support in identifying and managing IT issues resulting from the transition of Income Support to WINZ. This transition began the process of ISCU managing the common IT infrastructure that enabled WINZ to provide its customers with timely and accurate services from its first day of operation. During 1998/99, ISCU planned for CYPFA to remain within this infrastructure following devolvement to CYFS on 1 October 1999.

Year 2000 compliance remained a major management issue during 1998/99. The Department's Y2K programme, established during 1997/98, has ensured that testing of all departmental systems for Y2K compliance is, as at June 1999, nearly complete. This has involved the testing of all computer systems and networks as well as all machinery and equipment containing electronic chips or integrated time clocks. IT Y2K business continuity plans are currently being finalised. Assurance of Y2K compliance of the operations of third-party suppliers used by the Department has also been established by ISCU.

ISCU has and will continue to provide advice and oversight to CYPFA as the Agency replaces the SWIS system with an enhanced Case Management System (a \$10.7 million capital project). This system will provide much improved case management information that will enhance service delivery and reduce business risk.

The Information Systems Group (ISG) implemented the Corporate Server for corporate applications, ensuring compliance with DSW Policies and Standards. ISG also worked with ISCU to provide continuity of the Consolidated Network services as network enhancements were implemented throughout the year.

## Purchase and Monitoring

*Decisions in 1998/99 to establish a new Purchase and Monitoring Group followed from the separate establishment of the Department of Work and Income (WINZ) in October 1998 and the Department of Child, Youth and Family Services (CYFS) in October 1999.*

**The new Group will ensure that effective purchase advice is provided to the Minister and management of related accountability processes for social sector delivery agencies is undertaken. This is a new role for the Department and will ensure that the Minister receives advice regarding the purchase of services and related performance for the Government's social sector agencies.**



In the latter part of 1998/99, the Government approved a new role for the Department – to ensure purchase advice is available regarding the new delivery departments being established.

The Purchase and Monitoring Group will carry out this role. This will include advice regarding services being purchased, together with liaison and input on Purchase Agreements, monitoring and reporting on agency performance and managing relationships. The new purchase advice role will be a key output, along with policy advice.

The Purchase and Monitoring Group will also manage the internal business planning processes for the Department.

### Purchase Advice

The Ministry will have responsibility for providing the Minister with a single channel of independent purchase advice. This will include monitoring delivery agency performance, and advising on the optimal mix of outputs from delivery agencies.

*The core components of the new purchase advice role include:*

- ***advice on service efficiency and effectiveness – is the Minister getting the best range of services to achieve desired results at efficient cost?***
- ***confirmation of service delivery and performance monitoring against agreements***

- *relationship management, including clear process and common understanding on how accountabilities, reporting, and day-to-day management will work.*

Purchase advice will be provided for WINZ, CYPFA/CYFS, Housing Corporation of New Zealand (including Community Housing), the Retirement Commissioner, and the Commissioner for Children.

## Objectives

The Ministry will provide purchase advice and act as the Minister's advisor in administering the purchase and monitoring framework.

*Key objectives for the Purchase and Monitoring Group are:*

- *To provide effective, high-quality purchase advice to the Minister*
- *To promote effective and efficient performance from Social Welfare provider agencies in terms of outcomes achieved and outputs produced*
- *To enhance value for money in provision of agency services*
- *To ensure protection and monitoring of delivery agency service capability*
- *To facilitate effective relationship management*
- *To provide effective and co-ordinated planning systems for the Ministry.*

## 1998/99 Highlights

*Establishment of the Purchase and Monitoring Group began in May/June 1999.*

*Highlights since then are:*

- *The General Manager, Purchase and Monitoring, was appointed in that role*
- *The structure and functions of the Purchase and Monitoring Group were agreed, and internal appointments were made*
- *A discussion document on the Purchase and Monitoring framework was prepared and released to central agencies and delivery agencies for consultation. Progress is being made in terms of developing a consensus on the key elements of the new Purchase and Monitoring framework*
- *An interim Department Business Plan and related Government accountability documents were completed. This process has been complicated by the planned separate establishment of CYFS on 1 October 1999. At that point, revised and updated plans will be prepared for the new Ministry.*

*Stuart Macdonald.*

**Stuart Macdonald**  
**General Manager**

*Purchase and Monitoring*



## Internal Audit

*The past twelve months have seen Internal Audit build on its commitment to assist its internal customers, the Director-General and the Senior Managers in ensuring that the risk profile of the Department is adequately managed.*



**Internal Audit refocused its operations on 1 January 1999**

**and is now based solely in Wellington within the CYPFA Business Unit. Until the CYPFA departure later in 1999, Internal Audit still reports to the Director-General. A new Audit Committee has been established within CYPFA, as a subgroup of the Board, to oversee work progress and risk mitigation.**

The centralisation of operations to Wellington enables closer relationship with the Department's Corporate Office, SPA and the National Office of CYPFA. The work focus of Internal Audit has also changed and a greater focus is now being placed on project risks. This enables Internal Audit to align with business priority initiatives such as Welfare to Well-being, Strengthening Families, and Social Workers in Schools.

Before the departure of Income Support to become part of WINZ, Internal Audit undertook a comprehensive review at site level. This State of Health check was undertaken for the Director-General prior to hand over on 1 October 1998. This review ensured sites kept up their high standards of service delivery during the transition period.

A similar process is being undertaken at present within CYPFA, where all sites will be visited by Internal Audit. Internal Audit will report to the Director-General before 1 October 1999, when the Department of Child, Youth and Family Services will be established.

Internal Audit actively participated in the CYPFA Business Risk Management project which assisted in focusing on areas needing closer attention of monitoring and management. The project team was very satisfied with this involvement, and the Internal Audit group is continuing to provide services to help develop a risk management tool.

Quality measures of Internal Audit's work and customer satisfaction continue to improve, and targets were successfully achieved. High-quality performance outcomes are achieved through focusing on a high standard of best professional

practice and best contemporary business practice. This requires efficient processes, quality staff resources, continuing professional training, high productivity, cost efficiency and quality assurance.

The Internal Audit team has continued to provide quality services throughout the department in a time of significant change and has ensured commitment to the achievement of the new audit focus.



**Richard Yuschik**  
Chief Auditor

## Income Support *(1 July – 30 September 1998)*

*This statement represents the last quarter (1 July 1998 – 30 September 1998) of Income Support. On 1 October 1998, Income Support merged with the New Zealand Employment Service, Community Employment Group and Local Employment Co-ordination to form the Department of Work and Income, or Work and Income New Zealand (WINZ), as it is branded.*



**The final months of operation of Income Support were**

**extremely challenging. The focus was to maintain a high standard of service delivery during a period of change and planning for integration. While many managers and staff were in the process of applying for positions in the new Department, which was personally difficult for all concerned, there was an extremely high level of commitment to ensuring business as usual was not compromised.**

It is important to note that during the planning for integration, which was gathering momentum in these three months, Income Support provided significant staff time and resource to work in project teams with the Integration Transition Team.

Occurring in parallel to organisational changes, major policy implementation work was also being managed. This included the introduction of the Community Work scheme, the Community Wage and Domestic Purposes Benefit reforms. The Community Work/Community Wage introduction on 1 October 1998 coinciding with the commencement of WINZ, represented a major planning challenge for Income Support. In addition, Income Support was also preparing to take over administration of student allowances from the Ministry of Education, a significant piece of new business.

Throughout this time, customers continued to receive a high standard of service from Income Support. An increasing number used the 0800 call centre as a primary point of contact. The effect of the April – June 1998 Benefit Crime campaign became very apparent, with the Areas' Benefit Crime teams handling an increased number of investigations and prosecutions.

Income Support continued to support the Department's Welfare to Well-being and Strengthening Families strategies through customised service delivered by frontline staff.

Despite a period of challenges, changes and redeployed resources, Income Support continued to deliver quality customer service, and staff were well placed for transition to the new Department.



**Christine Rankin**  
**Chief Executive**

*Department of Work and Income*

*Former General Manager  
Income Support*



## REPORT OF THE AUDIT OFFICE TO THE READERS OF THE FINANCIAL STATEMENTS OF DEPARTMENT OF SOCIAL WELFARE FOR YEAR ENDED 30 JUNE 1999

We have audited the financial statements on pages 41 to 103. The financial statements provide information about the past financial and service performance of the Department of Social Welfare and its financial position as at 30 June 1999. This information is stated in accordance with the accounting policies set out on pages 41 to 45.

### Responsibilities of the Director-General

The Public Finance Act 1989 requires the Director-General to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the Department of Social Welfare as at 30 June 1999, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 1999.

### Auditor's responsibilities

Section 38(1) of the Public Finance Act 1989 requires the Audit Office to audit the financial statements presented by the Chief Executive. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed Mr John O'Connell, of Audit New Zealand, to undertake the audit.

### 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 Director-General in the preparation of the financial statements and
- ▲ whether the accounting policies are appropriate to the Department of Social Welfare's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. 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 give reasonable assurance that the financial statements are free from material misstatements, 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 acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the Department of Social Welfare.

### Unqualified opinion

We have obtained all the information and explanations we have required. In our opinion the financial statements of the Department of Social Welfare on pages 40 to 103 :

- ▲ comply with generally accepted accounting practice *and*
- ▲ fairly reflect:
  - the financial position as at 30 June 1999
  - the results of its operations and cash flows for the year ended on that date *and*
  - the service performance achievements in relation to the performance targets and other measures set out in the forecast financial statements for the year ended on that date.

Our audit was completed on 20 September 1999 and our unqualified opinion is expressed as at that date.



John O'Connell  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
Wellington, New Zealand



## Financial **Statements**

1998/99

## Statement of **Responsibility**

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Director-General of the Department of Social Welfare, for the preparation of the Department's financial statements and the judgements made in the process of producing these statements.

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

In my opinion, these financial statements fairly reflect the financial position and operations of the Department for the year ended 30 June 1999.



**Dame Margaret Bazley, DNZM**  
Director-General

Countersigned by:



**Wayne Verhoeven**  
Acting Chief Financial Officer



# Statement of Accounting Policies

For the year ended 30 June 1999

## Business and Statutory Base

These General Purpose Financial Reports are for the Department of Social Welfare (the Department), which is a government department as defined by section 2 of the Public Finance Act 1989. The Department's financial statements represent the consolidated activities of five business units: Income Support, Children, Young Persons and Their Families Service, The New Zealand Community Funding Agency, Corporate Office and the Social Policy Agency.

These financial statements have been prepared pursuant to section 35 of the Public Finance Act 1989.

In addition, the Department has reported the non-departmental activities and trust monies which it administers.

## Measurement System

The measurement base is historical cost, modified by the revaluation of certain fixed assets.

## Separation of Income Support

On 1 October, 1998 Income Support merged with the New Zealand Employment Service, the Community Employment Group and Local Employment Coordination Group of the Department of Labour, to form the Department of Work and Income (WINZ).

The separation of Income Support from the Department of Social Welfare from 1 October 1998 is the primary reason that the Department of Social Welfare's expenditure in 1998/99 has reduced when compared with previous years.

The Minister of Social Services, Work and Income is responsible for the Department of Social Welfare and the Department of Work and Income.

## Change in Departmental and Vote Structures

During 1998/99 the Children, Young Persons and Their Families Service (CYPFS) was integrated with the NZ Community Funding Agency (NZCFA) to create an integrated Agency called the Children, Young Persons and Their Families Agency (CYPFA).

In April 1999, the Government announced the formation of the Department of Child, Youth and Family Services. It will operate from 1 October 1999. This will remove CYPFA from the Department of Social Welfare.

From 1 October 1999, the Department of Social Welfare will provide Policy and Purchase Advice to the Minister of Social Services, Work and Income. In order to meet its purchase advice responsibilities, the Department will monitor the following agencies: The Department of Work and Income (WINZ), Housing Corporation of New Zealand, Community Housing Limited and the Department of Child, Youth and Family Services. It will also provide Information Technology Services to the Department of Work and Income and the Department of Child, Youth and Family Services.

## Accounting Policies

### Budget Figures

The budget figures are those presented in the 1998/99 Estimates of Appropriation and the Departmental Forecast Report as amended by the 1998/99 Supplementary Estimates.

### Revenue

The Department derives revenue through the provision of outputs to the Crown, for services to third parties, and from interest earned on deposits. All revenue is recognised when it is earned, and is recorded in the financial period to which it relates.

### Cost Allocation

The Department of Social Welfare employs a three staged costing system to accumulate and allocate costs to Departmental 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. Indirect costs include all costs other than direct costs, i.e. those costs which cannot be identified as relating to one specific output. The second stage accumulates costs in Corporate Office and in business units and allocates these costs based on total cost information.

The third stage allocates the costs of business units to output classes based on information obtained from various recording systems employed by the business units. Systems used include time recording systems (for Social Policy Agency and Children, Young Persons and Their Families Agency) and the number of benefit applications, number of reviews, value of debt collected, and value of debt established (for Income Support).

### Crown Receivable

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

### Receivables

Receivables are stated at estimated net realisable value.

### Payables and Accruals and Other Short Term Liabilities

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

### Employee Provisions

Provision is made in respect of the Department's liability for annual leave, long service leave, retirement leave and time off in lieu. Annual leave and time off in lieu have been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on an actuarial basis based on the present value of expected future entitlements.

### **GST**

All of the Department's financial statements are shown exclusive of GST with the exception of payables and receivables in the Statement of Financial Position, the Statement of Departmental Expenditure and Appropriations, the Statement of Departmental Unappropriated Expenditure, the Statement of Non-Departmental Revenue and Expenditure Flows and the Statement of Non-Departmental Unappropriated Expenditure which are GST inclusive where applicable. GST is calculated on Crown revenue (not expenditure) where applicable.

The amount of GST owing to or from the Inland Revenue Department at 30 June is included in Payables or Receivables as appropriate.

### **Taxation**

The Department is exempt from paying income tax in terms of the Income Tax Act 1994.

### **Fixed Assets**

Fixed assets are initially stated at the value of the consideration given to acquire or create the asset. This includes the addition of any directly attributable costs of bringing the asset to working condition for its intended use.

Land, buildings and motor vehicles are valued every three years by an independent registered valuer. They are stated at net current value.

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

### **Depreciation**

Depreciation is provided on a straight line basis for 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 are:*

	Estimated Life (Years)
Buildings	50
Family Home Equipment	10
Computer Equipment & Software	2 to 5
Furniture, Fittings & Office Equipment	5
Motor Vehicles	4

### **Leases**

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased item, are charged as expenses in the periods in which they are incurred.

**Financial Instruments**

The Department is party to financial instruments as part of its normal operations. These operations include bank accounts, short term deposits, accounts receivable, Crown receivable and accounts payable.

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

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance at historical cost.

**Foreign Currency**

The Department operated foreign currency bank accounts. The funding of these accounts was limited to the amount necessary to settle any transactions in the normal course of business. Therefore gains and losses on the balances in these accounts were not material. These accounts were transferred to WINZ on 1 October 1998.

No foreign currency hedge transactions were entered into.

**Statement of Cash Flows**

Cash includes bank accounts and short term deposits held with the New Zealand Debt Management Office (NZDMO).

Operating activities include the cash movement in outputs supplied and produced, and interest received.

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

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

**Commitments**

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

All quantifiable commitments existing at balance date are disclosed in the Statement of Commitments.

Commitments relating to employment contracts have not been disclosed.

**Contingent Liabilities**

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

**Consolidation**

The Department's financial statements show the consolidated operating results of the outputs supplied to the Crown during the period. The effects of all material inter unit transactions have been eliminated.

**Comparatives**

Some of the 1997/98 comparatives have been restated as a result in changes to output classes between 1997/98 and 1998/99. These restatements are listed on pages 75 – 85.

**Changes in Accounting Policies**

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

**Comparative of Actual Results and Prospective Financial Information**

The Department is required to present a comparison between prospective financial information and the actual results for the period being reported. Appendix 2 of this Annual Report compares the actual results for the 1998/99 year with the prospective financial information published in the 1998/99 Departmental Forecast Report.

# Statement of Financial Performance

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000		Note	Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
<b>Revenue</b>				
471,361	Crown		297,582	297,582
0	Department		19,968	21,966
3,810	Other		1,540	1,414
3,370	Interest		1,369	1,110
<b>478,541</b>	<b>Total Revenue</b>		<b>320,459</b>	<b>322,072</b>
<b>Expenses</b>				
239,927	Personnel	2	145,223	144,486
179,578	Operating	3	129,988	138,597
35,439	Depreciation		26,277	22,909
18,243	Capital Charge	4	15,596	14,970
<b>473,187</b>	<b>Total Output Expenses</b>		<b>317,084</b>	<b>320,962</b>
0	Other Expenses	5	8,704	9,471
<b>473,187</b>	<b>Total Expenses</b>		<b>325,788</b>	<b>330,433</b>
0	Profit on Sale of Fixed Assets		102	0
<b>5,354</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>1</b>	<b>(5,227)</b>	<b>(8,361)</b>

# Statement of Movements in Taxpayers' Funds

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000	Note	Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
166,062		170,979	170,979
<b>Opening Taxpayers Funds as at 1 July 1998</b>			
5,354		(5,227)	(8,361)
21	6	27	0
<b>Total recognised Revenue and Expenditure for the Period</b>			
<b>5,375</b>		<b>(5,200)</b>	<b>(8,361)</b>
4,896	7	230	4,635
0		(54,082)	(54,082)
(1,984)		(2,108)	1,110
(3,370)		(1,369)	(1,110)
<b>170,979</b>		<b>108,450</b>	<b>113,171</b>
<b>Taxpayers' Funds at 30 June 1999</b>			

# Statement of Financial Position

As at 30 June 1999

Actual 30 Jun 98 \$'000		Note	Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
170,979	<b>Taxpayers' Funds</b>		108,450	113,171
	Represented by:			
	<b>Assets</b>			
	<b>Current Assets</b>			
39,438	Bank	8 & 13	30,112	5,214
2,551	Prepayments		458	446
1,474	Receivables		4,304	594
36,790	Crown Receivable		23,332	18,098
10,693	Properties intended for sale	10	9,167	0
<b>90,946</b>	<b>Total Current Assets</b>		<b>67,373</b>	<b>24,352</b>
	<b>Non-Currents Assets</b>			
149,503	Fixed Assets	6, 9 & 11	95,460	124,054
<b>149,503</b>	<b>Total Non-Current Assets</b>		<b>95,460</b>	<b>124,054</b>
<b>240,449</b>	<b>Total Assets</b>		<b>162,833</b>	<b>148,406</b>
	<b>Less Liabilities</b>			
	<b>Current Liabilities</b>			
46,609	Payables & Accruals		24,335	23,872
	Provisions and Other Short			
16,256	Term Liabilities	12	24,171	18,026
5,354	Provision to Repay Crown		3,395	(6,663)
<b>68,219</b>	<b>Total Current Liabilities</b>		<b>51,901</b>	<b>35,235</b>
	<b>Non-Current Liabilities</b>			
1,251	Provision for Annual and Long Service Leave		2,482	0
<b>1,251</b>	<b>Total Non-Current Liabilities</b>		<b>2,482</b>	<b>0</b>
<b>69,470</b>	<b>Total Liabilities</b>		<b>54,383</b>	<b>35,235</b>
<b>170,979</b>	<b>NET ASSETS</b>		<b>108,450</b>	<b>113,171</b>



**Dame Margaret Bazley, DNZM**

Director-General

20 September 1999



**Wayne Verhoeven**

Acting Chief Financial Officer

20 September 1999

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



# Statement of Cash Flows

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000	Note	Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
<b>Cash Flows from Operating Activities</b>			
Cash Provided from:			
466,972	Supply of outputs	321,578	340,824
3,393	Interest revenue	1,395	1,110
2,073	Net GST	3,625	1,800
472,438		326,598	343,734
Cash Disbursed to:			
(404,307)	Production of outputs	(275,556)	(305,219)
(18,243)	Capital charge paid	(12,621)	(14,970)
(422,550)		(288,177)	(320,189)
<b>49,888</b>	<b>Net cash flow from operating activities</b>	<b>38,421</b>	<b>23,545</b>
<b>Cash Flows from Investing Activities</b>			
Cash Provided from:			
5,413	Sale of fixed assets	9,009	11,459
Cash Disbursed to:			
(33,572)	Purchase of fixed assets	(46,060)	(58,466)
<b>(28,159)</b>	<b>Net cash used in investing activities</b>	<b>(37,051)</b>	<b>(47,007)</b>
<b>Cash Flows from Financing Activities</b>			
Cash Provided from:			
4,896	Capital contribution from the Crown	6,037	4,635
Cash Disbursed to:			
(5,261)	Payment of net surplus to the Crown	(1,126)	(4,025)
<b>(365)</b>	<b>Net cash provided by financing activities</b>	<b>4,911</b>	<b>610</b>
<b>21,364</b>	<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>6,281</b>	<b>(22,852)</b>
18,074	Add cash at beginning of year	39,438	39,438
0	Cash Balance as a result of transfer of Net Assets to New Department	(15,607)	(11,372)
<b>39,438</b>	<b>Total cash balance at end of year</b>	<b>30,112</b>	<b>5,214</b>

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

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

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000	Note	Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
5,354	<b>Net Operating Surplus</b>	(5,227)	(8,361)
	<i>Non Cash Items:</i>		
35,439	Depreciation	26,277	22,909
2,918	Loss on Disposal of Fixed Assets	74	66
691	Loss on Revaluation of Fixed Assets	12	0
0	Gain on Sale of Fixed Assets	(102)	0
<b>39,048</b>	<b>Total Non Cash Items</b>	<b>26,261</b>	<b>22,975</b>
	<i>Working Capital Items:</i>		
	<i>(Increase)/Decrease in:</i>		
4,410	Receivable & Prepayments	(3,872)	2,985
(11,691)	Crown Receivable	5,531	18,692
	<i>Increase/(Decrease) in:</i>		
15,117	Payables and Accruals	(678)	(22,737)
(2,350)	Short Term Liabilities	16,406	9,991
<b>49,888</b>	<b>Net Cash Flows from Operating Activities</b>	<b>38,421</b>	<b>23,545</b>

# Notes to the Financial Statements

For the year ended 30 June 1999

## Note 1 Budget Composition

30 Jun 98		30 Jun 99	30 Jun 99	30 Jun 99
Budget Total \$'000		Budget Forecasts \$'000	Supplementary Estimates Forecasts \$'000	Budget Total \$'000
<b>Revenue</b>				
471,361	Crown	512,704	(215,122)	297,582
0	Department	0	21,966	21,966
3,575	Other	3,475	(2,061)	1,414
2,409	Interest	2,409	(1,299)	1,110
<b>477,345</b>	<b>Total Revenue</b>	<b>518,588</b>	<b>(196,516)</b>	<b>322,072</b>
<b>Expenditure</b>				
239,434	Personnel costs	255,053	(110,567)	144,486
181,604	Operating costs	191,455	(52,858)	138,597
35,558	Depreciation	47,392	(24,483)	22,909
18,340	Capital charge	22,279	(7,309)	14,970
<b>474,936</b>	<b>Total Output Expenses</b>	<b>516,179</b>	<b>(195,217)</b>	<b>320,962</b>
<b>0</b>	<b>Other Expenses</b>	<b>0</b>	<b>9,471</b>	<b>9,471</b>
<b>474,936</b>	<b>Total Expenses</b>	<b>516,179</b>	<b>(185,746)</b>	<b>330,433</b>
<b>0</b>	<b>Profit on Sale of Fixed Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2,409</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>2,409</b>	<b>(10,770)</b>	<b>(8,361)</b>

## Note 2 Personnel Expenses

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
219,237	Salaries and Wages	134,075	135,713
5,249	Restructuring Costs	3,137	350
15,441	Other Personnel Expenses	8,011	8,423
<b>239,927</b>	<b>Total Personnel Expenses</b>	<b>145,223</b>	<b>144,486</b>

**Note 3 Operating Expenses**

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
850	Audit Fee	397	559
19	Other Services Provided by Current Auditors	0	0
30,901	Rental and Leasing Costs	14,122	15,202
(23)	Bad Debts Written Off	(10)	37
2,918	Loss (Gain) on Sale of Fixed Assets	74	66
691	Loss (Gain) on Revaluation of Fixed Assets	12	0
(213)	Movement in Provision for Doubtful Debts	143	(26)
144,435	Other Output Operating Expenses	115,250	122,759
<b>179,578</b>	<b>Total Operating Expenses</b>	<b>129,988</b>	<b>138,597</b>

**Note 4 Capital Charge**

The Crown charges the Department a levy on taxpayers' funds equivalent to the cost of 11% on the capital employed by the Department. This charge is paid on a semi-annual basis in arrears.

**Note 5 Other Expenses**

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
0	Provision for retirement and long service leave	8,704	9,471
<b>0</b>	<b>Total Other Expenses</b>	<b>8,704</b>	<b>9,471</b>

**Note 6 Asset Revaluation Reserve**

Land 30 Jun 98 \$'000	Building 30 Jun 98 \$'000	Total 30 Jun 98 \$'000		Land 30 Jun 99 \$'000	Building 30 Jun 99 \$'000	Total 30 Jun 99 \$'000
168	1,946	2,114	Balance brought forward	(770)	791	21
(938)	(1,155)	(2,093)	Revaluation changes	6	0	6
<b>(770)</b>	<b>791</b>	<b>21</b>	<b>Balance at 30 June</b>	<b>(764)</b>	<b>791</b>	<b>27</b>

### Note 7 Capital Contribution

Capital contribution is the money provided by the Crown to increase its net asset holding in the Department.

### Note 8 Bank

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
6,298	Bank	4,012	5,214
33,140	Short Term Deposits	26,100	0
<b>39,438</b>	<b>Net Bank Balance</b>	<b>30,112</b>	<b>5,214</b>

The Department invests money with the New Zealand Debt Management Office at variable rates of interest.

### Note 9 Fixed Assets

Cost/ Valuation 30 Jun 98 \$'000	Accumul'd Deprec'n 30 Jun 98 \$'000	Net Book Value 30 Jun 98 \$'000		Total Cost 30 Jun 99 \$'000	Accumul'd Deprec'n 30 Jun 99 \$'000	Net Book Value 30 Jun 99 \$'000
13,856	0	13,856	Land	17,562	0	17,562
37,103	1,182	35,921	Buildings	15,908	1,391	14,517
34,377	20,077	14,300	Leasehold Improvements	11,078	6,194	4,884
147,398	101,499	45,899	Computer equipment and Software	70,844	47,879	22,965
57,915	51,475	6,440	Fixtures, Fittings, and office equipment	19,326	15,992	3,334
11,168	898	10,270	Motor Vehicles	7,943	412	7,531
22,817	0	22,817	Work in Progress	24,667	0	24,667
<b>324,634</b>	<b>175,131</b>	<b>149,503</b>	<b>Total Fixed Assets</b>	<b>167,328</b>	<b>71,868</b>	<b>95,460</b>

The Department's Land and Buildings were revalued at 31 December 1996 by Darroch & Co. Ltd ANZIV. Properties are valued to reflect net current value (the "existing use" valuation).

**Note 10 Properties Intended for Sale**

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000
10,693	Current	9,167
<b>10,693</b>	<b>Total Properties Intended for Sale</b>	<b>9,167</b>

The properties identified as surplus to requirements were valued by Darroch & Co. on the basis of lower of cost and net realisable value. Properties that are likely to be sold in the 1999/2000 financial year have been reclassified from Fixed Assets in the Statement of Financial Position. Proceeds from the sale of the properties will be applied to the Department's Residential Services Strategy.

**Note 11 Restriction on Asset Sale Proceeds**

The Crown has security over certain land and buildings. Upon disposal of these land and buildings, the proceeds must be repaid to the Crown.

**Note 12 Provisions and Other Short Term Liabilities**

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
11,838	Provision for Annual, Long Service and Retirement Leave (Current Portion)	14,500	17,283
943	Provision for Restructuring	1,278	(53)
3,475	Other Provisions	8,393	796
<b>16,256</b>	<b>Total Provisions and Other Short Term Liabilities</b>	<b>24,171</b>	<b>18,026</b>

### Note 13 Financial Instruments

The Department of Social Welfare is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable and trade creditors.

The credit risk of the Department of Social Welfare relating to the financial instruments is limited to the balances with trade debtors, NZDMO and Westpac Trust.

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

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

### Note 14 Related Party Transactions

The Department of Social Welfare is a wholly owned entity of the Crown. The Government significantly influences the role of the Department as well as being its main source of revenue. All transactions entered into with other Government Departments and State-Owned Enterprises are conducted at arm's length on normal business terms. These are not considered to fall within the scope of related party transactions.

During the period no related party transactions of a material nature took place other than with the Crown.

### Note 15 Subsequent Event

During 1998/99 the Children, Young Persons and Their Families Service (CYPFS) was integrated with the NZ Community Funding Agency (NZCFA) to create an integrated Agency called the Children, Young Persons and Their Families Agency (CYPFA). From 1 October 1999, CYPFA will devolve from the Department of Social Welfare to become the Department of Child, Youth and Family Services. This will remove CYPFA from the Department of Social Welfare and the appropriation will be transferred to the new Vote Child, Youth and Family Services.

# Statement of Departmental Expenditure and Appropriations

For the year ended 30 June 1999

(Figures are GST inclusive where applicable)

Summary By Output Class	Actual Expenditure \$'000	Appropriation Voted \$'000
<b>Income Support</b>		
Applications for Benefits, Grants, and the Community Services Card	20,882	20,882
Review of Benefits	39,157	39,157
Payments of Benefits, and Grants and Issue of the Community Services Card	5,365	5,365
Reduction of Fraud and Abuse	6,213	6,213
Debt Collection	7,023	7,023
Benefit Awareness Services	755	755
War Pension Services	1,365	1,365
<b>Total Income Support</b>	<b>80,760</b>	<b>80,760</b>
<b>Children, Young Persons and Their Families Agency</b>		
Prevention Services for the Wellbeing of Children, Young Persons and Their Families	6,384	6,604
Social Work Services	216,732	219,130
Family Group Conference Services	16,087	16,315
Adoption Services	8,633	8,851
Approval and Contracting of Social and Welfare Services	11,892	12,113
<b>Total Children, Young Persons and Their Families Agency</b>	<b>259,728</b>	<b>263,013</b>
<b>Social Policy Agency</b>		
Policy Advice	13,831	14,654
Senior Citizens Services	542	543
<b>Total Social Policy Agency</b>	<b>14,373</b>	<b>15,197</b>
<b>Ministerial Services Unit</b>		
Ministerial Servicing and Support Services	2,108	2,112
<b>Total Ministerial Servicing Unit</b>	<b>2,108</b>	<b>2,112</b>
<b>Total</b>	<b>356,969</b>	<b>361,082</b>

**NOTE:**

Output Class: War Pension Services is appropriated under Vote War Pensions; and Output Class: Senior Citizen Services is appropriated under Vote Senior Citizens. All other output classes are appropriated under Vote Social Welfare.

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



# Statement of Trust Monies

For the year ended 30 June 1999

Trust Account	Opening Balance 1 Jul 98	Contri- butions	Distri- butions	Revenue	Expend- iture	Closing Balance 30 Jun 99
	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
Maintenance	153	0	0	0	(153)	0
Australian Debt Recoveries	28	0	0	0	(28)	0
NZ Children & Young Persons Service	279	0	0	13	0	292
UK Reciprocal Pension	17	0	0	0	(17)	0
<b>Total 1998/99</b>	<b>477</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>(198)</b>	<b>292</b>
<b>Total 1997/98</b>	<b>538</b>	<b>2,995</b>	<b>(3,072)</b>	<b>16</b>	<b>0</b>	<b>477</b>

The Maintenance Trust holds funds received from parents who are ordered to pay maintenance money to support their family. This trust has now been transferred to WINZ.

The Australian Debt Recoveries Trust was established in 1993 to hold funds deducted from payments to New Zealand beneficiaries who have an outstanding debt with the Australian Government before being remitted to the Australian Government. This trust has now been transferred to WINZ.

The UK Reciprocal Pension Trust was established in January 1994 to hold funds received from the United Kingdom Department of Health and Social Security for payment to pensioners entitled to a UK pension. This trust has now been transferred to WINZ.

NZ Children and Young Persons Service Trust was established in May 1995 to hold funds received from an Estate for payment to the recipient.

# Statement of Unappropriated Expenditure

For the year ended 30 June 1999

(Figures are GST inclusive where applicable)

Actual 30 Jun 98 \$'000		1998/99 Appropriation 30 Jun 98 \$'000	1998/99 Actual Expenditure \$'000	Expenditure in excess of Appropriation \$'000
	<b>Departmental Output Class</b>			
	<i>Vote Social Welfare</i>			
	Public Awareness Services for the Well-being of Children,			
576	Young Persons and Their Families	0	0	0
<b>576</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Statement of Commitments

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000
	<b>Term Classifications of Capital Commitments</b>	
319	Less than 1 year	2,179
169	1 year to 2 years	0
<b>488</b>	<b>Total Capital Commitments</b>	<b>2,179</b>
	<b>Term Classifications of Operating Commitments</b>	
64,780	Less than 1 year	18,501
53,242	1 year to 2 years	9,685
60,740	2 years to 5 years	12,064
34,984	More than 5 years	5,673
<b>213,746</b>	<b>Total Operating Commitments</b>	<b>45,923</b>
<b>214,234</b>	<b>Total Commitments</b>	<b>48,102</b>

# Statement of **Contingent Liabilities**

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000
18,226	Legal Proceedings and Disputes	22,899
932	Other quantifiable Contingent Liabilities	923
<hr/>		
<b>19,158</b>	<b>Total Contingent Liabilities</b>	<b>23,822</b>

# Statement of Output Performance

For the year ended 30 June 1999

(Figures are GST exclusive)

Summary By Output Class	Total Revenue \$'000	Total Expenses \$'000	Surplus/ (Deficit) \$'000
<b>Income Support</b>			
Applications for Benefits, Grants, and the Community Services Card	18,562	18,562	0
Review of Benefits	34,806	34,806	0
Payments of Benefits, and Grants and Issue of the Community Services Card	4,769	4,769	0
Reduction of Fraud and Abuse	5,523	5,523	0
Debt Collection	6,243	6,243	0
Benefit Awareness Services	671	671	0
War Pension Services	1,213	1,213	0
<b>Total Income Support</b>	<b>71,787</b>	<b>71,787</b>	<b>0</b>
<b>Children, Young Persons and Their Families Agency</b>			
Prevention Services for the Wellbeing of Children, Young Persons and Their Families	5,826	5,656	170
Social Work Services	193,375	192,560	815
Family Group Conference Services	14,377	14,290	87
Adoption Services	7,816	7,656	160
Approval and Contracting of Social and Welfare Services	10,683	10,557	126
<b>Total Children, Young Persons and Their Families Agency</b>	<b>232,077</b>	<b>230,719</b>	<b>1,358</b>
<b>Social Policy Agency</b>			
Policy Advice	12,866	12,223	643
Senior Citizens Services	483	482	1
<b>Total Social Policy Agency</b>	<b>13,349</b>	<b>12,705</b>	<b>644</b>
<b>Ministerial Servicing Unit</b>			
Ministerial Servicing and Support Services	1,877	1,873	4
<b>Total Ministerial Servicing Unit</b>	<b>1,877</b>	<b>1,873</b>	<b>4</b>
Total Appropriated Output Surplus	319,090	317,084	2,006
Interest Revenue	1,369	0	1,369
Gain on Sale of Fixed Assets	0	(102)	102
Other Expenses	0	8,704	(8,704)
<b>Total Department</b>	<b>320,459</b>	<b>325,686</b>	<b>(5,227)</b>
<b>Budget Total</b>	<b>322,072</b>	<b>330,433</b>	<b>(8,361)</b>

**NOTE:**

Output Class: War Pension Services is appropriated under Vote War Pensions; and Output Class: Senior Citizen Services is appropriated under Vote Senior Citizens. All other output classes are appropriated under Vote Social Welfare.

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

## Income Support

# Output Performance Statements

For the year ended 30 June 1999

## Applications for Benefits, Grants and the Community Services Card

In this output class the Minister of Social Services, Work and Income purchases the assessment of applications for both primary and supplementary benefits payable under the Social Security Act 1964, and the Transitional Provisions Act 1990. This class of outputs also includes the purchase of assessment of applications for the Community Services Card. It also includes the conveyance of information relating identification to the customer of the dangers of welfare dependency and activities they can undertake to avoid dependency. These services are provided by way of a case management model known as Customised Service. Income Support works with the customer to overcome obstacles to independence and establishes steps to self-reliance through customer agreements.

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
71,484	Crown	18,298	18,298
961	Other	264	264
<b>72,445</b>	<b>Total Revenue</b>	<b>18,562</b>	<b>18,562</b>
	<b>Expenses</b>		
38,185	Personnel	9,488	8,859
27,133	Operating	6,793	7,962
4,506	Depreciation	1,261	901
2,277	Capital Charge	1,020	840
<b>72,101</b>	<b>Total Expenses</b>	<b>18,562</b>	<b>18,562</b>
<b>344</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
	<i>Benefits &amp; Grants</i>		
452,460	Primary Applications	95,238	108,625
1,180,778	Supplementary Applications	279,061	280,500
	<i>Community Services Card</i>		
235,423	Applications and Re-applications	52,815	58,850
	<b>Quality</b>		
	Of the primary benefit applications processed, the percentage that		
80%	are 100% accurate will be not less than	83%	80%
	Customer survey completed, achieving		
87%	at least 70% of agreed performance criteria	n/a	n/a
	The minimum percentage of		
	Community Services Card applications		
	tested for income qualification accuracy		
11.0%	Applications	12.3%	10%
7.0%	Re-Applications	11.7%	5%
	<b>Timeliness</b>		
	Services are available for a minimum		
	period on every departmental working		
7.5 hours	day for	7.5 hours	7 hours
	Primary benefit applications processed		
82%	on average within 5 working days	85%	70%
	Community Services Card applications		
27%	processed on average within 2 working days	n/a	n/a

## Income Support

# Output Performance Statements

For the year ended 30 June 1999

## Review of Benefits

In this output class the Minister of Social Services, Work and Income purchases the review of both primary and supplementary benefits payable under the Social Security Act 1964 and the Transitional Provisions Act 1990. It also includes the conveyance of information relating to customer entitlement, rights, duties and obligations as well as the identification to the customer of the dangers of welfare dependency and activities they can undertake to avoid dependency. These services are provided by way of a case management model known as Customised Service. Income Support works with the customer to overcome obstacles to independence and establishes steps to self-reliance through customer agreements.

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
124,697	Crown	34,479	34,479
1,461	Other	327	327
<b>126,158</b>	<b>Total Revenue</b>	<b>34,806</b>	<b>34,806</b>
	<b>Expenses</b>		
66,763	Personnel	17,793	16,613
47,637	Operating	12,738	14,928
7,485	Depreciation	2,364	1,689
3,974	Capital Charge	1,911	1,576
<b>125,859</b>	<b>Total Expenses</b>	<b>34,806</b>	<b>34,806</b>
<b>299</b>	<b>NET OPERATING SURPLUS(DEFICIT)</b>	<b>0</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
2,962,087	Reviews	746,440	753,500
	<b>Quality</b>		
	<i>Accuracy</i>		
	Of the primary reviews processed, the percentage that are 100% accurate will be not less than		
88%		92%	80%
	<b>Timeliness</b>		
	<i>Accessibility</i>		
	Services available for a minimum period on every departmental working day for		
7.5 hours		7.5 hours	7 hours
	Primary Reviews are processed on average within 5 working days		
95%		98%	70%



## Income Support

## Output Performance Statements

For the year ended 30 June 1999

## Payment of Benefits and Grants, and Issue of the Community Services Card

In this output class the Minister of Social Services, Work and Income purchases the payment of both primary and supplementary benefits and grants made under the Social Security Act 1964, Transitional Provisions Act 1990 and the issue of Community Services Cards.

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
23,819	Crown	4,769	4,769
<b>23,819</b>	<b>Total Revenue</b>	<b>4,769</b>	<b>4,769</b>
	<b>Expenses</b>		
23,546	Operating	4,769	4,769
<b>23,546</b>	<b>Total Expenses</b>	<b>4,769</b>	<b>4,769</b>
<b>273</b>	<b>NET OPERATING SURPLUS(DEFICIT)</b>	<b>0</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
39,132,254	Payments of Income Support Benefits, Grants and Supplementary Entitlements	10,699,799	10,000,000
1,479,313	Community Services Cards issued	400,286	420,000
	<b>Quality</b>		
100%	Payment of Benefits and Grants will be made on the due date	100%	96%
100%	Benefit payments will be made at the assessed rate	n/a	n/a
	<b>Timeliness</b>		
84%	The percentage of Community Services Cards issued within 6 working days of receipt of tapes containing client particulars will not be less than	92%	95%

## Income Support

# Output Performance Statements

For the year ended 30 June 1999

## Services to Reduce Benefit Crime

In this output class the Minister of Social Services, Work and Income purchases products designed to reduce the level of benefit crime. These include investigations, information matching and initiatives to deter benefit crime.

### Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
22,239	Crown	5,455	5,455
262	Other	68	68
<b>22,501</b>	<b>Total Revenue</b>	<b>5,523</b>	<b>5,523</b>
	<b>Expenses</b>		
11,613	Personnel	2,823	2,636
9,012	Operating	2,021	2,369
1,100	Depreciation	375	268
708	Capital Charge	304	250
<b>22,433</b>	<b>Total Expenses</b>	<b>5,523</b>	<b>5,523</b>
<b>68</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
49,060	Potential benefit crime cases investigated	13,967	7,714
	The number of investigations conducted as a result of information matches with other agencies		
56,815		16,421	13,500
	The number of incorrectly paid benefits identified as a result of information matching		
32,636		n/a	n/a
	<b>Quality</b>		
	On average, all investigations will result in debt establishments in excess of \$2.5 for every \$1 spent		
\$4.54		\$5.13	\$3.25
	Percentage of investigation unit cases, where decisions are open to review, that will remain unchanged		
100%		100%	90%
	The percentage of investigations finalised within 60 working days of assignment		
82%		67%	80%

## Income Support

## Output Performance Statements

For the year ended 30 June 1999

## Debt Collection

In this output class the Minister of Social Services, Work and Income purchases activities related to the management of debts arising from Benefits and Pensions paid under the Disabled Persons Community Welfare Act 1975, the Transitional Provisions Act 1990 and the Social Security Act 1964. This class of output also involves the collection of maintenance monies and Liable Parent Contributions outstanding as at 30 June 1995.

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
25,758	Crown	6,168	6,168
319	Other	75	75
<b>26,077</b>	<b>Total Revenue</b>	<b>6,243</b>	<b>6,243</b>
	<b>Expenses</b>		
12,730	Personnel	3,191	2,979
11,070	Operating	2,285	2,678
1,318	Depreciation	424	303
819	Capital Charge	343	283
<b>25,937</b>	<b>Total Expenses</b>	<b>6,243</b>	<b>6,243</b>
<b>140</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
\$179m	Actual current Debt collected	\$47.5m	\$44.9m
\$62m	Actual non current Debt, maintenance debt, liable parent contributions and major repairs and advances debt	\$16.5m	\$16.8m
\$5m	Actual collections made by the Central Collection Unit	n/a	n/a
	<b>Quality</b>		
\$81m	Non-fraudulent benefit overpayment established	\$22.4m	\$19.0m
90%	The percentage of current debtors repaying	91%	90%
72%	The percentage of non-current (excluding maintenance, liable parent contribution and major repairs and advances debt) on arrangement within 3 months of debt establishment	69%	80%
5%	The percentage of debtors transferred to the Central Collection Unit repaid or repaying	n/a	n/a

## Income Support

## Output Performance Statements

For the year ended 30 June 1999

## Benefit Awareness Services

In this output class the Minister of Social Services, Work and Income purchases activities designed to provide information to the public that assists the understanding of Income Support's role, function and objective as well as promoting and disseminating information to the Income Support customer base.

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
4,707	Crown	651	651
74	Other	20	20
<b>4,781</b>	<b>Total Revenue</b>	<b>671</b>	<b>671</b>
	<b>Expenses</b>		
894	Personnel	343	320
3,416	Operating	245	288
197	Depreciation	46	33
147	Capital Charge	37	30
<b>4,654</b>	<b>Total Expenses</b>	<b>671</b>	<b>671</b>
<b>127</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
4	The number of national marketing campaigns conducted	1	1
50,601	The number of promotions/activities conducted	12,798	11,250
	<b>Quality</b>		
84%	The minimum percentage of campaign objectives met or exceeded	n/a	80%
66%	The minimum percentage of agreed public relations objectives met or exceeded	n/a	n/a



## Income Support

## Output Performance Statements

For the year ended 30 June 1999

## War Pension Services

This output class includes:

- Policy and Operational Advice on matters concerning War Pensions and related issues
- Services to Advisory Groups and committees
- Ministerial servicing and support
- Assessment of Entitlement for War Pensions and concessions
- Review of War Pensions
- Payment of War Pensions and concessions.

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
4,768	Crown	1,153	1,153
50	Other	60	60
<b>4,818</b>	<b>Total Revenue</b>	<b>1,213</b>	<b>1,213</b>
	<b>Expenses</b>		
1,324	Personnel	620	579
3,116	Operating	444	520
198	Depreciation	82	59
151	Capital Charge	67	55
<b>4,789</b>	<b>Total Expenses</b>	<b>1,213</b>	<b>1,213</b>
<b>29</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
15	Working days applied to policy advice	15	n/a
160	Draft Ministerial replies prepared	160	200
2,356	War Pension applications and applications for Review of Disablement received	2,356	3,200
627,388	War Pension payments made	627,388	600,000
	<b>Quality</b>		
	Minimum percentage of the material submitted to the War Pensions Advisory Boards that meets Board approval	100%	n/a
100%			
	<b>Timeliness</b>		
100%	First presentations of draft Ministerial replies approved by the Minister	100%	95%
100%	The percentage of draft Ministerial replies delivered within 20 working days	100%	95%
81%	Percentage of all new applications and reviews of accepted disability that are controllable by Income Support processed within 10 days	81%	95%

## Children, Young Persons and Their Families Agency

# Output Performance Statements

For the year ended 30 June 1999

### Prevention Services

In this output class the Minister of Social Services, Work and Income purchases promotion and education services, and advice services that promote the well-being of children, young people and their families and improve the capacity of families to meet their care, control and support responsibilities. It includes activities to promote and facilitate the movement of families from welfare to well-being. Activities include campaigns to inform and educate the public; targeted community education; the coordination of a multi-disciplinary approach to achieve casework outcomes; and the provision of early access to “self-help” prevention advice. In this output class the Minister also purchases services that manage the intake and initial assessment for access to CYPEA services.

### Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
0	Crown	5,328	5,328
0	Department	454	537
0	Other	44	5
<b>0</b>	<b>Total Revenue</b>	<b>5,826</b>	<b>5,870</b>
	<b>Expenses</b>		
0	Personnel	2,339	2,419
0	Operating	2,560	2,724
0	Special Costs	26	27
0	Depreciation	537	498
0	Capital Charge	194	202
<b>0</b>	<b>Total Expenses</b>	<b>5,656</b>	<b>5,870</b>
<b>0</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>170</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
1	A major child abuse prevention campaign will be conducted through multimedia.	1	1
2,277	The number of liaison visits and representations will be provided to progress collaborative strategies to promote the well-being of children and young people	3,030	3,500
23,652	The number of notifications for CYPFS social work intake will be processed	27,017	24,000
	<b>Quality</b>		
	<i>Achieved campaign objectives relating to child abuse, as measured by market survey, will include:</i>		
n/a	5% positive changes in attitude from target group	5%	5%
n/a	80% increased awareness achieved in target group	72%	80%
n/a	20% target group change behaviour	19%	20%
94%	Subsequent evaluations will assess liaison visits/representations as successful.	98%	90%

## Children, Young Persons and Their Families Agency

# Output Performance Statements

For the year ended 30 June 1999

### Social Work Services to Children, Young People and Families

In this output class the Minister of Social Services, Work and Income purchases all social work services, both statutory and informal, that protect children and young persons and provide the resolution of behaviour and relationship difficulties. Each output within this class includes the complete range of social work activities from report to resolution. The difference between outputs within this class is based on the types of social work service required for different client groups. Protection Services relate to abuse and neglect situations, Child and Family Services relate to behaviour and relationship difficulties for 0 to 14 year olds, while Youth Services are aimed at the particular needs of the 14 to 17 age group. Services are also provided under enactments other than the CYP&F Act, for example the Guardianship Act and the Domestic Violence Act.

### Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
0	Crown	177,163	177,163
0	Department	15,775	17,035
0	Other	437	584
<b>0</b>	<b>Total Revenue</b>	<b>193,375</b>	<b>194,782</b>
	<b>Expenses</b>		
0	Personnel	81,546	82,213
0	Operating	45,145	50,620
0	Special Costs	38,860	36,767
0	Depreciation	17,074	15,263
0	Capital Charge	9,935	9,919
<b>0</b>	<b>Total Expenses</b>	<b>192,560</b>	<b>194,782</b>
<b>0</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>815</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
	<i>Number of Notifications investigated:</i>		
n/a	Children and Family Services	2,313	1,900 – 2,300
n/a	Protection Services	18,292	14,000 – 15,500
n/a	Youth Services (including Youth Justice referrals)	11,331	6,800 – 7,100
	<i>Number of family/whanau agreements:</i>		
n/a	Children and Family Services	318	500 – 600
n/a	Protection Services	2,172	1,000 – 1,400
n/a	Youth Services	131	400 – 500
	<i>Number of plans/orders in force :</i>		
n/a	Children and Family Services	436	1,800 – 2,000
n/a	Protection Services	8,662	1,500 – 1,800
n/a	Youth Services	2,473	6,000-6,500
	Number of discrete client residential care admissions	810	700 – 730
	Number of assessments and reports to courts (relating to other statutory duties of the Director-General)	1,012	800
832			
	<b>Quality</b>		
41%	Accepted notifications will be actioned within 7 working days	66%	75%
66%	Accepted notifications will be actioned within 28 working days	87%	100%

<i>PQA Measures:</i>			
78%	Families/whanau/hapu/iwi are involved in both finding and implementing a solution	80%	80%
80%	Work will be directed toward achieving well-being	88%	80%
80%	Children and Family Services work will address future permanency needs where applicable	92%	80%
78%	Protection Services work will be directed toward safety being achieved	80%	80%
70%	Protection Services work will be directed toward future risk potential being addressed	71%	80%
70%	Youth Services work is directed toward a reduction in further offending	83%	80%
80%	Youth Services work is directed toward accountability being achieved	80%	80%
n/a	Youth Services work is directed toward individual residential care plans meeting objectives	98%	90%
71%	Assessment and reports provided to courts are accurate, complete and timely	93%	90%

**Notes:**

*A new set of service outputs was introduced since 1 July 1998. This resulted in significant variations in aligning and forecasting the projected volumes for some of the new outputs. The projection for volumes of notifications for the three new Social Work Service outputs (Protection Services, Child and Family Services and Youth Services) were under-estimated for Protection Services.*

*Professional Quality Assurance(PQA) measures were introduced nation-wide as quality measures since 1 July 1998. The PQA results for 1997/98 were based on pilot results.*

## Children, Young Persons and Their Families Agency

# Output Performance Statements

For the year ended 30 June 1999

### Family Group Conferences

In this output class the Minister of Social Services, Work and Income purchases the management of care and protection and youth justice family group conference services to children, young persons and their families in accordance with the CYP&F Act 1989. Family Group Conferences are statutory processes established to promote opportunities for family/whanau, hapu/iwi and family groups, to consider the issues and contribute to a decision-making process which often precludes the necessity of Court involvement. These are a discrete, significant and complete set of services carried out by officials, appointed by the Director-General and known as Care and Protection or Youth Justice coordinators. In line with the general objects of the Act (s.4) these services facilitate participation, resolution and the acceptance of responsibility, in situations where a FGC is a legislative requirement.

### Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
0	Crown	12,988	12,988
0	Department	1,195	1,514
0	Other	194	0
<b>0</b>	<b>Total Revenue</b>	<b>14,377</b>	<b>14,502</b>
	<b>Expenses</b>		
0	Personnel	8,234	8,355
0	Operating	3,440	3,491
0	Special Costs	287	291
0	Depreciation	1,414	1,436
0	Capital Charge	915	929
<b>0</b>	<b>Total Expenses</b>	<b>14,290</b>	<b>14,502</b>
<b>0</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>87</b>	<b>0</b>



## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
9,213	Number of Family Group Conferences convened	9,457	8,500–9,200
n/a	Number of Family Group Conferences reviewed	5,722	5,500–6,000
	<b>Quality</b>		
n/a	Family Group Conferences reach agreement	<sup>1</sup> 84% – 89%	75%
78%	Families/whanau/hapu/iwi involved in finding and implementing a solution	<sup>2</sup> 82% – 93%	80%
80%	Youth Justice work directed toward accountability achieved	75%	80%

### NOTES

<sup>1</sup> 84% for YJ FGCs reaching agreement and 89% for C&P FGCs reaching agreement

<sup>2</sup> 82% of YJ FGCs and 93% for C&P FGCs in involving Family/Whanau

## Children, Young Persons and Their Families Agency

# Output Performance Statements

For the year ended 30 June 1999

### Adoption Services

In this output class the Minister of Social Services, Work and Income purchases the management of services to all parties involved with adoption related matters. These services include: the provision of information to the parties of previous adoptions, provision of contact assistance and mediation services; management of the adoption assessment and court reporting process for the placement of New Zealand children in New Zealand, managing the adoption process where international parties are involved, and exercise of the Director-General's responsibilities as central authority under the Adoption (Intercountry) Act 1997.

### Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
<b>Revenue</b>			
5,614	Crown	7,221	7,221
0	Department	568	636
20	Other	27	11
<b>5,634</b>	<b>Total Revenue</b>	<b>7,816</b>	<b>7,868</b>
<b>Expenses</b>			
3,883	Personnel	4,423	4,545
1,351	Operating	2,137	2,197
171	Depreciation	799	821
50	Capital Charge	297	305
<b>5,455</b>	<b>Total Expenses</b>	<b>7,656</b>	<b>7,868</b>
<b>179</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>160</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
n/a	Number of new enquiries received/managed (Local Adoption Services)	1,640	1,500 – 1,800
n/a	Number of new enquiries received/managed (Inter-Country Adoption Services)	461	400 – 450
n/a	Number of new enquiries received/managed (under the Adult Adoption Information Act 1985)	3,338	3,200
n/a	Reports/Final Orders completed (Local Adoption Services)	374	400 – 460
n/a	Reports/Final Orders completed (Inter-Country Adoption Services)	461	300 – 350
	<b>Quality</b>		
96%	Reports are prepared and available within 20 working day of the Court's request	98%	95%
99%	All responses under the Adult Adoption Information Act comply with legislative standards	100%	100%

## Children, Young Persons and Their Families Agency

# Output Performance Statements

For the year ended 30 June 1999

### Approval and Contracting of Social and Welfare Services

In this output class the Minister of Social Services, Work and Income purchases the management of the Government's funding of social and welfare services from non-government organisations through three areas: Community Services: Planning and Development to ensure that priorities for service needs are assessed; Approvals of Organisations to ensure quality standards are met; and Contract Management of the funding for social services delivered.

### Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
10,375	Crown	9,748	9,748
0	Department	935	1,019
36	Other	0	0
<b>10,411</b>	<b>Total Revenue</b>	<b>10,683</b>	<b>10,767</b>
	<b>Expenses</b>		
6,080	Personnel	6,006	6,126
3,319	Operating	3,743	3,817
795	Depreciation	620	632
(51)	Loss on Sale	0	0
141	Capital Charge	188	192
<b>10,284</b>	<b>Total Expenses</b>	<b>10,557</b>	<b>10,767</b>
<b>127</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>126</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
1,773	Number of contracts completed with providers to provide service outputs	1,836	1,400–1,800
1,252	Approval reviews and new approvals completed	1,530	1,000–1,400
n/a	Services planning round completed	30 Jun 99	30 Jun 99
	<b>Quality</b>		
100%	Contracts meet New Zealand Community Funding Agency (NZCFA) characteristics of contract quality	100%	100%
100%	NZCFA contracts will be with organisations who have been approved under the agency's published Standards for Approval	100%	100%
15 Jan 98	National Services Plan published for 1998/99 contracting round	15 Dec 98	31 Dec 98

## Social Policy Agency

## Output Performance Statements

For the year ended 30 June 1999

## Policy Advice

In this output class the Minister of Social Services, Work and Income purchases the provision of policy advice. The scope of policy advice will cover a wide range of social policy issues, including income support, children and young persons' services, community funding issues and advice on the design and co-ordination of social assistance across a range of government programmes.

Policy advice includes the following processes:

- The analysis of the relationship between the desired outcomes of government and departmental outputs and payments on behalf of the Crown
- Advice on the choice of outputs to be provided by the Department
- The analysis of output delivery by the Department compared with delivery by other agencies
- Development work on policy delivery.

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
<b>Revenue</b>			
10,385	Crown	11,801	11,801
0	Department	1,065	1,225
23	Other	0	0
<b>10,408</b>	<b>Total Revenue</b>	<b>12,866</b>	<b>13,026</b>
<b>Expenses</b>			
5,727	Personnel	6,519	6,948
4,068	Operating	4,110	4,757
337	Depreciation	1,240	958
1	Capital Charge	354	363
<b>10,133</b>	<b>Total Expenses</b>	<b>12,223</b>	<b>13,026</b>
<b>275</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>643</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
	<i>Work Programme</i>		
	Policy advice will be delivered in accordance with prioritised requirements of a work programme negotiated quarterly		
Sign-offs Received	with the Minister of Social Services, Work and Income	Sign-offs received	Sign-offs received
	<i>Policy Days</i>		
	The total number of worked hours applied to policy advice analysed by major areas of work		
11,435		12,345	11,470
	<b>Quality</b>		
	Policy advice will be delivered to the satisfaction of the Minister of		
Sign-offs Received	Social Services, Work and Income as evidenced by a quarterly sign-off	Sign-offs received	Sign-offs received
	<b>Timeliness</b>		
	Policy advice will be delivered to the Minister of Social Services, Work and Income within negotiated deadlines		
100%		100%	100%

## Social Policy Agency

## Output Performance Statements

For the year ended 30 June 1999

## Senior Citizen Services

In this output class the Minister for Senior Citizens purchases the provision of policy advice concerning the welfare of senior citizens and related issues. It includes support services to advisory groups and committees, ministerial servicing and support. It also purchases policy advice relating to the co-ordination of national celebrations for the International Year of Older Persons in 1999.

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
	<b>Revenue</b>		
437	Crown	483	483
0	Other	0	0
<b>437</b>	<b>Total Revenue</b>	<b>483</b>	<b>483</b>
	<b>Expenses</b>		
268	Personnel	333	326
167	Operating	149	157
0	Depreciation	0	0
0	Capital Charge	0	0
<b>435</b>	<b>Total Expenses</b>	<b>482</b>	<b>483</b>
<b>2</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>1</b>	<b>0</b>



## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
	<i>Policy Days</i>		
974	The total number of worked days applied to policy advice	1,226	966
	<i>Coverage</i>		
Sign-offs received	Policy advice will be delivered in accordance with prioritised requirements of a work programme negotiated quarterly with the Minister for Senior Citizens	Sign-offs received	Sign-offs received
	<b>Quality</b>		
Sign-offs received	Policy advice will be delivered to the satisfaction of the Minister for Senior Citizens as evidenced by a quarterly sign-off	Not yet received	Sign-offs received
	<b>Timeliness</b>		
88%	Policy advice will be delivered to the Minister for Senior Citizens within negotiated deadlines	100%	100%

## Ministerial Services Unit

## Output Performance Statements

For the year ended 30 June 1999

## Ministerial Servicing and Support Services

In this output class the Minister of Social Services, Work and Income purchases services including:

- Draft Ministerial replies
- Replies to Parliamentary Questions
- Replies required by Legislation, (includes Ombudsman, Official Information Act, Privacy Commissioner and Commissioner for Children enquiries)
- Administrative support and payments to Ministerial and Statutory Advisory Bodies, (includes the New Zealand Council for Education and Training in the Social Services, the Family Violence Unit, and the Commissioner for Children).

## Financial Performance

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
<b>Revenue</b>			
3,305	Crown	1,877	1,877
0	Other	0	0
<b>3,305</b>	<b>Total Revenue</b>	<b>1,877</b>	<b>1,877</b>
<b>Expenses</b>			
2,202	Personnel	1,565	1,567
996	Operating	236	234
67	Depreciation	42	49
38	Capital Charge	30	27
<b>3,303</b>	<b>Total Expenses</b>	<b>1,873</b>	<b>1,877</b>
<b>2</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>4</b>	<b>0</b>

## Service Performance

Actual 30 Jun 98		Actual 30 Jun 99	Budget 30 Jun 99
	<b>Quantity</b>		
	The number of:		
3,330	(i) Draft Ministerial replies	1,604	2,500
1,262	(ii) Parliamentary Questions	801	1,200
495	(iii) Replies required by legislation	323	330
	<b>Quality</b>		
	Ministerial servicing will be delivered in accordance with the following requirements:		
93%	• First presentation of draft Ministerial replies approved by the Minister	95%	95%
100%	• Suggested answers to Parliamentary Questions acceptable to the Minister	100%	95%
	<b>Timeliness</b>		
	The delivery of replies to draft Ministerial replies, Parliamentary Questions and legislation requirements will be within the following deadlines:		
90%	• Draft Ministerial Replies: 20 days	79%	90%
100%	• Parliamentary Questions oral questions: by 12pm same day	100%	100%
100%	written questions: returned on day specified	100%	100%
70%	• Replies required by legislation: statutory deadlines	55%	100%

# Statement of Non-Departmental Revenue and Expenditure Flows

For the year ended 30 June 1999

(Figures are GST inclusive where applicable)

Actual 30 Jun 98 \$'000		Appropriation Voted 30 Jun 99 \$'000	Actual 30 Jun 99 \$'000
<b>Benefits and other Unrequited Expenses</b>			
<b>Vote Social Welfare</b>			
792,708	Accommodation Supplement	209,446	209,446
4,787	Assistance for People Requiring Care	508	508
62,689	Benefits Paid in Australia	20,627	20,627
40,291	Childcare Subsidy	11,942	11,942
198,397	Disability Allowance	51,301	51,301
1,500,952	Domestic Purposes Benefit	366,772	366,772
28,957	Handicapped Child's Allowance	7,823	7,823
20,580	Independent Youth Benefit	6,249	6,249
598,922	Invalids Benefit	157,283	157,283
5,105,891	New Zealand Superannuation	1,285,670	1,285,670
29,658	Orphans/Unsupported Child's Benefit	7,908	7,908
399,623	Sickness Benefit	96,876	96,876
84	Special Annuities	18	18
59,641	Special Benefit	12,582	12,582
43,678	Special Needs Grants	11,931	11,931
15,104	Tenure Protection Allowance	3,621	3,621
97,917	Training Benefit	22,246	22,246
34,091	Training Incentive Allowance	5,499	5,499
110,871	Transitional Retirement Benefit	28,499	28,499
1,436,153	Unemployment Benefit	369,472	369,472
80,789	Veterans Pensions	20,646	20,646
94,501	Widows Benefit	23,676	23,676
<b>10,756,284</b>	<b>Sub-total</b>	<b>2,720,595</b>	<b>2,720,595</b>
<b>Vote War Pensions</b>			
727	Interest Concessions Land & Buildings	444	172
6,709	Medical Treatment	7,053	1,676
95,582	War Disability Pensions	95,012	24,410
<b>103,018</b>	<b>Sub-total</b>	<b>102,509</b>	<b>26,258</b>
<b>10,859,302</b>	<b>Total Benefits/Unrequited Expenses</b>	<b>2,823,104</b>	<b>2,746,853</b>

Actual 30 Jun 98 \$'000		Appropriation Voted 30 Jun 99 \$'000	Actual 30 Jun 99 \$'000
<b>Classes of Outputs to be Supplied by Other Parties</b>			
<b>Vote Social Welfare</b>			
<i>Services to Families in Need of Support</i>			
5,580	Child & Youth Support and Rehabilitation	5,282	5,246
14,925	Counselling/Therapy	15,559	15,510
1,839	Co-ordinated Family Services	3,376	2,958
8,175	Family/Whanau Home Based Support	8,071	8,016
7,667	Family/Whanau Life Skills Development	7,747	7,672
18,958	Residential Care	7,350	7,220
387	Training in the Children, Young Persons, and Their Families Act 1989	388	383
<i>Services to Promote Community Welfare</i>			
Emergency Accommodation and Short			
1,171	Term Supported Accommodation	1,240	1,186
3,249	General Advice & Information	3,275	3,271
128	Community Housing	149	82
4,637	Refuge	4,637	4,628
<i>Disability Services</i>			
16,094	Daily Activities – Rehabilitation	16,085	16,078
14,873	Employment Support	12,056	12,054
4,239	Vocational Training	3,412	3,410
<i>Industry Training</i>			
0	Support for the Industry Training Organisation	686	686
<i>Commissioners</i>			
852	Commissioner for Children	852	852
3,404	Retirement Commissioner	3,662	3,662
<b>106,178</b>		<b>93,827</b>	<b>92,914</b>
<b>Other Expenses to be Incurred by the Crown</b>			
<b>Vote Social Welfare</b>			
360	Contingency and Innovations Fund	365	347
579	IHC Assistance	600	398
4,287	Suspensory Loan Abatement	956	956
<b>5,226</b>	<b>Sub-total</b>	<b>1,921</b>	<b>1,701</b>
<b>Vote Senior Citizens</b>			
0	International Year of Older Persons 1999	338	338
<b>0</b>	<b>Sub-total</b>	<b>338</b>	<b>338</b>
<b>10,970,706</b>	<b>Total Operating Expenditure</b>	<b>2,919,190</b>	<b>2,841,806</b>

**NOTE:**

Debt established during the year has been offset against the relevant Benefits and Other Unrequited Expenses.

In 1997/98 the Retirement Commissioner was moved from Vote Senior Citizens to Vote Social Welfare because the responsibility for the Retirement Income Act 1993 was transferred to the Minister of Social Welfare (now the Minister of Social Services, Work and Income).

# Statement of Non-Departmental Revenue and Expenditure Flows (cont.)

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000		Appropriation Voted 30 Jun 99 \$'000	Actual 30 Jun 99 \$'000
	<b>Capital Contributions to Other Persons or Organisations</b>		
	<b>Vote Social Welfare</b>		
308	CSC – Reimbursement	69	69
82,392	Recoverable Assistance	20,665	20,665
	<b>Total Capital Contributions to Other Persons or Organisations</b>		
<b>82,700</b>		<b>20,734</b>	<b>20,734</b>
<b>11,053,406</b>	<b>Total Department of Social Welfare</b>	<b>2,939,924</b>	<b>2,862,540</b>

Actual 30 Jun 98 \$'000		Budget 30 Jun 99 \$'000	Actual 30 Jun 99 \$'000
	<b>Non-Departmental Revenue and Receipts</b>		
	<b>Non-Tax Revenue</b>		
1,445	Family Benefit Capitalisation	419	419
250	Interest Revenue	75	75
2,729	Maintenance Debt Established	899	899
<b>4,424</b>	<b>Total Non-Tax Revenue</b>	<b>1,393</b>	<b>1,393</b>

Actual 30 Jun 98 \$'000		Budget 30 Jun 99 \$'000	Actual 30 Jun 99 \$'000
	<b>Capital Receipts</b>		
235,812	Benefit Recoveries Current Debt	64,227	64,227
	Benefit Recoveries – Liable Parent		
11,652	Contributions	3,131	3,131
59,023	Benefit Recoveries Non-Current Debt	15,917	15,917
5,662	Central Collection Unit	0	0
308	Community Services Card Reimbursement	70	70
<b>312,457</b>	<b>Total Capital Receipts</b>	<b>83,345</b>	<b>83,345</b>
<b>316,881</b>	<b>Total Revenue and Receipts</b>	<b>84,738</b>	<b>84,738</b>

## Appendix 1

## Statement of Financial Performance

## Discontinued Activities

For the year ended 30 June 1999

	Continuing Activities 30 Jun 99 \$'000	Discontinued Activities 30 Jun 99 \$'000	Total Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
<b>Revenue</b>				
Crown	226,609	70,973	297,582	297,582
Department	19,968	0	19,968	21,966
Other	726	814	1,540	1,414
Interest	1,369	0	1,369	1,110
<b>Total Revenue</b>	<b>248,672</b>	<b>71,787</b>	<b>320,459</b>	<b>322,072</b>
<b>Expenses</b>				
Personnel	110,965	34,258	145,223	144,486
Operating	100,693	29,295	129,988	138,597
Depreciation	21,725	4,552	26,277	22,909
Capital Charge	11,914	3,682	15,596	14,970
<b>Total Output Expenses</b>	<b>245,297</b>	<b>71,787</b>	<b>317,084</b>	<b>320,962</b>
<b>Other Expenses</b>	<b>8,704</b>	<b>0</b>	<b>8,704</b>	<b>9,471</b>
<b>Profit on Sale of Fixed Assets</b>	<b>20</b>	<b>82</b>	<b>102</b>	<b>0</b>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>(5,309)</b>	<b>82</b>	<b>(5,227)</b>	<b>(8,361)</b>

*Note*

*From 1 October 1998 Income Support, the New Zealand Employment Service and the Community Employment Group merged to form Work and Income New Zealand.*

*The net assets relating to Income Support were transferred to Work and Income New Zealand at net book value.*

# Statement of Non-Departmental Revenue And Expenditure Flows

## Discontinued Activities

For the year ended 30 June 1999

(Figures are GST inclusive where applicable)

	Continuing Activities 30 Jun 99 \$'000	Discontinued Activities 30 Jun 99 \$'000	Total Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
<b>Benefits and other Unrequited Expenses</b>				
<b>Vote Social Welfare</b>				
Accommodation Supplement	0	209,446	209,446	209,446
Assistance for People Requiring Care	0	508	508	508
Benefits Paid in Australia	0	20,627	20,627	20,627
Childcare Subsidy	0	11,942	11,942	11,942
Disability Allowance	0	51,301	51,301	51,301
Domestic Purposes Benefit	0	366,772	366,772	366,772
Handicapped Child's Allowance	0	7,823	7,823	7,823
Independent Youth Benefit	0	6,249	6,249	6,249
Invalids Benefit	0	157,283	157,283	157,283
New Zealand Superannuation	0	1,285,670	1,285,670	1,285,670
Orphans/Unsupported Child's Benefit	0	7,908	7,908	7,908
Sickness Benefit	0	96,876	96,876	96,876
Special Annuities	0	18	18	18
Special Benefit	0	12,582	12,582	12,582
Special Needs Grants	0	11,931	11,931	11,931
Tenure Protection Allowance	0	3,621	3,621	3,621
Training Benefit	0	22,246	22,246	22,246
Training Incentive Allowance	0	5,499	5,499	5,499
Transitional Retirement Benefit	0	28,499	28,499	28,499
Unemployment Benefit	0	369,472	369,472	369,472
Veterans Pensions	0	20,646	20,646	20,646
Widows Benefit	0	23,676	23,676	23,676
<b>Sub-total</b>	<b>0</b>	<b>2,720,595</b>	<b>2,720,595</b>	<b>2,720,595</b>
<b>Vote War Pensions</b>				
Interest Concessions Land & Buildings	0	172	172	444
Medical Treatment	0	1,676	1,676	7,053
War Disability Pensions	0	24,410	24,410	95,012
<b>Sub-total</b>	<b>0</b>	<b>26,258</b>	<b>26,258</b>	<b>102,509</b>
<b>Total Benefits/Unrequited Expenses</b>	<b>0</b>	<b>2,746,853</b>	<b>2,746,853</b>	<b>2,823,104</b>



**Other Expenses to be Incurred by the Crown****Vote Social Welfare**

Suspensory Loan Abatement	0	956	956	956
<b>Sub-total</b>	<b>0</b>	<b>956</b>	<b>956</b>	<b>956</b>
<b>Total Operating Expenditure</b>	<b>0</b>	<b>2,747,809</b>	<b>2,747,809</b>	<b>2,824,060</b>

**Capital Contributions to other Persons or Organisations****Vote Social Welfare**

CSC- Reimbursement	0	69	69	69
Recoverable Assistance	0	20,665	20,665	20,665
<b>Total Capital Contributions to Other Persons or Organisations</b>	<b>0</b>	<b>20,734</b>	<b>20,734</b>	<b>20,734</b>
<b>Total Department of Social Welfare</b>	<b>0</b>	<b>2,768,543</b>	<b>2,768,543</b>	<b>2,844,794</b>

	Continuing Activities 30 Jun 99 \$'000	Discontinued Activities 30 Jun 99 \$'000	Total Actual 30 Jun 99 \$'000	Budget 30 Jun 99 \$'000
<b>Non-Departmental Revenue and Receipts</b>				
<b>Non-Tax Revenue</b>				
Family Benefit Capitalisation	0	419	419	419
Interest Revenue	0	75	75	75
Maintenance Debt Established	0	899	899	899
<b>Total Non-Tax Revenue</b>	<b>0</b>	<b>1,393</b>	<b>1,393</b>	<b>1,393</b>
<b>Capital Receipts</b>				
Benefit Recoveries Current Debt	0	64,227	64,227	64,227
Benefit Recoveries – Liable Parent Contributions	0	3,131	3,131	3,131
Benefit Recoveries Non-Current Debt	0	15,917	15,917	15,917
Community Services Card Reimbursement	0	70	70	70
<b>Total Capital Receipts</b>	<b>0</b>	<b>83,345</b>	<b>83,345</b>	<b>83,345</b>
<b>Total Revenue and Receipts</b>	<b>0</b>	<b>84,738</b>	<b>84,738</b>	<b>84,738</b>

## Appendix 2

# Prospective Financial Information Comparative

The Department of Social Welfare published prospective financial information in the 1998/99 Departmental Forecast Report (DFR) which was tabled in Parliament on the 6 April 1998. The financial statements below present a comparison between the DFR and the actual financial results being reported.

## Statement of Financial Performance

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	DFR 30 Jun 99 \$'000	Variance 30 Jun 99 \$'000
	<b>Revenue</b>			
471,361	Crown	297,582	512,704	(215,122)
0	Department	19,968	0	19,968
3,810	Other	1,540	3,475	(1,935)
3,370	Interest	1,369	2,409	(1,040)
<b>478,541</b>	<b>Total Revenue</b>	<b>320,459</b>	<b>518,588</b>	<b>(198,129)</b>
	<b>Expenses</b>			
239,927	Personnel	145,223	255,053	(109,830)
179,578	Operating	129,988	191,455	(61,467)
35,439	Depreciation	26,277	47,392	(21,115)
18,243	Capital Charge	15,596	22,279	(6,683)
<b>473,187</b>	<b>Total Output Expenses</b>	<b>317,084</b>	<b>516,179</b>	<b>(199,095)</b>
0	Other Expenses	8,704	0	8,704
<b>473,187</b>	<b>Total Expenses</b>	<b>325,788</b>	<b>516,179</b>	<b>(190,391)</b>
0	Profit on Sale of Fixed Assets	102	0	102
<b>5,354</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>(5,227)</b>	<b>2,409</b>	<b>(7,636)</b>

### Major Budget Variations

#### Operating Revenue & Expenses

When the DFR was published it included activities previously undertaken by Income Support. On 1 October 1998 Income Support merged with the New Zealand Employment Service and the Community Employment Group of the Department of Labour to form the Department of Work and Income (WINZ). The creation of WINZ is the primary reason that the Department of Social Welfare's revenue and expenditure has reduced when compared with the original DFR.

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

# Statement of Movement in Taxpayers' Funds

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	DFR 30 Jun 99 \$'000	Variance 30 Jun 99 \$'000
166,062	<b>Taxpayers' Funds as at 1 July 1998</b>	170,979	170,958	21
5,354	Net Operating Surplus/(Deficit) for the Period	(5,227)	2,409	(7,636)
21	Asset Revaluation Reserve	27	0	27
<hr/>				
5,375	<b>Total recognised Revenue and Expenditure for the Period</b>	(5,200)	2,409	(7,609)
<hr/>				
4,896	Contributions from the Crown during the period Capital Contribution	230	43,339	(43,109)
0	Transfer of Net Assets to New Department	(54,082)	0	(54,082)
(1,984)	Provision of repayment of Surplus to the Crown Appropriated Output Surplus	(2,108)	0	(2,108)
(3,370)	Interest Revenue	(1,369)	(2,409)	1,040
<hr/>				
<b>170,979</b>	<b>Taxpayers' Funds at 30 June 1999</b>	<b>108,450</b>	<b>214,297</b>	<b>(105,847)</b>

## Major Budget Variations

### Capital Contribution

The difference is due to the transfer of assets to Vote Work and Income and delays in the Residential Services Strategy and the CYPFA Information Systems Strategic Plan.

### Transfer of Net Assets to New Department

This variance is due to Income Support's Net Assets transferring over to Vote Work and Income.

# Statement of Financial Position

As at 30 June 1999

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	DFR 30 Jun 99 \$'000	Variance 30 Jun 99 \$'000
170,979	<b>Taxpayers' Funds</b>	108,450	214,297	(105,847)
	Represented by:			
	<b>Assets</b>			
	<b>Current Assets</b>			
39,438	Bank	30,112	10,571	19,541
2,551	Prepayments	458	3,302	(2,844)
1,474	Receivables	4,304	4,877	(573)
36,790	Crown Receivable	23,332	23,947	(615)
10,693	Properties Intended for Sale	9,167	0	9,167
<b>90,946</b>	<b>Total Current Assets</b>	<b>67,373</b>	<b>42,697</b>	<b>24,676</b>
	<b>Non-Current Assets</b>			
149,503	Fixed Assets	95,460	224,318	(128,858)
<b>149,503</b>	<b>Total Non-Current Assets</b>	<b>95,460</b>	<b>224,318</b>	<b>(128,858)</b>
<b>240,449</b>	<b>Total Assets</b>	<b>162,833</b>	<b>267,015</b>	<b>(104,182)</b>
	<b>Less Liabilities</b>			
	<b>Current Liabilities</b>			
46,609	Payables & Accruals Provisions and Other	24,335	28,662	(4,327)
16,256	Short Term Liabilities	24,171	19,462	4,709
5,354	Provision to Repay Crown	3,395	4,594	(1,199)
<b>68,219</b>	<b>Total Current Liabilities</b>	<b>51,901</b>	<b>52,718</b>	<b>(817)</b>
	<b>Non-Current Liabilities</b>			
1,251	Provision for Annual and Long Service Leave	2,482	0	2,482
<b>1,251</b>	<b>Total Non-Current Liabilities</b>	<b>2,482</b>	<b>0</b>	<b>2,482</b>
<b>69,470</b>	<b>Total Liabilities</b>	<b>54,383</b>	<b>52,718</b>	<b>1,665</b>
<b>170,979</b>	<b>Net Assets</b>	<b>108,450</b>	<b>214,297</b>	<b>(105,847)</b>

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

## Major Budget Variations

### **Bank and Crown Receivables (Cash and cash equivalents)**

The variance reflects the delays in spending on Capital Expenditure, particularly the Residential Services Strategy and Information Systems Strategic Plan. This delay in spending is partially offset by the capital contribution and payables and accruals being significantly lower than the Departmental Forecast Report.

### **Properties Intended for Sale**

Properties Intended for Sale had not been identified at the time the Departmental Forecast Report was published. These properties were included in Fixed Assets at that time.

### **Fixed Assets**

The decrease is due to the transfer to Vote Work and Income. Also, delays in the implementation of Residential Services Strategy and Information Systems Strategic Plan projects have meant fixed assets are significantly under budget.

### **Payables and Accruals**

New expenditure forecast to be accrued in the Departmental Forecast Report was paid by June 1999. This difference is offset in the cash and cash equivalent balances.

# Statement of Cash Flows

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000	Cash Flows from Operating Activities	Actual 30 Jun 99 \$'000	DFR 30 Jun 99 \$'000	Variance 30 Jun 99 \$'000
	<i>Cash Provided from:</i>			
466,972	Supply of outputs	321,578	517,268	(195,690)
3,393	Interest Revenue	1,395	2,409	(1,014)
2,073	Net GST	3,625	0	3,625
472,438		326,598	519,677	(193,079)
	<i>Cash Disbursed to:</i>			
(404,307)	Production of outputs	(275,556)	(448,042)	172,486
(18,243)	Capital Charge Paid	(12,621)	(22,279)	9,658
(422,550)		(288,177)	(470,321)	182,144
<b>49,888</b>	<b>Net cash flow from operating activities</b>	<b>38,421</b>	<b>49,356</b>	<b>(10,935)</b>
	<b>Cash Flows From Investing Activities</b>			
	<i>Cash Provided from:</i>			
5,413	Sale of fixed assets	9,009	8,704	305
	<i>Cash Disbursed to:</i>			
(33,572)	Purchase of fixed assets	(46,060)	(93,744)	47,684
<b>(28,159)</b>	<b>Net cash used in investing activities</b>	<b>(37,051)</b>	<b>(85,040)</b>	<b>47,989</b>
	<i>Cash Provided from:</i>			
4,896	Capital contribution from the Crown	6,037	43,339	(37,302)
	<i>Cash Disbursed to:</i>			
(5,261)	Payment of net surplus to the Crown	(1,126)	(2,409)	1,283
<b>(365)</b>	<b>Net cash provided by financing activities</b>	<b>4,911</b>	<b>40,930</b>	<b>(36,019)</b>
<b>21,364</b>	<b>Net Increase/(Decrease) in Cash</b>	<b>6,281</b>	<b>5,246</b>	<b>1,035</b>
18,074	Add cash at beginning of year	39,438	5,325	34,113
0	Cash Balance as a result of transfer of Net Assets to new Department	(15,607)	0	(15,607)
<b>39,438</b>	<b>Total cash balance at end of year</b>	<b>30,112</b>	<b>10,571</b>	<b>19,541</b>

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

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

For the year ended 30 June 1999

Actual 30 Jun 98 \$'000		Actual 30 Jun 99 \$'000	DFR 30 Jun 99 \$'000	Variance 30 Jun 99 \$'000
5,354	<b>Net Operating Surplus</b>	(5,227)	2,409	(7,636)
	<i>Non Cash Items:</i>			
35,439	Depreciation	26,277	47,392	(21,115)
2,918	Loss on Disposal of Fixed Assets	74	0	74
691	Loss on Revaluation of Fixed Assets	12	0	12
0	Gain on Sale of Fixed Assets	(102)	0	(102)
<b>39,048</b>	<b>Total non-cash items</b>	<b>26,261</b>	<b>47,392</b>	<b>(21,131)</b>
	<i>Working Capital Items: (Increase)/Decrease in:</i>			
4,410	Receivable & Prepayments	(3,872)	128	(4,000)
(11,691)	Crown Receivable	5,531	1,033	4,498
	<i>Increase/(Decrease) in:</i>			
15,117	Payables and Accruals	(678)	0	(678)
(2,350)	Short Term Liabilities	16,406	(1,606)	18,012
<b>49,888</b>	<b>Net Cash Flows from Operating Activities</b>	<b>38,421</b>	<b>49,356</b>	<b>(10,935)</b>

## Major Budget Variations

### Increase/(Decrease) in Payables and Accruals

The decrease in Payables and Accruals was not separately identified in the Departmental Forecast Report.

This decrease was included in the category Short Term Liabilities at that time.



DEPARTMENT OF

*Social Welfare*  
*Te Tari Toko i te Ora*

**STRENGTHENING** *families*