



Te Manatū mō ngā Kaupapa Oranga Tāngata

2000-2001

annual
report

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Chief Executive's Overview

The past year saw the Ministry of Social Policy strengthen its strategic social policy advice function and advance Government programmes related to social assistance, strategies to protect the well-being of children, positive ageing, stronger communities, and policies to support access to affordable housing.

Some of the key projects for the year have been the support for and subsequent work from the Ministerial Review of the Department of Child, Youth and Family Services by former Principal Youth Court Judge Michael Brown; development of legislation for the registration of social workers; policy and legislation for the introduction of income-related rents in December 2000; the whanau development project; progression of the Government's Agenda for Children; the Social Security Amendment Act 2001 which replaced the Community Wage; and the implementation of Heartland Services.

Heartland Services is an innovative programme, developed by the Ministry in conjunction with other government agencies, to improve access to Government services for people in provincial and rural areas. To date service centres have been created in a number of rural communities, while outreach services in isolated areas are also opening.

During the year the Knowledge Management Group was formed to help raise the level of support for evidence-based policy decision-making, including longer-term strategic policy and planning. Knowledge Management comprises the research, evaluation, information analysis and forecasting functions of the Ministry. Publications from the Knowledge Management Group included *Living Standards of Older New Zealanders*, the first report from the extensive research being undertaken into living standards. Other research publications will follow as the research data undergoes further analysis.

The Strategic Policy and Knowledge Management Groups advanced the cross-sector approach to social policy with the publication of *The Social Report 2001*, a significant prototype report providing information on the overall social health and well-being of society. The report is the first step in what will become a regular programme of social monitoring.

In another key area, the Community Policy Group supported the Community and Voluntary Sector Working Party which, after extensive consultations, published its report *Communities and Government – Potential for Partnership*. Work is now underway on the second phase of this important and wide-ranging programme to improve relationships between Government and community. High level liaison between the Ministry and Local Government New Zealand is working well.

At the end of June 2001, the housing policy team transferred from the Ministry of Social Policy to the Housing New Zealand Corporation, the Government's new integrated housing agency.

Earlier, the Government had announced that the Ministry of Social Policy was to merge with the Department of Work and Income to form the Ministry of Social Development with effect from 1 October 2001. The Ministry of Social Development will advance the extensive strategic and sector policy work being undertaken by the Ministry of Social Policy.

In terms of public service management the year has been notable for the clearly expressed willingness of government agencies to work more co-operatively to develop policy advice and the operational implementation of policy. The social policy field covers a wide ambit. Working co-operatively in this often difficult and contentious field across a number of government agencies, and increasingly with community-based organisations, is not easy. Nevertheless real progress is being made.

Throughout the year, the Ministry of Social Policy was led by Chief Executive Dame Margaret Bazley DNZM, who at the end of June was appointed acting chief executive of the Department of Work and Income, pending the formation of the Ministry of Social Development under a new chief executive.

Senior managers from the Ministry of Social Policy and the Department of Work and Income are working closely together under the direction of the acting chief executives to ensure that all essential actions for the merger will be successfully completed by 30 September 2001.



Mel Smith

Acting Chief Executive
Ministry of Social Policy

31 August 2001

MANAGEMENT STRUCTURE



Introduction

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

- Providing strategic social policy advice across government agencies dealing with people who are socially excluded.
- Providing policy advice in respect of social assistance, children and family services, retirement incomes and positive ageing, and the community and voluntary sector.
- Providing purchase and monitoring advice to the Government to ensure cost-effective service delivery by the Department of Work and Income and the Department of Child, Youth and Family Services, and oversight of the Offices of the Commissioner for Children and the Retirement Commissioner.
- Maintaining the Information Technology Infrastructure for the Department of Work and Income, the Department of Child, Youth and Family Services, and the Ministry of Social Policy.

The Ministry is also further developing its knowledge management role, focusing on the creation of usable information and data to support evidence-based policy and purchase advice, and the publication of information on the social services sector to better inform public understanding and debate.

Particular key priorities for the Ministry identified for the 2000/2001 year were to develop:

- a strategic social policy advice capacity
- new approaches to social assistance to protect people from hardship and provide opportunities
- strategies to provide children with opportunities and protect their well-being
- a community approach to social well-being
- strategies for partnership with Māori to reduce disparities
- policies to support access to affordable housing.

Government Strategic Direction and Key Goals

The Ministry contributes to the following Government goals:

- 1. restore trust in Government and provide strong social services**
- 2. improve New Zealanders' skills**
- 3. reduce inequalities in health, education, employment and housing**
- 4. grow an inclusive, innovative economy for the benefit of all.**

To contribute to these goals, the Ministry worked towards a number of outcomes through the following key policy programmes, summarised below.*

OUTCOME

Children and young people grow up in an environment which is free from harm, and which encourages their healthy development (**Goals 1, 2**).

Key Programmes

- Responses to *Care and Protection is about Adult Behaviour – The Ministerial Review of the Department of Child, Youth and Family Services* (the Brown Report)
- Agenda for Children
- United Nations Convention on the Rights of Children
- Preventive programmes
- Registration of social workers
- Guardianship Act and Adoption Act review
- Youth offending strategy
- Family violence review

OUTCOME

New Zealanders of all ages are protected from economic hardship, and assisted to be independent, contributing, and participating members of society (**Goals 1, 2, 3**).

*Note: This is a summary outline - in many cases programmes contribute to more than one outcome. The work programmes of the Knowledge Management Group (research, evaluation, information analysis, forecasting) and the Purchase and Monitoring Group (purchase advice, purchase agreements, delivery monitoring, business planning) also contribute.

Numbers denote Goals mostly contributed to. Housing work is not shown in this summary.

Key Programmes

- Making Work Pay
- Families and work: Domestic Purposes Benefit and Widows Benefit review
- Positive Ageing Strategy
- Student income and employment package
- Debt prevention
- Pre-funding of New Zealand Superannuation
- Special benefit and other hardship grants

OUTCOME

Disadvantaged people do not experience inequality in terms of their social well-being (*Goals 1, 2, 3*).

Key Programmes

- Whanau development programme
- Development of the Māori Housing Strategy and the Pacific Housing Strategy
- Disability: equality of access to services
- Opportunities for invalid beneficiaries

OUTCOME

Communities and the voluntary sector are involved in, and able to contribute to, the resolution of social issues and delivery of social services (*Goals 1, 3*).

Key Programmes

- Community and voluntary sector work (participatory decision making, funding practices, compliance costs, volunteering)
- Heartland Services

OUTCOME

All New Zealanders have the opportunity for improved quality of life and are able to participate and belong within society (*Goals 1, 2, 3, 4*).

Key Programmes

- Social reporting and indicators
- Social policy framework
- Improving the knowledge base
- Poverty and hardship measures.

Strategic Policy Group

In 2000 a Strategic Social Policy Group was established within the Ministry to provide longer-term, cross-sectoral policy advice on how Government might improve social outcomes.

During the year, a General Manager position was created to lead the group. Further development of strategic policy will continue as a priority within the Ministry of Social Development which is to be the Government's primary advisor on strategic and cross-sectoral social policy, as well as continuing to deliver income support and other social services to the community.

Highlights and achievements during 2000/01 included:

- Publication of *The Social Report 2001*, as a first step to establishing a regular reporting programme on the social state of New Zealand. The report uses economic, social and environmental indicators to provide a description of the country's position.
- Preparation of *The Social Development Approach* to social policy, focusing particularly on those likely to be involuntarily excluded from full participation in society. The social development approach is founded on a set of desired social outcomes such as health and the enjoyment of personal safety and security. The approach provides a framework for *The Social Report 2001*.
- Reports on the need for better knowledge in the social sector, to inform policy decisions, where gaps exist, how to fill them, and how to improve capability.
- Seminars on longitudinal research studies, research within the social sector, and on trends in European social policy (based around the visit of Sir Tony Atkinson, a leading European social economist).
- Work on the causes of good and bad social outcomes, and on issues of poverty, hardship and its measurement.

Sector Policy

Highlights and Achievements during 2000/2001 in Sector Policy areas were:

CHILD, YOUTH AND FAMILY POLICY

Giving more emphasis to the rights and interests of children

This work is being done in conjunction with the Ministry of Youth Affairs. At its centre is the development of Government's Agenda for Children, which will be the main focus of work in 2001/02.

Work included:

- preparation of a discussion paper and a children's discussion pack on the Agenda for Children and conducting a public consultation. Approximately 600 adults and 7,500 children participated in the consultation
- changes to the functions, role and powers of the Commissioner for Children to increase the independence and educative role of the Office, and provide it with a stronger mandate and increased resources to advocate for children as a group.

Development of preventive programmes in order to improve outcomes for children

Work included:

- securing continued funding for several parent support programmes (Family Service Centres, Home Instruction Programme for Preschool Youngsters (HIPPY), Health Camps etc) usually in collaboration with other agencies
- continued support for local collaborative approaches to social services for children and families including Strengthening Families initiatives.

Developing better services for children and young people with high and complex needs

Work included:

- policy development, programme design work and securing funding for collaborative services for children and young people with high and complex needs. The initiative brings the health, education and welfare agencies of Government together to meet shortfalls in service, and to address co-ordination problems.

Improving the youth justice system to reduce offending and re-offending by children and young people

Work included:

- a stock-take of programmes and services that contribute to the prevention of offending and re-offending by young people
- a review of the effectiveness of youth justice supervision orders
- servicing, in collaboration with the Ministry of Justice, the Ministerial Taskforce on Youth Crime
- development of a Blueprint for the Youth Justice sector, in conjunction with other sectors and groups.

Improving care and protection systems

Work included:

- completion of Care Services Review with the Department of Child, Youth and Family Services (Child, Youth and Family)
- providing support to an independent review of Child, Youth and Family referral, notification and placement procedures by Judge Michael Brown called *Care and Protection is about Adult Behaviour – the Ministerial Review of the Department of Child, Youth and Family Services* (the Brown Report)
- managing a public consultation process and providing advice to Government on the introduction of a system for registration of social workers
- commencement of a work programme to implement key recommendations of the Brown Report, including the development of a blueprint for the Care and Protection sector, a workforce study, and development of advice on tracking and monitoring children at risk.

Reducing and preventing family violence

Work included:

- developing, in consultation with various community groups, a draft action plan for family violence prevention.

Updating family law and family policy

Work included:

- providing advice on the Law Commission Review of Adoption Legislation and supporting the Government Administration Select Committee's Review of Adoption Legislation
- co-leading the review of Guardianship legislation with the Ministry of Justice, which began with the release of the public discussion document *Responsibility for Children; Especially when Parents Part*.

SOCIAL ASSISTANCE POLICY

The overall purpose and intended outcomes for social assistance policy are to enable people and their families to meet their basic needs; improve the movement of beneficiaries into sustained paid employment; and to encourage recipients of social assistance to participate in the community, recognising that the primary focus for most will be paid work.

Benefit structure and design

Work included:

- reconfiguration of the Community Wage and replacement with separate Unemployment and Sickness Benefits
- abolition of the compulsory community work scheme from 1 July 2001
- developing the *Pathways to Opportunity – Ngāra whai oranga*, which outlines the Government's approach to social security for people of working age in New Zealand.

Financial encouragement to undertake work

Work included:

- Budget 2001 package on Transition to Work, Childcare Subsidy and Out-of-School Care and Recreation (OSCAR) funding.

Alleviating poverty

Work included:

- removal of the \$5 a week standard deduction from Special Benefit
- reviewing DWI administration of Special Benefit leading to changes to DWI policy manuals and training and information strategies
- starting work on debt prevention policy.

Other benefit issues

Work included:

- starting review of the proposed structure and nature of supplementary assistance
- preparing proposals for changes to the DWI-administered Review and Appeals system.

Childcare

Work included:

- starting work in collaboration with the Ministry of Education and the Strategic Early Childhood Education Reference Group on proposals to improve the supply, quality and affordability of childcare for the early childhood and after-school sectors.

Students

Work included:

- preparing an income and employment package to facilitate greater employment of students over the holiday period.

EQUITY AND POPULATION POLICY

Whanau Development Project

The aim of this project is to provide opportunities and assistance to six Māori communities in identifying and developing programmes that will provide social services support to families and whanau. The project is led by the Ministry but comes under the Government's broader capacity building programme.

Work included:

- three-year contracts signed with Ngai Tahu, Waitara and Manukau projects
- interim service contract signed with Tuhoe
- needs assessment contracts in place for Ngai Tahu and Wanganui (Raetihi).

Disability issues

The intended outcome for work on disability issues is the provision of improved support and opportunities for Sickness and Invalids Benefit recipients to participate in paid work and in the community.

Work included:

- developing proposals for demonstration projects aimed at helping Sickness and Invalids Benefit recipients find paid work and in the community
- participating in the Vocational Services Review and in the development of the New Zealand Disability Strategy.

Retirement income: Pre-funding of New Zealand Superannuation (NZS)

As the Minister of Social Services and Employment has responsibility for the policy and legislation regarding New Zealand Superannuation entitlements, the Ministry participated in the Treasury-led policy work and drafting of the New Zealand Superannuation Bill. The Ministry took responsibility for the Bill of Rights vet of the NZS Bill.

Positive ageing

The intended outcome for work in this area is to improve opportunities for older people to participate in the community and ensure that Government policies support this aim.

Work included:

- launch of the New Zealand Positive Ageing Strategy which provides a strategic framework for Government policies, programmes and services through an agreed set of positive ageing principles, ten priority goals and key actions recommended to achieve those goals

- development and publication of an interdepartmental Action Plan for 2001/02, outlining the work items that each government department will be undertaking during the year as their contribution to the Positive Ageing Strategy
- development and approval of a proposed outline for a status report on positive ageing and older people in New Zealand, to be published in September 2001.

RECIPROCAL SOCIAL SECURITY AGREEMENTS

The intended outcome for work in this area is that bilateral social security arrangements with selected countries meet the long-term income support needs of former residents of one country residing in the other country, are financially sustainable, are equitable to both countries and administratively workable.

Work included:

- A new cost-sharing social security agreement with Australia.

COMMUNITY POLICY

As part of a broader agenda for strong communities the first priority for 2000/01 was to restore the relationship between central government and community-based organisations. In this work the Ministry built an intersectoral, interagency approach, in particular with the Department of Internal Affairs, the Community Employment Group of the Department of Labour, Child, Youth and Family, and the Ministries of Health and Education. Links have also been strengthened with Local Government New Zealand and voluntary sector umbrella groups. The Ministry has taken a leadership role with these initiatives.

Encouraging co-operation and partnership

Work included:

- providing advice on the setting up and support for the Community and Voluntary Sector Working Party which was given the task of advising the Minister on how to improve the relationship between Government and community, voluntary organisations and iwi/Māori
- publishing and widely distributing *Communities and Government – Potential for Partnership*, the first report of the Working Party
- preparing a Government response to the recommendations of the Working Party.

Encouraging citizen participation in community-based activities

Work included:

- preparing advice and secured resources for ways to support volunteers and volunteering.

Improving resourcing for community-based activities

Work included:

- providing advice on best practices to reduce the compliance costs of community-based organisations obtaining Government funding. This included input to Treasury work on contracting guidelines and on the Review of Taxation of Charities
- supporting the development and resourcing of Heartland Services for rural communities.

Encouraging community leadership

Work included:

- scoping of civic leadership fund initiative.

HOUSING POLICY

Work included:

- policy and legislation for the introduction of income-related rents, social allocation, and related issues
- developing the Māori Housing Strategy
- developing the Pacific Housing Strategy
- ongoing support for the restructuring of the housing sector including the introduction and passage of the Housing Corporation Amendment Bill
- support for the Government's housing priorities, for example home ownership, community housing, and social housing partnerships with local authorities.

Responsibility for housing policy moved to the New Zealand Housing Corporation from 1 July 2001.

POLICY CO-ORDINATION

Work included:

- preparation of input into the Ministry of Justice led Human Rights consistency project
- preparation of proposals to remove same sex discrimination within social sector legislation and practice.

BUDGET MANAGEMENT

In 2000/01 the Ministry had responsibility for co-ordinating the Budget packages for the Minister of Social Services and Employment and the Minister of Housing. In respect of the Minister of Social Services and Employment, this involved the management and oversight of a process that included the Department of Work and Income, the Department of Child Youth and Family Services, and the Department of Labour. The Ministry also worked closely with Health, Education and Justice sector agencies in developing complementary bids in areas where the sectors overlap.

Knowledge Management Group

During early 2000/01 the Ministry undertook a major review of its information research and evaluation capability in order to raise the level of support for policy decision-making and place information and knowledge at the centre of policy development.

The outcome of this review was the establishment of a specifically dedicated Knowledge Management Group within the Ministry under a new general manager. This group, which was established in late 2000, has specific responsibilities for commissioning and conducting research, evaluation studies, information analysis, forecasting and cost modelling.

A key body of work to come through the Knowledge Management Group during the year was the first report from the research into the living standards of older New Zealanders that had been instigated by the former Super 2000 Taskforce.

When the Taskforce was subsequently disestablished in March 2000, the survey and its associated research project transferred to the Ministry of Social Policy.

The research attempted to address two general questions about the living standards of older people – how can the relative living standards of older people be measured and described and what factors contribute to or influence the living standards of older people?

The specific aims of the research were to construct a standard of living measure, describe the living standards of older people, compare the living standards of older people with other groups, and examine factors underlying living standards differences amongst older people.

The research involved:

- a main survey of 3,060 older people
- a booster survey of 540 Māori (aged 65-69 years)
- a comparison survey of 3,680 working-age people (18-64 years).

A trans-Tasman research team conducted the analysis and reporting.

The study successfully created a measure (the Material Well-being Scale) to describe the living standards of older people. The scale ranks older people from hardship to comfort, based on how they are living, not on how many dollars they have in retirement.

The Material Well-being Scale makes it possible to describe the typical living situations for people in different circumstances. This approach is a major shift from how living standards are usually described through income assessment or expenditure information.

The research has been subject to extensive review by leading New Zealand and international experts in the field, with one international reviewer commenting that the study “has been one of the most thorough and comprehensive analysis of the living standards of older people we have ever seen.”

Further studies about understanding the living standards of older Māori, describing the living standards of all New Zealanders and determining related measures of material hardship are to be completed by the end of 2001/02. A further living standards survey is also planned for late 2002.

Other highlights and achievements during 2000/01 included:

- production (with the Strategic Policy Group) of *The Social Report 2001*
- production of a report on the *Implications of Labour Market Change for Retirement Income Policy*
- *Distributions and Disparity*, a report on changes in New Zealand Household Incomes over the past two years
- a report on the *Definitions of Crowding and the Effects of Crowding on Health: A Literature Review*
- published evaluations of a lead funder prototype pilot, and social workers in schools pilot programme.

The group also contributed to the Australian Social Security Agreement through the preparation of cost models and forecasts.

Purchase and Monitoring Group

The Purchase and Monitoring Group (PMG) provides advice on:

- the extent to which services contribute to Government outcomes and results, and are aligned with Government priorities
- the efficiency and effectiveness of services, including advice on new programmes and proposed spending
- the Minister's purchase agreements, and collaborates with delivery departments in their preparation of the agreements.

PMG also provides monitoring commentary on the performance of delivery departments against their purchase agreements, including any special performance reviews required by the Minister.

The role encompasses services provided by the Department of Work and Income (excluding employment services); the Department of Child, Youth and Family Services; the Retirement Commissioner; and the Commissioner for Children.

Purchase advice and monitoring work relating to the housing agencies transferred to the Ministry of Housing in February 2001.

HIGHLIGHTS AND ACHIEVEMENTS

Provision of Purchase Advice

- advice on the development of purchase agreements between the Minister and delivery departments
- completion of Budget round work relating to Value for Money and delivery department baseline risks, advice on budget spend proposals and the cost-effectiveness of these
- with the Policy Group, managing the 2001 Budget round.

Housing Related Work

As part of the introduction of Income-related rents, PMG completed the Section 7 Agreement between the Minister of Housing and Housing New Zealand. Purchase advice and monitoring commentary in respect of the housing agencies was provided until February 2001, when this function transferred to the Ministry of Housing.

Projects

Purchase advice/performance-related projects included:

- review of Retirement Commissioner funding for 2001/02 and outyears
- completion of particular projects in relation to Child, Youth and Family services and the Brown Report including:
 - Output Class Review
 - Demand-driven Funding Review
 - Care Services Review
 - Monitoring Arrangements
 - Expenditure on Contracting and Adoption Information Services
- monitoring and review of student loans delivery by the Department of Work and Income
- development of longer-term performance improvement initiatives, in collaboration with the Department of Work and Income, and the Department of Child, Youth and Family Services
- work with departments on costing systems.

Performance monitoring

Quarterly monitoring of the performance of the delivery agencies against their purchase agreements.

Planning and accountability documents

Co-ordination of the Ministry's overall planning processes and accountability documents including the Strategic Plan, Business Plan, Risk Management Plan, Purchase Agreement, Chief Executive Performance Agreement, and the Housing Service Agreement.

Business Support Group

Highlights and Achievements during 2000/2001

HUMAN RESOURCES

A major focus for this unit was the development of a recruitment strategy; “sizing” of all positions in the Ministry; development and implementation of a performance management system; and the implementation of a new induction programme for staff.

A new Collective Employment Agreement (CEA) was negotiated with the Public Services Association (PSA). The Ministry was the first government agency to have a completed agreement signed under the requirements of the Employment Relations Act. The Ministry committed to a collaborative and “good faith” approach to the negotiation process with the PSA.

A new Performance Management system was designed and implemented in time for the 30 June 2001 performance appraisal round.

TREATY RESPONSIVENESS/EEO

Human Resources, together with a representation of MSP staff, worked on an Equal Employment Opportunity strategy for the Ministry. A plan has been developed focusing on EEO 2005 milestones and 2010 targets.

Other work, together with Te Wakahuia working group, has included:

- development of a resource folder that covers the Ministry’s Treaty relationship, Māori relationship strategy, Treaty Principles framework and other resources
- continued support of Te Wakahuia O Puaio te-ata-tu scholarships for two Māori tertiary students
- development of a Treaty Principles workshop for staff
- education sessions for staff including a Treaty history series and Māori speakers from the community at staff forums
- waiata and te reo sessions.

FINANCE

The Ministry again achieved an unqualified audit report and an improvement in its audit assessment grades for 2000/01.

An audit of the payroll and associated functions was carried out, together with a review of employee expenditure. These systems were found to be operating satisfactorily, and the few recommended improvements have been implemented.

OFFICE OF THE CHIEF LEGAL ADVISOR/LEGISLATION

The development of new legislation or amendments to legislation and the management of their passage through Parliament were important aspects of the work of the Office of the Chief Legal Advisor through the year.

The most significant pieces of legislation were:

- The Housing Restructuring (Income-Related Rents) Amendment Act 2000, which brought in income-related rents for Housing New Zealand tenants
- The Housing Corporation Amendment Act 2001, which provided the mechanism to merge the Housing Corporation of New Zealand, Housing New Zealand Ltd, Community Housing Limited and the housing policy unit of the Ministry of Social Policy, to form the Housing New Zealand Corporation
- The Children, Young Persons and Their Families Amendment Act 2001, which provides for searches of children and young persons in Department of Child, Youth and Family Services residences, and the seizure of items found
- The Social Welfare (Transitional Provisions) Amendment Act 2000, which provides for mutual assistance provisions in social security agreements with overseas countries
- The Social Security Amendment Act 2001, which among other things, changed the Community Wage into an Unemployment Benefit and Sickness Benefit, and made changes to the work-testing provisions of the Social Security Act 1964
- Part 1 of the New Zealand Superannuation Bill, relating to entitlements to New Zealand superannuation
- The Social Security (Residence of Spouses) Amendment Bill 2001
- Parliamentary Counsel has prepared draft legislation for the Registration of Social Workers Bill
- Drafting instructions are under preparation for the Commissioner for Children Bill.

Other work relating to legislation included preparing drafting instructions for a number of regulations under the Social Security Act 1964 and the Housing Restructuring Act 1992, and drafting new programmes or amendments to welfare programmes and Ministerial directions under the Social Security Act 1964. It also involved commenting on other departments' draft legislation and members' Bills, and preparing drafting instructions or advice on Cabinet papers relating to a number of proposed Bills.

Other significant matters dealt with included the preparation of and advice on a number of contracts, and advising on a number of issues relating to the provision of income support and other social services, including special benefits. Issues relating to the pending expiry of the Government exemption from the Human Rights Act 1993, including a compliance audit, were also important pieces of work. Continuing revisions to the Ministry's Legal Compliance Manual and a review of the delegations of authority for the Ministry contributed to risk management in the Ministry.

INFORMATION CENTRE AND RECORDS MANAGEMENT

Work included:

- establishment of an on-line public access catalogue available to all staff at their desktop
- implementation of full text delivery of the journals subscribed to by the Ministry
- staff training in the use of records management policies and procedures.

INFORMATION SYSTEMS OPERATIONS

The Information Systems Operations Unit (ISOU) acts as a liaison point between the Ministry's Information Technology (IT) users and the Information System Coordination Unit. The ISOU also provides technical support and advice in the day-to-day management of the external website and the intranet.

Significant work included:

- implementation of Internet Protocol (IP) telephony for MSP. The ISOU was responsible for rolling out the new phones to the Ministry, and for providing user documentation
- relaunching the external website. The intranet was also redeveloped with a similar site design as the website.

Infrastructure Information Technology Management

The Information Systems Co-ordination Unit (ISCU) is responsible for providing the Social Services Infrastructure (SSI) for the Department of Work and Income, Child, Youth and Family, and the Ministry of Social Policy.

The chief executives of the three organisations agreed that the SSI and Information Analysis Platform be kept intact as a single cross-departmental entity.

A board comprised of the three chief executives and an independent external chairman has been established. This board oversees the strategic development and the high level management of the SSI.

Maintenance and development of the Infrastructure has seen the following initiatives completed during 2000/2001:

- upgrade of the Infrastructure to accommodate 33 percent more people/sites within the capital funds allocated
- implementation of the Internet Protocol Telephony system (IP). This project replaced all PBX systems (switches and handsets) but did not change the technology and services at the telephone call centres. The new system enables provision of telephony over the data network
- upgrade of all office servers
- the architecture of the SSI network infrastructure's central core was upgraded to take advantage of advances in technology and to enable the delivery of video over the data network
- a new IP Test Laboratory was developed to assist the ongoing development and maintenance of the IP Telephony system
- improvements in the telecommunications capability and reliability through the extension of direct fibre connections from CLEAR Communications to more sites
- the first phase of a "backup and archiving project".



Report of the Audit Office

TO THE READERS OF THE FINANCIAL STATEMENTS OF
MINISTRY OF SOCIAL POLICY FOR YEAR ENDED 30 JUNE 2001

We have audited the financial statements on pages 27 to 58. The financial statements provide information about the past financial and service performance of the Ministry of Social Policy and its financial position as at 30 June 2001. This information is stated in accordance with the accounting policies set out on pages 27 to 30.

Responsibilities of the Chief Executive

The Public Finance Act 1989 requires the Chief Executive to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the Ministry of Social Policy as at 30 June 2001, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 2001.

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 Chief Executive in the preparation of the financial statements *and*
- whether the accounting policies are appropriate to the Ministry of Social Policy'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.

Ministry of Social Policy - Disestablishment

As disclosed on the Statement of Accounting Policies on page 27, the Ministry of Social Policy is to be disestablished on 30 September 2001 and, with effect from 1 October 2001, merged with the Department of Work and Income to form the Ministry of Social Development. The financial statements have, therefore, not been prepared using the going concern assumption. There has been no change to the measurement basis used for assets and liabilities as all assets and liabilities are to be transferred to the Ministry of Social Development at net book value effective 1 October 2001.

During the financial year ended 30 June 2001 we carried out a review of withholding tax obligation compliance in respect of employees travelling overseas. Other than the aforementioned review, and in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the Ministry of Social Policy.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Ministry of Social Policy on pages 27 to 58:

- comply with generally accepted accounting practice *and*
- fairly reflect:
 - the financial position as at 30 June 2001
 - 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 31 August 2001 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