

# financials

FOR THE YEAR ENDED 30 JUNE 2001

# Statement of Responsibility

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Acting Chief Executive of the Ministry of Social Policy, for the preparation of the Ministry'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.

The Ministry of Social Policy will be merged with the Department of Work and Income with effect from 1 October 2001. Assets and liabilities shown in the Statement of Financial Position will be transferred to the Ministry of Social Development at their carrying value in the financial statements.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2001.



**Mel Smith**  
Acting CHIEF EXECUTIVE

Countersigned by:



**Tina Cornelius**  
FINANCE MANAGER

# Statement of Accounting Policies

For the year ended 30 June 2001

## REPORTING ENTITY

The Department of Social Welfare, trading as the Ministry of Social Policy, is a government department as defined by section 2 of the Public Finance Act 1989.

These are the financial statements for the Ministry of Social Policy prepared pursuant to section 35 of the Public Finance Act 1989.

In addition, the Ministry has reported Crown activities and trust monies which it administers.

## MEASUREMENT SYSTEM

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

## GOING CONCERN

Under the State Sector Amendment Bill, the Ministry of Social Policy is to be merged with the Department of Work and Income to form the Ministry of Social Development with effect from 1 October 2001. Additional liabilities to the Ministry of Social Policy arising from the intended merger are reflected in the financial statements for the year ending 30 June 2001. Assets and liabilities shown in the Statement of Financial Position, commitments contained in the Statement of Commitments and contingent liabilities contained in the Statement of Contingent Liabilities, are to be transferred to the Ministry of Social Development at their carrying value in the financial statements.

## DEPARTMENTAL VOTE STRUCTURE

The Ministry of Social Policy is funded to provide services in two output classes in Vote Social Services (from 1 July 2001 to be known as Vote Social Policy) to the Minister of Social Services and Employment:

- Policy and Purchase Advice and
- Information Technology Services to Other Departments.

The Ministry is also funded to provide services in one output class in Vote Senior Citizens to the Minister for Senior Citizens.

## MINISTER'S DESIGNATED TITLE

In this report, the term Minister in relation to the financial year ended 30 June 2001 means the Minister of Social Services and Employment.

## ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial performance, position, outputs and cashflows of the department have been applied.

### **Budget Figures**

The budget figures are those presented in the 2000/01 Estimates of Appropriation and the 2001 Supplementary Estimates of Appropriation.

### **Revenue**

The Ministry derives revenue through the provision of outputs to the Crown, for services to third parties, and from interest earned on deposits with the New Zealand Debt Management Office (NZDMO). All revenue is recognised when it is earned, and is recorded in the financial period to which it relates.

### **Cost Allocation**

The Ministry has determined the cost of outputs using the cost allocation system outlined below:

#### *Cost allocation policy*

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

#### *Criteria for direct and indirect costs*

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

#### *Direct costs assigned to outputs*

Direct costs are charged directly to outputs.

#### *Basis for assigning indirect and corporate costs to outputs*

Indirect costs and corporate costs are assigned to each output based on appropriate cost drivers.

### **Crown Receivable**

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

### **Receivables**

Receivables are stated at estimated net realisable value after providing for doubtful and uncollectable debts.

### **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 Ministry'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 Ministry'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 and the Statement of Non-Departmental

Revenue and Expenditure Flows 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**

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

### **Fixed Assets**

Fixed assets are initially stated at the value of the consideration given to acquire or create the asset. This includes 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:**

	<b>Estimated Life (Years)</b>
Buildings	50
Computer Equipment and Software	2 to 5
Furniture, Fittings and 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 Ministry is party to financial instruments as part of its normal operations. These financial instruments 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.

### **Statement of Cash Flows**

Cash means cash balances on hand, held in bank accounts, and deposits with the NZDMO.

Operating activities include cash received from all income sources of the Ministry and record the cash payments made for the supply of goods and services.

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.

### **Taxpayers' Funds**

This is the Crown's net investment in the Ministry.

## **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with other years.

## **COMPARATIVE OF ACTUAL RESULTS AND PROSPECTIVE FINANCIAL INFORMATION**

The Ministry is required to present a comparison between prospective financial information and the actual results for the period being reported. Appendix II of this Annual Report compares the actual results for the 2000/01 year with the prospective financial information published in the 2000/01 Departmental Forecast Report.

# Statement of Financial Performance

For the year ended 30 June 2001

Actual 30 Jun 00 \$'000		Note	Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
<b>REVENUE</b>					
83,835	Crown		29,620	30,099	29,621
35,870	Department		36,818	42,681	42,952
225	Other		37	0	0
1,070	Interest		1,225	600	600
<b>121,000</b>	<b>Total Revenue</b>		<b>67,700</b>	<b>73,380</b>	<b>73,173</b>
<b>EXPENSES</b>					
37,428	Personnel	1	13,852	16,518	16,518
60,756	Operating	2	40,032	41,291	41,084
14,141	Depreciation		7,811	11,193	11,193
5,876	Capital Charge	3	3,810	3,778	3,778
<b>118,201</b>	<b>Total Output Expenses</b>		<b>65,505</b>	<b>72,780</b>	<b>72,573</b>
(1,146)	Writeback from Discontinued Activities	4	0	0	0
<b>117,055</b>	<b>Total Expenses</b>		<b>65,505</b>	<b>72,780</b>	<b>72,573</b>
<b>3,945</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>		<b>2,195</b>	<b>600</b>	<b>600</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.

# Statement of Movements in Taxpayers' Funds

For the year ended 30 June 2001

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
<b>108,450</b>	<b>Opening Taxpayers' Funds as at 1 July 2000</b>	<b>38,101</b>	<b>38,101</b>	<b>38,101</b>
3,945	Net Operating Surplus/(Deficit) for the Period	2,195	0	600
<b>3,945</b>	<b>Total recognised Revenue and Expenditure for the Period</b>	<b>2,195</b>	<b>0</b>	<b>600</b>
(70,349)	Transfer of Net Assets to New Department	0	0	0
(3,945)	Provision for Repayment of Surplus to the Crown	(2,195)	0	(600)
<b>38,101</b>	<b>Taxpayers' Funds at 30 June 2001</b>	<b>38,101</b>	<b>38,101</b>	<b>38,101</b>

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# Statement of Financial Position

As at 30 June 2001

Actual 30 Jun 00 \$'000		Note	Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
38,101	<b>TAXPAYERS' FUNDS</b>		38,101	38,101	38,101
	Represented by:				
	<b>ASSETS</b>				
	<b>CURRENT ASSETS</b>				
25,635	Bank	5 & 11	18,663	28,244	31,143
1,452	Prepayments		1,673	253	1,396
4,078	Receivables		3,855	3,880	4,313
6,817	Crown Receivables		10,601	6,502	6,830
<b>37,982</b>	<b>Total Current Assets</b>		<b>34,792</b>	<b>38,879</b>	<b>43,682</b>
	<b>NON-CURRENT ASSETS</b>				
14,369	Fixed Assets	6 & 7	15,637	10,617	12,801
<b>14,369</b>	<b>Total Non-Current Assets</b>		<b>15,637</b>	<b>10,617</b>	<b>12,801</b>
<b>52,351</b>	<b>Total Assets</b>		<b>50,429</b>	<b>49,496</b>	<b>56,483</b>
	<b>LESS LIABILITIES</b>				
	<b>CURRENT LIABILITIES</b>				
8,098	Payables and Accruals	8	7,862	6,675	12,243
775	Provisions and Other Short Term Liabilities	9	1,305	1,638	2,193
3,945	Provision to Repay Crown		2,195	600	3,946
<b>12,818</b>	<b>Total Current Liabilities</b>		<b>11,362</b>	<b>8,913</b>	<b>18,382</b>
	<b>NON-CURRENT LIABILITIES</b>				
1,432	Provision for Retirement and Long Service Leave		966	2,482	0
<b>1,432</b>	<b>Total Non-Current Liabilities</b>		<b>966</b>	<b>2,482</b>	<b>0</b>
<b>14,250</b>	<b>Total Liabilities</b>		<b>12,328</b>	<b>11,395</b>	<b>18,382</b>
<b>38,101</b>	<b>NET ASSETS</b>		<b>38,101</b>	<b>38,101</b>	<b>38,101</b>



**Mel Smith**

Acting Chief Executive, 31 August 2001



**Tina Cornelius**

Finance Manager, 31 August 2001

*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 2001

Actual 30 Jun 00 \$'000	Note	Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Cash provided from:</i>				
119,615	Supply of Outputs to the Crown	63,007	72,836	72,325
1,074	Interest Revenue	1,156	600	600
1,701	Net GST	0	0	0
<b>122,390</b>		<b>64,163</b>	<b>73,436</b>	<b>72,925</b>
<i>Cash disbursed to:</i>				
(106,221)	Production of Outputs	(54,301)	(53,622)	(53,416)
(4,420)	Capital Charge Paid	(3,810)	(3,778)	(3,778)
<b>(110,641)</b>		<b>(58,111)</b>	<b>(57,400)</b>	<b>(57,194)</b>
<b>11,749</b>	<b>Net Cash Flow from Operating Activities</b>	<b>6,052</b>	<b>16,036</b>	<b>15,731</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash provided from:</i>				
2,830	Sale of Fixed Assets	39	2,690	2,690
<i>Cash Disbursed to:</i>				
(14,086)	Purchase of Fixed Assets	(9,118)	(12,314)	(12,314)
<b>(11,256)</b>	<b>Net Cash used in Investing Activities</b>	<b>(9,079)</b>	<b>(9,624)</b>	<b>(9,624)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash disbursed to:</i>				
456	Payment of Net Surplus to the Crown	(3,945)	(600)	(600)
<b>456</b>	<b>Net Cash provided by Financing Activities</b>	<b>(3,945)</b>	<b>(600)</b>	<b>(600)</b>
<b>949</b>	<b>Net Increase/(Decrease) in Cash</b>	<b>(6,972)</b>	<b>5,812</b>	<b>5,507</b>
30,112	Add Cash at Beginning of Year	25,635	22,432	25,635
(5,426)	Reduction in Cash Balance as a result of transfer of Net Assets to New Department	0	0	0
<b>25,635</b>	<b>Total Cash Balance at End of Year</b>	<b>18,663</b>	<b>28,244</b>	<b>31,142</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 2001

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
<b>3,945</b>	<b>Net Operating Surplus</b>	<b>2,195</b>	<b>600</b>	<b>600</b>
	<i>Non Cash Items:</i>			
14,141	Depreciation	7,811	11,193	11,193
22	Loss on Disposal of Fixed Assets	0	0	0
136	Loss on Revaluation of Fixed Assets	0	0	0
<b>14,299</b>	<b>Total Non Cash Items</b>	<b>7,811</b>	<b>11,193</b>	<b>11,193</b>
	<i>Working Capital Items:</i>			
	<i>(Increase)/Decrease in:</i>			
(4,825)	Receivables and Prepayments	(80)	146	(193)
(315)	Crown Receivables	(3,702)	0	0
	<i>Increase/(Decrease) in:</i>			
1,017	Payables and Accruals	(172)	3,992	4,026
(2,372)	Short Term Liabilities	0	105	105
<b>11,749</b>	<b>Net Cash Flows from Operating Activities</b>	<b>6,052</b>	<b>16,036</b>	<b>15,731</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.

# Notes to the Financial Statements

For the year ended 30 June 2001

## NOTE 1: Personnel Expenses

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
35,517	Salaries and Wages	12,860	16,518	16,518
610	Restructuring Costs	51	0	0
1,301	Other Personnel Expenses	941	0	0
<b>37,428</b>	<b>Total Personnel Expenses</b>	<b>13,852</b>	<b>16,518</b>	<b>16,518</b>

## NOTE 2: Operating Expenses

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
242	Audit Fee to auditors for audit of the Financial Statements	85	438	438
3	Fees to auditors for Other Services	6	0	0
3,376	Operating Lease Costs	2,420	1,330	1,330
(35)	Bad Debts Written Off	1	0	0
22	Loss (Gain) on Sale of Fixed Assets	26	0	0
0	Write Off of Fixed Assets	300	0	0
136	Loss (Gain) on Revaluation of Fixed Assets	0	0	0
681	Movement in Provision for Doubtful Debts	(15)	0	0
56,331	Other Output Operating Expenses	37,209	39,523	39,316
<b>60,756</b>	<b>Total Operating Expenses</b>	<b>40,032</b>	<b>41,291</b>	<b>41,084</b>

## NOTE 3: Capital Charge

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
5,876	Capital Charge	3,810	3,778	3,778
<b>5,876</b>	<b>Total Capital Charge Expense</b>	<b>3,810</b>	<b>3,778</b>	<b>3,778</b>

The Crown charges the Ministry a levy on taxpayers' funds equivalent to the cost of 10% (10% for 1999/2000) on the capital employed by the Ministry. This charge is paid on a semi-annual basis in arrears.

NOTE 4: Writeback from Discontinued Activities

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
(731)	Provision for ACC	0	0	0
(415)	Restructuring Provision	0	0	0
<b>(1,146)</b>	<b>Total Writeback from Discontinued Activities Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>

NOTE 5: Bank

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
835	Bank	1,063	14,215	6,343
24,800	Short Term Deposits	17,600	14,029	24,800
<b>25,635</b>	<b>Net Bank Balance</b>	<b>18,663</b>	<b>28,244</b>	<b>31,143</b>

As at balance date the Ministry held short term deposits with the New Zealand Debt Management Office (NZDMO) at rates varying from 5.13% to 5.50%.

NOTE 6: Fixed Assets

Cost/ Valuation 30 Jun 00 \$'000	Accumulated Depreciation 30 Jun 00 \$'000	Net Book Value 30 Jun 00 \$'000		Total Cost 30 Jun 01 \$'000	Accumulated Depreciation 30 Jun 01 \$'000	Net Book Value 30 Jun 01 \$'000
150	0	150	Land	150	0	150
2,396	2,235	161	Leasehold Improvements	1,103	272	831
51,697	38,802	12,895	Computer Equipment and Software	29,551	18,536	11,015
3,507	3,200	307	Furniture, Fittings and Office Equipment	3,128	2,791	337
63	12	51	Motor Vehicles	72	23	49
805	0	805	Work in Progress	3,255	0	3,255
<b>58,618</b>	<b>44,249</b>	<b>14,369</b>	<b>Total Fixed Assets</b>	<b>37,259</b>	<b>21,622</b>	<b>15,637</b>

The Ministry's Land was revalued at 30 June 1999 by Quotable New Zealand. Properties are valued to reflect net current value (the "existing use" valuation).

**NOTE 7: Restricted Assets**

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 8: Payables and Accruals**

<b>Actual 30 Jun 00 \$'000</b>		<b>Actual 30 Jun 01 \$'000</b>	<b>Main Estimates 30 Jun 01 \$'000</b>	<b>Supp. Estimates 30 Jun 01 \$'000</b>
1,512	Trade Creditors	866	6,675	12,243
5,549	Accruals	5,699	0	0
289	Employee Accruals	307	0	0
748	Other Payables	990	0	0
<b>8,098</b>		<b>7,862</b>	<b>6,675</b>	<b>12,243</b>

**NOTE 9: Provisions and Other Short Term Liabilities**

<b>Actual 30 Jun 00 \$'000</b>		<b>Actual 30 Jun 01 \$'000</b>	<b>Main Estimates 30 Jun 01 \$'000</b>	<b>Supp. Estimates 30 Jun 01 \$'000</b>
574	Provision for Annual, Long Service and Retirement Leave (Current Portion)	933	415	1,956
109	Provision for Restructuring	16	0	109
92	Other Provisions	356	1,223	128
<b>775</b>	<b>Total Provisions and Other Short Term Liabilities</b>	<b>1,305</b>	<b>1,638</b>	<b>2,193</b>

**NOTE 10: Unappropriated Expenditure**

The Ministry of Social Policy has incurred no instances of Unappropriated Expenditure.

#### NOTE 11: Financial Instruments

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

The credit risk of the Ministry of Social Policy relating to the financial instruments is limited to the balances with trade debtors, NZDMO and WestpacTrust.

The Ministry of Social Policy does not require any collateral or security to support financial instruments with financial institutions that the Ministry deals with, or with the NZDMO, as these entities have high credit ratings. For its other financial instruments, the Ministry of Social Policy 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 12: Related Party Transactions

The Ministry of Social Policy is a wholly-owned entity of the Crown. The Government significantly influences the role of the Ministry 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.

# Statement of Departmental Expenditure and Appropriations

**For the year ended 30 June 2001**

(Figures are GST inclusive where applicable)

## APPROPRIATIONS FOR CLASSES OF OUTPUTS

	Actual Expenditure ('000)	Appropriation Voted Main Estimates ('000)	Appropriation Voted Supp. Estimates ('000)
<b>Vote Social Services</b>			
D1 – Policy and Purchase Advice	30,314	31,369	31,136
D2 – Information Technology Services to other Departments	43,013	50,021	50,021
<b>Vote Senior Citizens</b>			
D1 - Senior Citizens Services	487	487	487
<b>Total</b>	<b>73,814</b>	<b>81,877</b>	<b>81,644</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.*

# Statement of Non-Departmental Expenditure and Appropriations

**For the year ended 30 June 2001**

(Figures are GST inclusive where applicable)

	Actual Expenditure ('000)	Appropriation Voted Main Estimates ('000)	Appropriation Voted Supp. Estimates ('000)
<b>APPROPRIATIONS FOR NON-DEPARTMENTAL OUTPUT CLASSES</b>			
01 – Commissioner for Children	952	952	952
02 – Retirement Commissioner	4,783	4,783	4,783
<b>Subtotal</b>	<b>5,735</b>	<b>5,735</b>	<b>5,735</b>
<b>APPROPRIATIONS FOR BENEFITS AND OTHER UNREQUITED EXPENSES</b>			
Housing Assistance	3,745	1,000	3,921
Income Related Rental Subsidy	161,017	144,586	164,564
<b>Subtotal</b>	<b>164,762</b>	<b>145,586</b>	<b>168,485</b>
<b>APPROPRIATIONS FOR OTHER EXPENSES TO BE INCURRED BY THE CROWN</b>			
Community Housing Rental Subsidy	2,797	0	3,000
Small Grants (Vote Senior Citizens )	113	113	113
<b>Subtotal</b>	<b>2,910</b>	<b>113</b>	<b>3,113</b>
<b>Total</b>	<b>173,407</b>	<b>151,434</b>	<b>177,333</b>

NOTE: Output Class: Senior Citizen Services is appropriated under Vote Senior Citizens. All other output classes are appropriated under Vote Social Services.

# Statement of Trust Monies

For the year ended 30 June 2001

## TRUST ACCOUNT

	Opening Balance \$'000	Contributions \$'000	Distributions \$'000	Revenue \$'000	Expenditure \$'000	Closing Balance \$'000
2000/01	0	0	0	0	0	0
1999/00	292	0	(292)	0	0	0

There were no trusts administered by the Ministry in the 2000/01 financial year.

# Statement of Commitments

As at 30 June 2001

The Ministry has long-term leases on its premises in Wellington. The annual lease payments are subject to 3 and 5 yearly reviews. The amounts disclosed below as future commitments are based on the current rental rates.

Operating leases include lease payments for premises and the rental of telephones.

	Actual 30 Jun 00 \$'000	Actual 30 Jun 01 \$'000
<b>OPERATING LEASE COMMITMENTS</b>		
831	Less than one year	2,473
1,031	One to two years	2,417
3,006	Two to five years	1,767
0	More than five years	0
4,868	Total Operating Lease Commitments	6,657
<b>4,868</b>	<b>Total Commitments</b>	<b>6,657</b>

The Ministry has entered into non-cancellable contracts for computer maintenance, building services and other contracts for services. These non-cancellable contracts totalled \$20.708 million as at 30 June 2001 (2000 \$5.024 million).

*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 Contingent Liabilities

As at 30 June 2001

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000
7	Legal Proceedings and Disputes	0
917	Other Quantifiable Contingent Liabilities	917
<b>924</b>	<b>Total Contingent Liabilities</b>	<b>917</b>

# Statements of Output Performance

For the year ended 30 June 2001

## SUMMARY BY OUTPUT CLASS

(Figures are GST exclusive)

	Total Revenue \$'000	Total Expenses \$'000	Surplus/ (Deficit) \$'000
Policy and Purchase Advice	27,663	26,856	807
Information Technology Services to other Departments	38,379	38,216	163
Senior Citizens Services	433	433	0
<b>Total Appropriated Output Surplus</b>	<b>66,475</b>	<b>65,505</b>	<b>970</b>
Interest Revenue	1,225	0	1,225
<b>Total Department</b>	<b>67,700</b>	<b>65,505</b>	<b>2,195</b>
<b>Budget Total</b>	<b>73,380</b>	<b>72,780</b>	<b>600</b>

NOTE: Output Class: Senior Citizen Services is appropriated under Vote Senior Citizens. All other output classes are appropriated under Vote Social Services.

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

# Output Performance Statements

For the year ended 30 June 2001

## POLICY AND PURCHASE ADVICE

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

The Minister will expect advice and services in the following areas:

Policy advice in relation to:

- the development of a broad social policy framework to ensure Government has access to strategic advice on the “big picture” for social policy
- the development of new approaches to social assistance to protect people from hardship and provide people with opportunities
- the improvement of child and family outcomes over time by reducing barriers and enhancing opportunities
- social and economic participation, by advising on the effect policy proposals have on social exclusion
- ensuring progress towards parity in social and economic outcomes between Māori and non-Māori
- the development of strategies to support access to affordable housing <sup>1</sup>
- senior citizens, including policies to promote positive ageing
- intersectoral developments, such as Strengthening Families collaboration.

Social science research, social programme evaluation, and forecasting demand-driven Crown expenditure of welfare benefits.

Policy management of the Social Security Act 1964, the Children, Young Persons and Their Families Act 1989, and related legislation.

Purchase and Monitoring advice in respect of services provided by:

- the Department of Work and Income
- the Department of Child, Youth and Family Services
- Housing Corporation of New Zealand and its subsidiary Community Housing Ltd <sup>1</sup> (includes purchase and ownership advice)
- Housing New Zealand (in respect of performance against SOI objectives)
- Retirement Commissioner
- Commissioner for Children.

<sup>1</sup> In 2000/01 the Government took the first step towards integrating the various housing agencies. The new integrated agency, Housing New Zealand Corporation (HNZC), will deliver integrated housing services for low income New Zealanders and community groups. Housing policy advice became the responsibility of the new entity from 1 July 2001. As well, the purchase advice and monitoring role was transferred to the Ministry of Housing from 1 February 2001.

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

## FINANCIAL PERFORMANCE

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
	<b>REVENUE</b>			
21,187	Crown	27,155	27,634	27,155
199	Department	471	250	521
0	Other	37	0	0
<b>21,386</b>	<b>Total Revenue</b>	<b>27,663</b>	<b>27,884</b>	<b>27,676</b>
	<b>EXPENSES</b>			
9,139	Personnel	12,458	14,170	14,170
8,493	Operating	11,880	10,759	10,551
1,380	Depreciation	647	1,116	1,116
1,598	Capital Charge	1,871	1,839	1,839
<b>20,610</b>	<b>Total Expenses</b>	<b>26,856</b>	<b>27,884</b>	<b>27,676</b>
<b>776</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>807</b>	<b>0</b>	<b>0</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.*

## SERVICE PERFORMANCE

Actual 30 Jun 00 (for 9 months)		Actual 30 Jun 01	Budget 30 Jun 01
<b>QUANTITY</b>			
<b>(a) Social and Strategic Policy</b>			
<i>Policy Days</i>			
<i>The total number of worked days applied to policy work (includes consultancy days)</i>			
	Social and Strategic Policy	15,318	12,150
	Housing Policy	2,142	1,500
<i>Note: does not include International Policy and Agreements</i>			
<b>11,614</b>	<b>Total Policy Days</b>	<b>17,460</b>	<b>14,000</b>
<i>Work Programme</i>			
Policy advice delivered to the Minister although sign-off not received <sup>2</sup>	Policy advice will be delivered in accordance with prioritised requirements of a work programme negotiated six monthly <sup>3</sup> with the Minister	Sign-off received	Sign-off received
	The six-monthly work programme will be signed off to the Minister prior to each six month period	Sign-off received	Sign-off received
<b>(b) Purchase and Monitoring</b>			
Advice provided	Purchase advice in relation to delivery agency Purchase Agreements, for Budget round and new spending proposals	Meets standard	As agreed with Ministers
21	Monitoring commentary reports in respect of delivery agencies	19 <sup>4</sup>	28
<b>QUALITY</b>			
<b>(a) Social and Strategic Policy</b>			
<i>Appropriateness</i>			
Work programme undertaken at the direction of the Minister	Policy advice will meet the negotiated requirements to the satisfaction of the Minister	Sign-off received	Sign-off received
Sign-off received	Forecasts will be prepared using appropriate methodologies. Forecasts will be free from significant computational error and will meet the requirements of CAB(84)M 1/5(h) that forecasts are best mid-point estimates. They will meet requirements of s12 Public Finance Act. An External Review will be undertaken every two years	Sign-off received	Sign-off received

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SERVICE PERFORMANCE (cont)

Actual 30 Jun 00 (for 9 months)		Actual 30 Jun 01	Budget 30 Jun 01
85%	Replies to parliamentary questions and ministerial correspondence and Official Information Act requests (includes Ombudsman enquiries) will be delivered within agreed and statutory timeframes	90.7% <sup>5</sup>	Meets standard
<b>(b) Purchase and Monitoring</b>			
Met standard	Reports will meet quality standards	Meets standard	Meets standard
<b>TIMELINESS</b>			
Met deadlines	Purchase advice will be delivered to the Minister within negotiated deadlines	Meets standard	Meets standard
Within 6 weeks of end of the quarter	Quarterly Monitoring Reports	Meets standard <sup>6</sup>	Within 6 weeks of end of the quarter

- <sup>2</sup> Due to the change in Government the work programme was not finalised, however all work was completed at the direction of Ministers.
- <sup>3</sup> With the change in Government, the Ministry moved from quarterly to six-monthly work programmes.
- <sup>4</sup> Five monitoring reports in respect of 30 June 2001 were completed after year end. From February 2001 the purchase and monitoring advice role for housing was carried out by the Ministry of Housing.
- <sup>5</sup> This total comprises the following results:  
 - parliamentary questions 100% (standard of 100%)  
 - ministerial correspondence 94% (standard of 90%)  
 - OIA requests & Ombudsman enquiries 54.8% (standard of 100%)  
 The Ministry is looking at its processes to improve the flow of OIA requests.
- <sup>6</sup> Subject to receiving delivery agency reports on time. The Ministry's target is to complete the reports within 15 working days of receipt of the final agency report. The Ministry met this target.

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

# Output Performance Statements

For the year ended 30 June 2001

## INFORMATION TECHNOLOGY SERVICES TO OTHER DEPARTMENTS

In this output class the Minister of Social Services and Employment purchases the provision of an Information Technology (IT) infrastructure for the Department of Work and Income, the Department of Child, Youth and Family Services and the Ministry of Social Policy. The infrastructure provides a digital network (including switches, servers, routers and hubs) that is maintained by a series of technical, security and data standards, IT policies and appropriate software tools.

It allows social sector data to be collected on to a common database, Information Analysis Platform (IAP).

A new service 'Voice over Internet Protocol' (VoIP) has replaced the PABX.

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

## FINANCIAL PERFORMANCE

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
	<b>REVENUE</b>			
1,599	Crown	2,032	2,032	2,032
30,679	Department	36,347	42,431	42,431
<b>32,278</b>	<b>Total Revenue</b>	<b>38,379</b>	<b>44,463</b>	<b>44,463</b>
	<b>EXPENSES</b>			
878	Personnel	1,128	2,065	2,065
22,438	Operating	27,985	30,382	30,382
6,972	Depreciation	7,164	10,077	10,077
1,922	Capital Charge	1,939	1,939	1,939
<b>32,210</b>	<b>Total Expenses</b>	<b>38,216</b>	<b>44,463</b>	<b>44,463</b>
<b>68</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>163</b>	<b>0</b>	<b>0</b>

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## SERVICE PERFORMANCE

	Actual 30 Jun 00		Actual 30 Jun 01	Budget 30 Jun 01
<b>QUANTITY</b>				
<b>Availability</b>				
	99.97%	Wide Area Network (WAN) availability	99.90%	99%
<b>Access</b>				
100% All downtime within scheduled parameters	Scheduled downtime		All downtime within scheduled parameters	No more than 8 hours of scheduled downtime per site per month (except Ministry where 16 hour maximums apply)
Minor outage at 2 category A sites and 13 category B sites	Unscheduled downtime - unplanned outage duration (minutes)		Minor outage at: <sup>7</sup> 3 category A sites 8 category B sites	To minimise
<b>Event and Fault Management</b>				
99.61%	Priority "A" Response		100%	99% within 30 minutes
<b>Performance and Capacity Management</b>				
96.99% demand	CPU Utilisation		98% <sup>8</sup>	To maintain a margin above peak demand
<b>Network and Server Administration</b>				
74.80%	Scheduled backups completed overnight		75.45% <sup>9</sup>	100%

<sup>7</sup> Category A sites (there are 18) are sites designated by the stakeholders as a priority site that if for any reason goes down, must be one of the first sites up and running once the issue has been resolved. During the year only 3 category A sites were down for 8 hours or more due to actions outside of our control, i.e. faulty circuits on CLEAR BPX and a cut cable.

Category B sites (there are 205) are the remaining sites on the consolidated network. During the year, only 8 category B sites were down for 8 hours or more due to actions outside of our control e.g. flooding, faulty circuits on CLEAR BPX or Telecom bearer outage etc.

<sup>8</sup> The measurement for CPU utilisation is the 100% availability time within scheduled normal working hours. Margin above peak demand is a measure of system responsiveness and user load. This has been causing no CPU related user issues in practice since peak CPU utilisation occurs in time of high Input and Output associated with software maintenance and backup. (Local servers are performance bound by disk speed at present, not CPU) The servers at all offices have been replaced by current models during June and July 2001, and any performance issues beginning to manifest have been fixed by this upgrade.

<sup>9</sup> Scheduled overnight backups are the responsibility of the local offices where this procedure occurs. A project that centralised the procedure for backup was completed in June 2001. An increase in % met is already apparent – 95% from commencement.

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

# Output Performance Statements

For the year ended 30 June 2001

## SENIOR CITIZENS SERVICES

In this output class the Minister for Senior Citizens purchases the provision of policy advice on matters concerning the welfare of senior citizens and related issues. It includes support services to advisory groups and committees, ministerial servicing and support.

## FINANCIAL PERFORMANCE

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
	<b>REVENUE</b>			
463	Crown	433	433	433
<b>463</b>	<b>Total Revenue</b>	<b>433</b>	<b>433</b>	<b>433</b>
	<b>EXPENSES</b>			
291	Personnel	270	283	283
172	Operating	163	150	150
<b>463</b>	<b>Total Expenses</b>	<b>433</b>	<b>433</b>	<b>433</b>
<b>0</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>	<b>0</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.*

## SERVICE PERFORMANCE

Actual 30 Jun 00		Actual 30 Jun 01	Budget 30 Jun 01
<b>QUANTITY</b>			
<b>Policy Days</b>			
1,028 <sup>10</sup>	The total number of worked days applied to policy advice	861	710
<b>Coverage</b>			
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	Sign-offs Received	Sign-offs Received
<b>TIMELINESS</b>			
100%	Policy advice will be delivered to the Minister for Senior Citizens within negotiated deadlines	100%	100%

<sup>10</sup> The difference between the actual result for 1999/2000 and the budgeted figure for 2000/01 is that the Minister also purchased policy advice relating to the co-ordination of national celebrations for the International Year of Older Persons during 1999/2000.

## Appendix I

# Statement of Financial Performance

## Discontinued Activities

For the year ended 30 June 2001

	Continuing Activities 30 Jun 01 \$'000	Discontinued Activities 30 Jun 01 \$'000	Total Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
<b>REVENUE</b>					
Crown	28,287	1,333	29,620	30,099	29,621
Department	36,818	0	36,818	42,681	42,952
Other	37	0	37	0	0
Interest	1,225	0	1,225	600	600
<b>Total Revenue</b>	<b>66,367</b>	<b>1,333</b>	<b>67,700</b>	<b>73,380</b>	<b>73,173</b>
<b>EXPENSES</b>					
Personnel	12,972	880	13,852	16,518	16,518
Operating	39,579	453	40,032	41,291	41,084
Depreciation	7,811	0	7,811	11,193	11,193
Capital Charge	3,810	0	3,810	3,778	3,778
<b>Total Output Expenses</b>	<b>64,172</b>	<b>1,333</b>	<b>65,505</b>	<b>72,780</b>	<b>72,573</b>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>2,195</b>	<b>0</b>	<b>2,195</b>	<b>600</b>	<b>600</b>

NOTE: The housing policy advice previously provided by the Ministry of Social Policy will become the responsibility of the new integrated housing agency, Housing New Zealand Corporation from July 2001. The purchasing and monitoring advice role carried out by the Ministry of Social Policy was transferred to the Ministry of Housing in February 2001.

*The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with this prospective financial information comparative.*

# Statement of Non-Departmental Revenue and Expenditure Flows

## Discontinued Activities

**For the year ended 30 June 2001**

(Figures are GST inclusive where applicable)

### CLASSES OF OUTPUTS TO BE SUPPLIED BY PARTIES OTHER THAN DEPARTMENTAL

	Continuing Activities 30 Jun 01 \$'000	Discontinued Activities 30 Jun 01 \$'000	Total Actual 30 Jun 01 \$'000	Main Estimates 30 Jun 01 \$'000	Supp. Estimates 30 Jun 01 \$'000
<b>VOTE SOCIAL SERVICES</b>					
Housing Assistance	0	3,745	3,745	1,000	3,921
Income Related Rental Subsidy	0	161,017	161,017	144,586	164,564
Community Housing Rental Subsidy	0	2,797	2,797	0	3,000
<b>Subtotal</b>	<b>0</b>	<b>167,559</b>	<b>167,559</b>	<b>145,586</b>	<b>171,485</b>
<b>VOTE SENIOR CITIZENS</b>					
Small Grants	0	113	113	113	113
<b>Subtotal</b>	<b>0</b>	<b>113</b>	<b>113</b>	<b>113</b>	<b>113</b>
<b>TOTAL</b>	<b>0</b>	<b>167,672</b>	<b>167,672</b>	<b>145,699</b>	<b>171,598</b>

The Small Grants appropriation is reclassified as a departmental output class for the 2001/2002 budget.

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

## Appendix II

# Prospective Financial Information Comparative

The Ministry of Social Policy published prospective financial information in the 2000/01 Departmental Forecast Report (DFR) which was tabled in Parliament on the 22 May 2000. 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 2001

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	DFR 30 Jun 01 \$'000	Variance 30 Jun 01 \$'000
	<b>REVENUE</b>			
83,835	Crown	29,620	30,099	(479)
35,870	Department	36,818	42,681	(5,863)
225	Other	37	0	37
1,070	Interest	1,225	600	625
<b>121,000</b>	<b>Total Revenue</b>	<b>67,700</b>	<b>73,380</b>	<b>(5,680)</b>
	<b>EXPENSES</b>			
37,428	Personnel	13,852	16,518	(2,666)
60,756	Operating	40,032	41,291	(1,259)
14,141	Depreciation	7,811	11,193	(3,382)
5,876	Capital Charge	3,810	3,778	32
<b>118,201</b>	<b>Total Output Expenses</b>	<b>65,505</b>	<b>72,780</b>	<b>(7,275)</b>
(1,146)	Writeback from Discontinued Activities	0	0	0
<b>117,055</b>	<b>Total Expenses</b>	<b>65,505</b>	<b>72,780</b>	<b>(7,275)</b>
<b>3,945</b>	<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>2,195</b>	<b>600</b>	<b>1,595</b>

### MAJOR BUDGET VARIATIONS

#### Operating Revenue & Expenses

The Ministry of Social Policy receives revenue from the Department of Child, Youth and Family Services and the Department of Work and Income for the provision of Information Technology (IT) infrastructure. Each year the Ministry estimates the likely costs to be recovered through other departmental revenue. While some costs are fixed, many are usage driven. In the 2000/01 year usage was below estimated expenditure reflecting variances in both revenue and expenditure.

*The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with this prospective financial information comparative.*

# Statement of Movements in Taxpayers' Funds

For the year ended 30 June 2001

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	DFR 30 Jun 01 \$'000	Variance 30 Jun 01 \$'000
<b>108,450</b>	<b>Taxpayers' Funds as at 1 July 2000</b>	<b>38,101</b>	<b>38,101</b>	<b>0</b>
3,945	Net Operating Surplus/(Deficit) for the Period	2,195	600	1,595
<b>3,945</b>	<b>Total recognised Revenue and Expenditure for the Period</b>	<b>2,195</b>	<b>600</b>	<b>1,595</b>
(70,349)	Transfer of Net Assets to New Department	0	0	0
(3,945)	Provision for Repayment of Surplus to the Crown	(2,195)	(600)	(1,595)
<b>38,101</b>	<b>Taxpayers' Funds at 30 June 2001</b>	<b>38,101</b>	<b>38,101</b>	<b>0</b>

## MAJOR BUDGET VARIATIONS

The major contributor to the Net Operating Surplus variance was additional interest earned on cash balances.

*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 Financial Position

As at 30 June 2001

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	DFR 30 Jun 01 \$'000	Variance 30 Jun 01 \$'000
<b>38,101</b>	<b>TAXPAYERS' FUNDS</b>	<b>38,101</b>	<b>38,101</b>	<b>0</b>
	<i>Represented by:</i>			
	<b>ASSETS</b>			
	<b>CURRENT ASSETS</b>			
25,635	Bank	18,663	28,244	(9,581)
1,452	Prepayments	1,673	253	1,420
4,078	Receivables	3,855	3,880	(25)
6,817	Crown Receivable	10,601	6,502	4,099
<b>37,982</b>	<b>Total Current Assets</b>	<b>34,792</b>	<b>38,879</b>	<b>(4,087)</b>
	<b>NON-CURRENT ASSETS</b>			
14,369	Fixed Assets	15,637	10,617	5,020
<b>14,369</b>	<b>Total Non-Current Assets</b>	<b>15,637</b>	<b>10,617</b>	<b>5,020</b>
<b>52,351</b>	<b>Total Assets</b>	<b>50,429</b>	<b>49,496</b>	<b>933</b>
	<b>LESS LIABILITIES</b>			
	<b>CURRENT LIABILITIES</b>			
8,098	Payables and Accruals	7,862	6,675	1,187
775	Provisions and Other Short Term Liabilities	1,305	1,638	(333)
3,945	Provision to Repay Crown	2,195	600	1,595
<b>12,818</b>	<b>Total Current Liabilities</b>	<b>11,362</b>	<b>8,913</b>	<b>2,449</b>
	<b>NON-CURRENT LIABILITIES</b>			
1,432	Provision for Annual and Long Service Leave	966	2,482	(1,516)
<b>1,432</b>	<b>Total Non-Current Liabilities</b>	<b>966</b>	<b>2,482</b>	<b>(1,516)</b>
<b>14,250</b>	<b>Total Liabilities</b>	<b>12,328</b>	<b>11,395</b>	<b>933</b>
<b>38,101</b>	<b>NET ASSETS</b>	<b>38,101</b>	<b>38,101</b>	<b>0</b>

## MAJOR BUDGET VARIATIONS

### Bank, Crown Receivables and Fixed Assets

The variance in bank reflects increased capital spending as a result of the relocation of the Ministry's services to one site. Higher Crown Receivables also impacted on the bank variance. Crown Receivables were higher than the Departmental Forecast Report due to timing of drawdowns.

*The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with this prospective financial information comparative.*

# Statement of Cash Flows

For the year ended 30 June 2001

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	DFR 30 Jun 01 \$'000	Variance 30 Jun 01 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Cash provided from:</i>				
119,615	Supply of Outputs	63,007	72,836	(9,829)
1,074	Interest Revenue	1,156	600	556
1,701	Net GST	0	0	0
<b>122,390</b>		<b>64,163</b>	<b>73,436</b>	<b>(9,273)</b>
<i>Cash disbursed to:</i>				
(106,221)	Production of Outputs	(54,301)	(53,622)	(679)
(4,420)	Capital Charge Paid	(3,810)	(3,778)	(32)
<b>(110,641)</b>		<b>(58,111)</b>	<b>(57,400)</b>	<b>(711)</b>
<b>11,749</b>	<b>Net Cash Flow from Operating Activities</b>	<b>6,052</b>	<b>16,036</b>	<b>(9,984)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash provided from:</i>				
2,830	Sale of Fixed Assets	39	2,690	(2,651)
<i>Cash disbursed to:</i>				
(14,086)	Purchase of Fixed Assets	(9,118)	(12,314)	3,196
<b>(11,256)</b>	<b>Net Cash used in Investing Activities</b>	<b>(9,079)</b>	<b>(9,624)</b>	<b>545</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash disbursed to:</i>				
456	Payment of Net Surplus to the Crown	(3,945)	(600)	(3,345)
<b>456</b>	<b>Net Cash Provided by Financing Activities</b>	<b>(3,945)</b>	<b>(600)</b>	<b>(3,345)</b>
<b>949</b>	<b>Net Increase/(Decrease) in Cash</b>	<b>(6,972)</b>	<b>5,812</b>	<b>(12,784)</b>
30,112	Add Cash at Beginning of Year	25,635	22,432	3,203
(5,426)	Cash Balance as a Result of Transfer of Net Assets to New Department	0	0	0
<b>25,635</b>	<b>Total Cash Balance at End of Year</b>	<b>18,663</b>	<b>28,244</b>	<b>(9,581)</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

Variance in the supply of outputs compared with the Departmental Forecast Report is due to higher Crown Receivables and lower Other Departmental Revenue. Refer to notes under the Statement of Financial Performance and the Statement of Financial Position.

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

For the year ended 30 June 2001

Actual 30 Jun 00 \$'000		Actual 30 Jun 01 \$'000	DFR 30 Jun 01 \$'000	Variance 30 Jun 01 \$'000
3,945	<b>Net Operating Surplus</b>	2,195	600	1,595
	<i>Non Cash Items:</i>			
14,141	Depreciation	7,811	11,193	(3,382)
22	Loss on Disposal of Fixed Assets	0	0	0
136	Loss on Revaluation of Fixed Assets	0	0	0
<b>14,299</b>	<b>Total Non Cash items</b>	<b>7,811</b>	<b>11,193</b>	<b>(3,382)</b>
	<i>Working Capital Items:</i>			
	<i>(Increase)/Decrease in:</i>			
(4,825)	Receivable and Prepayments	(80)	146	(226)
(315)	Crown Receivable	(3,702)	0	(3,702)
	<i>Increase/(Decrease) in:</i>			
1,017	Payables and Accruals	(172)	0	(172)
(2,372)	Short Term Liabilities	0	4,097	(4,097)
<b>11,749</b>	<b>Net Cash Flows from Operating Activities</b>	<b>6,052</b>	<b>16,036</b>	<b>(9,984)</b>

## MAJOR BUDGET VARIATIONS

The estimates within the Departmental Forecast Report did not reflect subsequent changes as a result of internal budgeting decisions made after the production of the DFR.

*The Statement of Accounting Policies and Notes to the Financial Statements form part of and should be read in conjunction with this prospective financial information comparative.*

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