

ANNUAL REPORT

for the year ended 30 June 2004

THE DEPARTMENT OF INTERNAL AFFAIRS

TE TARI TAIWHENUA



2003 – 2004



Vision and Purpose

Vision

The Department of Internal Affairs is a recognised leader in public service – known for innovation, essential to New Zealand, and trusted to deliver.

Purpose

The Department of Internal Affairs serves and connects citizens, communities and government to build a strong safe nation.

Workplace Principles

We Value People.

We Act With Integrity.

We Provide Outstanding Service.

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TE TARI TAIWHENUA

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



The Honourable George Hawkins **Minister of Internal Affairs**

I am pleased to present the Annual Report of The Department of Internal Affairs
for the period 1 July 2003 to 30 June 2004

Christopher Blake
Chief Executive

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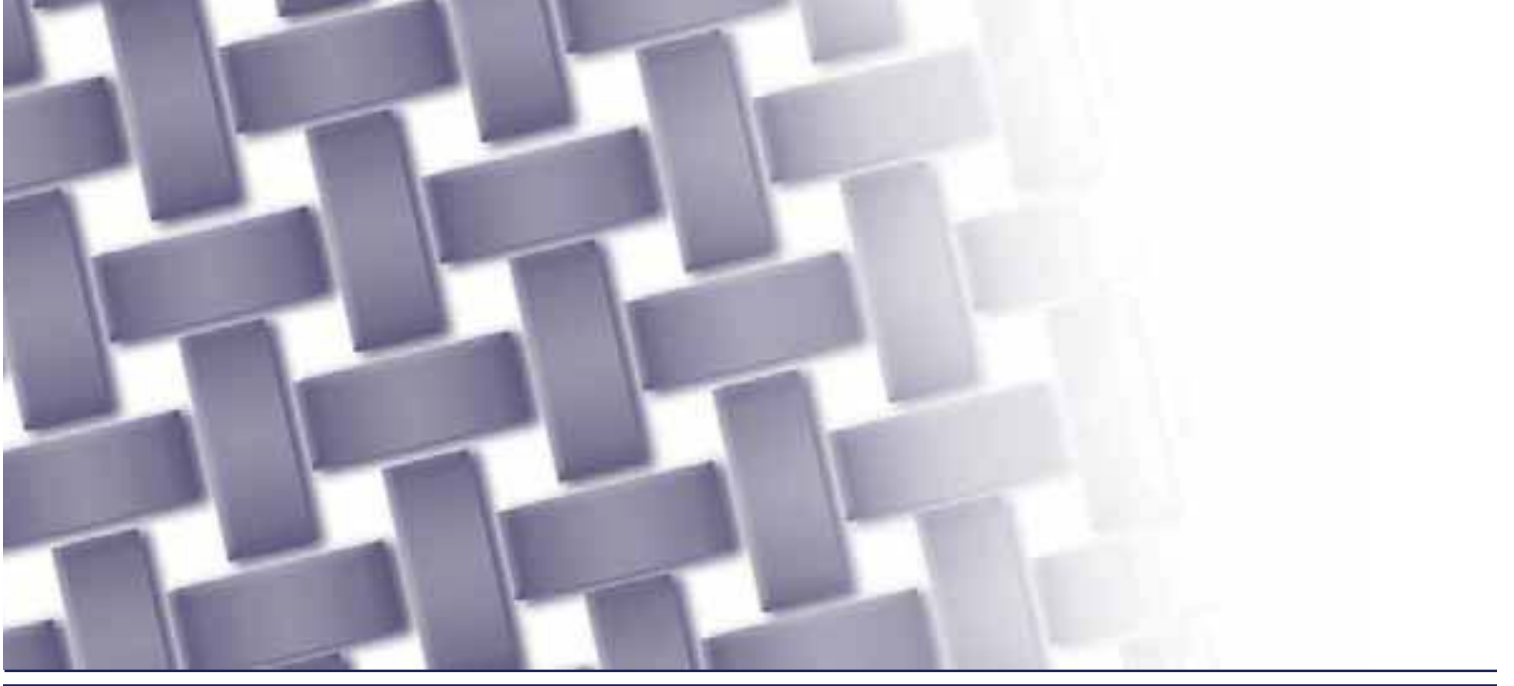
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PART ONE:

CHIEF EXECUTIVE'S OVERVIEW



Chief Executive's Overview

In 2007, the Department of Internal Affairs will celebrate 100 years under its present name. The Department was formed in 1907 from the former Colonial Secretary's Office on the same day on which New Zealand became an independent Dominion.

The Department's traditional diversity arose from its role as 'the mother of all departments' from which others can trace their administrative ancestry.

In 2007, I expect that we will still be recognised as a department able to develop new and important agencies for government. I also hope to be able to point to a more widespread understanding of the Department and its role in linking citizens, communities, local and central government.

The appraisal of the New Zealand public management system, the *Review of the Centre*, identified four areas for improvement in the public service:

- greater focus on results and outcomes;
- becoming more citizen and community centred;
- building the culture, people and leadership;
- better integration of structures and processes.



Christopher Blake
Chief Executive

The Department is continuing to improve its work in response to this challenge. Our outcomes – the difference we intend to make for the good of the country – are being more clearly defined because our thinking is now more strategic and our understanding of our role and potential is more sophisticated. The aim of our work is apparent: a stronger, safer nation.

The Department of Internal Affairs has widespread recognition as an effective manager of operations. The Department is now lifting its perspective from operational efficiency to wider strategy. By doing this the impact of our work on government goals becomes clearer, and needed improvements in our work come into sharp focus.

New international threats highlight the need for this strategic perspective, especially in our core services. Many of these services are the base on which other security efforts are built. Activities once considered by some to be merely operational with no link to strategy, such as the registration of Births, Deaths and Marriages and Citizenship have now come into focus as significant defences for New Zealand. Our technological advances are not merely responses to the demands of business efficiency, but are essential to the protection of citizens.

We need stability in the face of terrorist and environmental threats. The Department supports stability by helping build cohesive and self-reliant communities that respect ethnic and other diversity. It supports effective, trusted and ethical central and local government. These are strategic assets for New Zealand in dealing with the new threats from abroad.

Over the past year, we have built our capability and a structure that supports our strategy. The Department recognises that it is entirely dependent on the work of its staff to make the improvements needed to meet government expectations. We need to ensure our people feel safe and valued in their workplaces, are skilled, competent for the tasks and challenges they will face and have the attitudes needed to contribute to individual and team capability, effectiveness and success.

Internal Affairs' new approach

The Department's old structure and procedures were not adequate to respond to the new challenges we face. New Deputy Secretary positions have been established to lead our work in Local Government and Community and in Regulation and Compliance. Policy functions have been integrated with operational work. We have a new model for the effective provision of business services. Effectiveness for Māori programmes throughout the Department have heightened our ability to respond to Māori citizens.

Shared strategies, outcomes and accountabilities are now guiding more and more of our work. The two new Branches, along with Identity Services, Executive Government Support, the Ministry of Civil Defence and Emergency Management and the Office of Ethnic Affairs are working more closely. We are learning to support government outcomes as one agency, rather than through the separate parts of a divided organisation.

The view of these business groups as separate entities with their own independent roles, legislative imperatives and accountabilities is now understood to be a barrier to achieving a more effective, strategic approach. The Department has re-grouped to build on our common strengths to support and connect our varied activities.

New laws strengthen Internal Affairs' role

During the year, the government strengthened the Department's ability to serve New Zealand. The promotion, passage and implementation of several major pieces of legislation underscored the importance of the work of the Department. New laws for Local Government, Civil Defence and Emergency Management, Gambling, Censorship, Passports, and Citizenship reflect a strategic intent to promote resilience and well-being at an individual, family and community level.

The new legislation is strongly focused on outcomes. Not only is our structure changing because of this new emphasis. We are improving the design and delivery of operational processes, our planning, and the language we use to communicate.

Internal Affairs leadership of ethnic policy confirmed

The outcome we seek of *strong, sustainable communities* is now understood in a quite different way, and seen as far more important than it was a decade ago. Social cohesion of disparate community groups is now a matter not only of human rights but of strategic importance for many nations. Government agencies and local authorities have a critical role in enhancing the opportunities for ethnic communities, and therefore require the relevant knowledge in order to develop effective policy and service delivery. The government's decision to place the Office of Ethnic Affairs permanently within the Department has further strengthened our ability to work with all communities and to support government-wide initiatives.

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Ethnic people achieve a sense of belonging and acceptance through joining people of all our cultures as New Zealand citizens. Mayors welcome our new citizens as representatives of both the local community and New Zealand as a whole. The Citizenship Unit within Identity Services has developed, launched and promoted a new guide on appropriate ways to conduct formal citizen ceremonies. The Department's procedures are customer-focused. They recognise the dignity and mana of new citizens and of citizenship itself.

Social cohesion has been promoted through the Office of Ethnic Affairs' establishment of Language Line, set up in response to the needs of the estimated 50,000 people in New Zealand who speak no English, and the further 250,000 who have only limited English. Offering an interpreting service in 35 different languages, it enjoyed rapid success and now provides a service to ten government agencies. The Department's Identity Services Contact Centre is a major user.

The Translation Service continued to provide translation services to Ministers and third parties in more than 70 languages. The Translation Service plays a key role in ensuring that New Zealand translation standards are of the highest quality, building understanding both within New Zealand and with communities overseas. This work is reinforced by the Authentication Unit that, with diplomatic posts, is responsible for the reputation for accuracy and integrity of official New Zealand documents for use in other countries. It shares with Identity Services the outcome of *ensuring New Zealand and international communities trust the integrity of New Zealand's official documentation*.

New laws support Internal Affairs as the central/local government link

The Department advises Ministers, other government agencies and local government on appropriate legislation, monitors the local government system and works in partnership with the local government sector to implement new legislation. We also have a role to work with the local government sector to develop tools and knowledge to perform effectively for their communities. During 2004, most local authorities will design community outcomes processes and invite central government and others to comment, provide information and participate.

By mid-2005, all local authorities will need to start developing their Long Term Council Community Plans. These are due by July 2006 and flow from the community outcomes process. The plans show how a local authority will contribute to furthering community outcomes. Government policy encourages central government to develop a partnership relationship with local government. A number of departments are well advanced in establishing regional capability for local/central government engagement. The Department is developing the capability to take on a facilitation role.

During the year, the Department prepared for the first official Single Transferable Voting (STV) to take place in New Zealand for more than 75 years. New Zealand STV has been supported by the Department's development of certified software to count the votes, and preparation of an extensive education and information campaign. Close liaison with local authorities and their staff will ensure success for this campaign.

Internal Affairs supports community control of lotteries and other grant money

The community funding administered by the Department has gone through a number of important changes to reflect an increasing community focus, an example being the review of the Community Organisation Grants Scheme to ensure it remains an effective mechanism to address the needs of community organisations. One of the priority sectors for the scheme is ethnic and immigrant communities.

We are a major subscriber to the FundView database and support community organisations by making it available through our Local Government and Community Branch. The Lottery Grants clauses of the Gambling Act 2003 signify a move away from funding the traditional 'charitable purposes' stipulated in the Gaming and Lotteries Act 1977 and will focus on 'community purposes'. The Department administers and services the Lottery Grants Board. It has managed the impacts of legislative changes. A new committee structure will put greater emphasis on long-term community development. All this supports the outcome of *thriving, safe, sustainable communities*.

Internal Affairs: regulation for safe and strong communities

The organisational linkages in support of shared outcomes are similarly reflected in the work of the Regulation and Compliance Branch. Ensuring that gaming activities are fair, lawful and benefit the community contributes to the key Government goals of building *safe communities and promoting community development*. The Gambling Act, passed in September 2003, requires local authorities to consult with their communities to develop their gambling policies and make decisions about the locations of machines, new venues and the closure of gambling operations in some venues. As a condition of licence, gaming machine societies that make grants to community groups are required to ensure that information about access to grants is made available to the public.

Focusing on the outcome of *minimising harm to the community*, the Censorship team has continued to work closely and share information with many overseas jurisdictions, as well as nationally. Amendments to the Films, Videos and Publications Classification Act 1993 are proposed for enactment towards the end of the 2004 calendar year. These changes will assist the Department in achieving its outcomes by giving our inspectors broader powers, creating new offences and introducing greater penalties for those caught possessing, making and distributing objectionable publications.

But safety needed to be promoted in other ways as well. Local and central government have made children safer from the threats posed by dangerous dogs. The Dog Control Amendment Act 2004 received royal assent in July 2004. Together with the Dog Control Amendment Act 2003, this legislation lays out a new inventory of tools for local councils to use to better control unregistered dogs, roaming dogs, and irresponsible dog owners. We are also assisting in the promotion of good practice and public awareness of dangerous dogs by, for example, supporting a website www.dogsafety.govt.nz that contains a range of features and resources on dog safety.

Internal Affairs' citizenship and identity role is at the heart of security and international trust

Trust in New Zealand government – locally, nationally, and internationally – is essential if leaders are to be effective in dealing with the new risks facing democratic nations.

Organised crime has become more international and sophisticated. Significant focus over recent years has been concentrated on managing the threats countries face as a result of international crimes such as terrorism and people trafficking, which use identity fraud as a means of operating. This translates into increased risks to the integrity of New Zealand's identity-related documents, particularly because the international reputation for integrity of our documents makes them a serious target. Apart from undertaking considerable work this year to enhance the integrity and stewardship of records, we have adopted new technologies to meet the objectives of the E-Government Strategy and move to provide online services. We have led an inter-agency group to develop guidance material for agencies on how best to establish the identity of users of government services. We have also continued to collaborate actively with the Five Nations Passports and Citizenship Groups and the Australasian Registrars of Births, Deaths and Marriages, sharing general business information with our overseas counterparts to ensure we learn from each other's experiences and address challenges internationally.

Internal Affairs works with communities to safeguard against disaster

Changes in climate and the environment have heightened awareness of the risk of natural disasters to society and its infrastructure. Stronger Departmental support for the Ministry of Civil Defence and Emergency Management (MCDEM) will strengthen the response to emergencies. This works towards our outcome of *safer communities*. The Civil Defence Emergency Management (CDEM) Act 2002 places greater emphasis on pre-event planning and risk reduction, and provides MCDEM with a mandate to work with local authorities, emergency services and utilities, to contribute to the further outcome of *reducing the vulnerability of communities to hazards and their risks*.

Local government, central government and communities could be seen in action together literally battling the impact of floods on citizens during the year. The National Crisis Management Centre, which was established by MCDEM during the year to manage a national level event, was activated to ensure central government response to the February flood event was well informed and coordinated. The Department's role was essential to success and was assisted by the contributions of many staff throughout the wider organisation. MCDEM has also contributed personnel to a number of Pacific Island emergency events and in this way has also contributed to the outcome of *maintaining New Zealand's international reputation*.

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Internal Affairs supports and responds to executive government

The year saw excellent examples of the variety of ways in which the Department responds to the demands of Cabinet when specialised agencies are required, be they temporary or permanent, semi-judicial or operational.

- The Commission of Inquiry into Police Conduct was established by our Executive Government Support group very quickly in response to urgent need. The Department continues to provide administrative support to the Commission, based on more than a century of experience in this work. We also provide advice to other agencies in support of similar initiatives.
- The government has decided the final placement of the Weathertight Homes Resolution Service (WHRS) as part of the new Department of Building and Housing. This Service was established by the Department of Internal Affairs through legislation passed in urgent response to what was seen as a critical leaky homes situation. Staff were presented with the daunting prospect of having to deal with the 'unquantifiable' and engaging with customers experiencing personal distress. As at the end of June 2004, the WHRS established in November 2002, had 1892 active claims and 940 assessment reports had been sent to homeowners. In addition, 119 resolutions had been completed: 81 using mediation, 9 through adjudication and 29 resolved by other means. The Service is preparing for the settlement of many more disputes in the months ahead, and will provide a team of highly qualified and dedicated staff to transfer to their new Department.
- An independent Gambling Commission was established by the Gambling Act 2003 to deal with appeals and complaints with the way the Department is regulating the sector. The Department has worked to ensure that the Commission has been set up as a new effective stand-alone agency, supplying management, communication and administrative support during its establishment phase.

Internal Affairs provides Ministerial Services

During the year, the Department implemented organisational changes to improve the way we deliver transport, communication and support services to Ministers. Further progress will be made, as we try to ensure that Ministers are able to travel, communicate and work supported by the best and most effective systems and equipment.

Alongside this, the Department coordinated and managed programmes for 72 overseas guests involved in official government visits during the year. This included two Royal visits, six Prime Ministers, two Presidents, and six Heads of United Nations agencies. We had a substantial involvement in New Zealand hosting the Pacific Islands Forum.

Internal Affairs' internal support services improved

During the year, a great deal of work and consultation was done to examine the way our business services are delivered. Proposals for consultation were distributed in June, and decisions will be made and implementation begun early in 2004/5. The proposed changes reflect the need for the Department to develop a strategic approach to the delivery of business services, ensuring that both operational needs and the needs of the Department and the government as a whole are met in all our work.

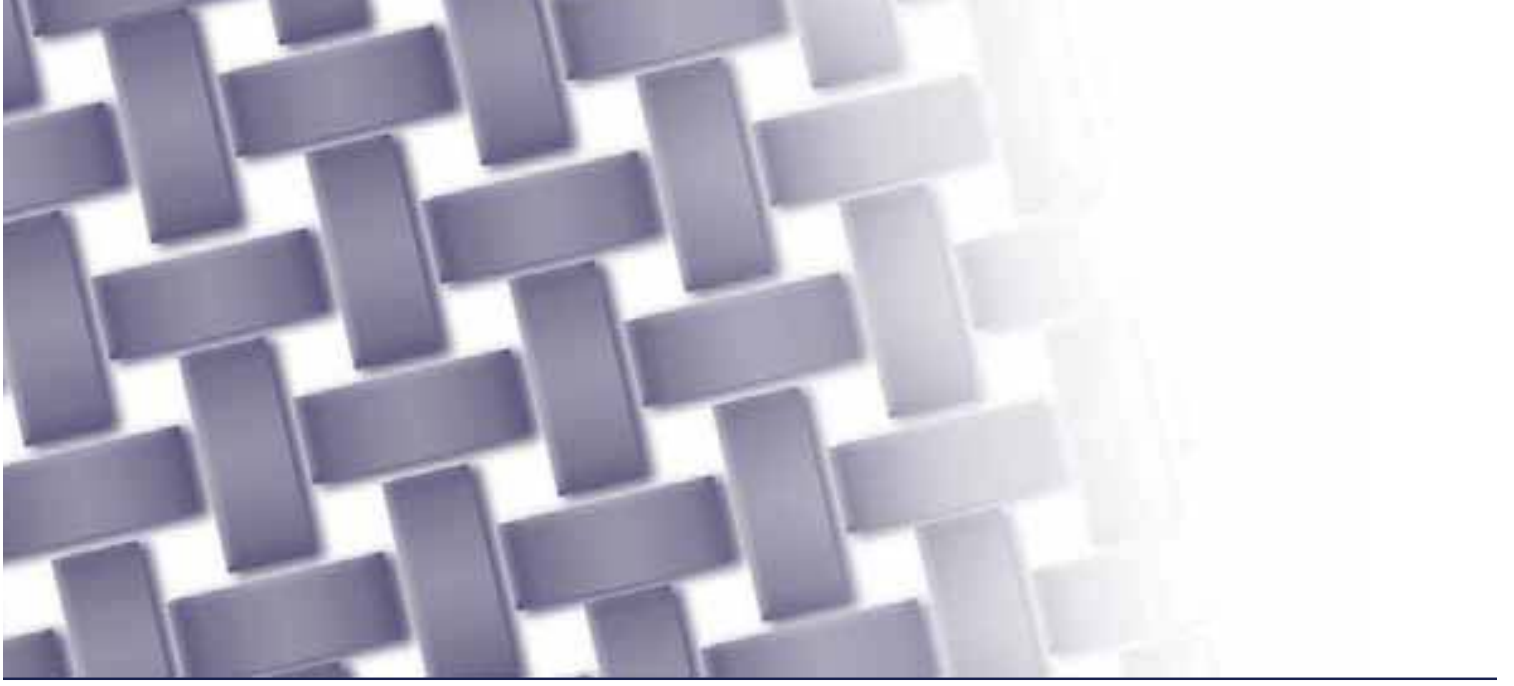
The years ahead

We are well along the road mapped out by the *Review of the Centre*. We have a stronger and strategic focus on results and outcomes; our concentration on citizens and communities has continued. Fresh approaches are uniting the Department in a new culture led by managers in positions with a new strategic focus. Our new structures integrate not only our internal policy and operational work, but with the work carried out by other government agencies.

2003/04 was a year in which the Department continued its efficient delivery of services, responded to the unexpected and re-positioned itself in preparation for future accountabilities and challenges. The Department is moving decisively in a new direction, with renewed confidence, cohesion and strengthened capability.



Christopher Blake
Chief Executive
Secretary for Internal Affairs



PART TWO:

ABOUT US



Our Business, Our Organisation

The Department of Internal Affairs – Te Tari Taiwhenua, is the oldest government department and traces its history back to the structures put in place immediately after the signing of the Treaty of Waitangi.

The Department is a diverse organisation with around 1100 staff engaged in a wide range of roles, and whose efforts underpin the outcomes we are seeking to achieve. Our people come from a diverse range of backgrounds and cultures, identifying themselves as belonging to over 60 different cultural backgrounds. Our aim is to have a work force that is 'in touch' with the diversity within New Zealand, and accordingly is able to provide a high standard of service and policy advice to our equally diverse clients and stakeholders.

Our organisational structure comprises six main groups encompassing operational and policy capability, and work is undertaken from 17 locations throughout New Zealand, plus small offices in Sydney and London. We administer around 100 Acts and sets of Regulations, plus around 1500 'local' Acts. There are interdependencies across the breadth of the organisation. In order to achieve our targeted outcomes, the Department must effectively manage its varied roles: as a policy and service delivery agency; as an intermediary between the Government (central and local), citizens and communities; and as a regulator of specific sectors. We must also have 'something in reserve' to respond to those extra tasks and accountabilities arising from unforeseen events in the external environment which require our expertise and input, e.g. the Commission of Inquiry into Police Conduct.

Six main groups

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Local Government and Community Branch

The Local Government and Community Branch provides local government and community policy advice, community information and advisory services and administers community grants.

Regulation and Compliance Branch

The Regulation and Compliance Branch provides policy advice in relation to gaming, racing, identity, censorship and fire services. It has a direct regulatory and compliance role in relation to gaming and censorship and provides services to the Local Government Commission. Other functions include monitoring a group of Crown entities and running the Weathertight Homes Resolution Service.

Executive Government Support

The Executive Government Support Group provides Ministers with a range of services that assist in the smooth operation of New Zealand's executive government, facilitates visits by guests of government, provides a translation service that is available to Ministers and the general public, publishes the New Zealand Gazette and administers commissions of inquiry as and when required.

Identity Services

Identity Services is the primary source of information on personal and key life events. It registers birth, death and marriage details, provides access to these records, issues passports and manages applications for New Zealand citizenship.

Office of Ethnic Affairs

The Office of Ethnic Affairs gives ethnic people a point of contact with the New Zealand Government, and advice and information on matters affecting their communities. The Office works to create a climate in which people from ethnic communities can fully participate in, and contribute to, all aspects of New Zealand life.

Ministry of Civil Defence and Emergency Management

The Ministry of Civil Defence and Emergency Management provides policy advice to the Government on emergency management and civil defence. The Ministry also promotes the building of a resilient New Zealand by implementing a new civil defence emergency management environment for the management of hazards and disasters.

In addition to the six main groups, the Corporate Support groups provide infrastructural and capability services to the network. This includes corporate-wide financial, planning and reporting services, human resources, effectiveness for Māori, communications, information management and technology services, property management, legal, research, risk and audit services. It also includes support for the Chief Executive on governance issues.

Revenues

In 2003/04, the Department had revenues of \$140 million from Crown and external sources. Half of those revenues came from third party sources, for example the fees charged to the public for identity services products such as passports.

Office Locations



Governance

During the 2003/04 year the Department was responsible to five Ministers administering six Votes. The Minister of Internal Affairs was the responsible Minister for the Department. The Department monitored the performance of four Crown entities under the Internal Affairs Portfolio.

Hon George Hawkins *Votes: Internal Affairs; Emergency Management*

Portfolios Minister of Internal Affairs
Minister of Civil Defence
Minister Responsible for The Department of Internal Affairs

Crown entities Casino Control Authority¹
New Zealand Fire Service Commission
New Zealand Lottery Grants Board
Office of Film and Literature Classification

Rt Hon Helen Clark *Vote: Ministerial Services*

Portfolio Minister Responsible for Ministerial Services

Hon Steve Maharey *Vote: Community and Voluntary Sector*

Portfolio Acting Minister for the Community and Voluntary Sector²

Hon Chris Carter *Vote: Local Government*

Portfolios Minister of Local Government
Minister for Ethnic Affairs

Hon Damien O'Connor *Vote: Racing*

Portfolio Minister for Racing

The Department also worked with various portfolio related statutory bodies, trusts and committees, providing them with administrative support and managing the appointments process. We also managed the appointment processes for the 12 Community Trusts (Responsible Minister: Minister of Finance), the Peace and Disarmament Education Trust and the Pacific Development and Conservation Trust (Responsible Minister: Minister for Disarmament and Arms Control).

¹ The Gambling Act (2003) replaced the CCA with an independent Gambling Commission.

² As at 30 June 2004. Hon Rick Barker assumed the portfolio in August 2004.

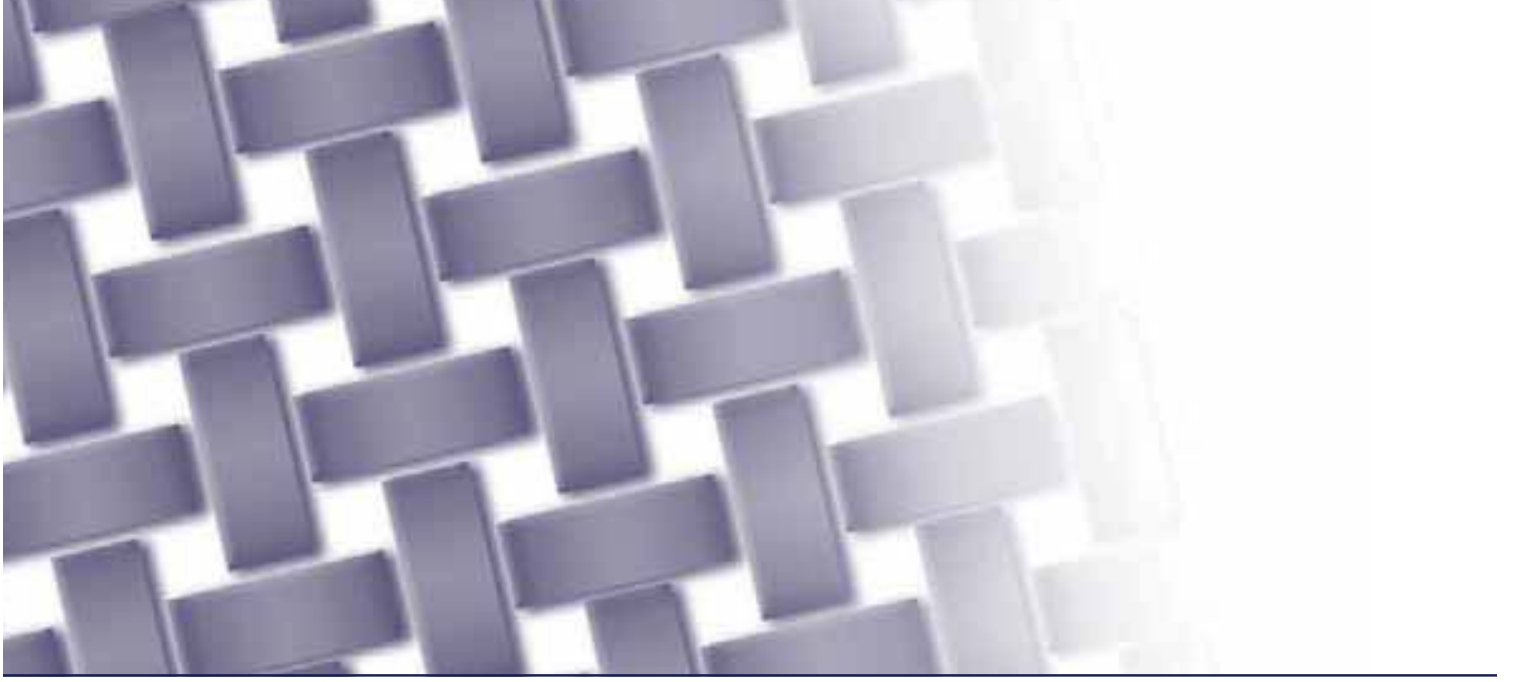


Legislation We Administer

Births, Deaths and Marriages Registration Act 1995
Births, Deaths and Marriages Registration (Fees) Regulations 1995
Births, Deaths and Marriages Registration (Prescribed Information and Forms) Regulations 1995
Boxing and Wrestling Act 1981
Bylaws Act 1910
Bylaws Regulations 1968
Casino Control Act 1990
Casino Control (Applications and Hours) Regulations 1991
Casino Control (Certificates of Approval and Warrants) Regulations 1994
Chatham Islands Council Act 1995
Citizenship Act 1977
Citizenship Regulations 2002
Citizenship (Western Samoa) Act 1982
Civil Defence Emergency Management Act 2002
Civil Defence Emergency Management Regulations 2003
Commercial Use of Royal Photographs Rules 1955
Commercial Use of Royal Photographs Rules 1959
Commercial Use of Royal Photographs Rules 1962
Commissions of Inquiry Act 1908
Commonwealth Games Symbol Protection Act 1974
Community Trusts Act 1999
Counties Insurance Empowering Act 1941
Counties Insurance Empowering Order 1973
Dog Control Act 1996
Dog Control (Prescribed Forms) Regulations 1996
Fencing of Swimming Pools Act 1987
Fire Safety and Evacuation of Buildings Regulations 1992
Fire Service Act 1975
Fire Service Regulations 2003
Fire Service Levy Order 1993
Forest and Rural Fires Act 1977
Forest and Rural Fires Regulations 1979
Gaming and Lotteries Act 1977
Gaming and Lotteries (Licensed Promoters) Regulations 1978
Gaming and Lotteries (Licence Fees) Regulations 1992
Gaming and Lotteries Prizes Notice 1993
Gambling Act 2003
Gambling Act Commencement Order 2003
Housie Regulations 1989
Impounding Act 1955
Impounding Regulations 1981
Land Drainage Act 1908
Lake Taupo Regulations 1976
Libraries and Mechanics Institutes Act 1908
Litter Act 1979

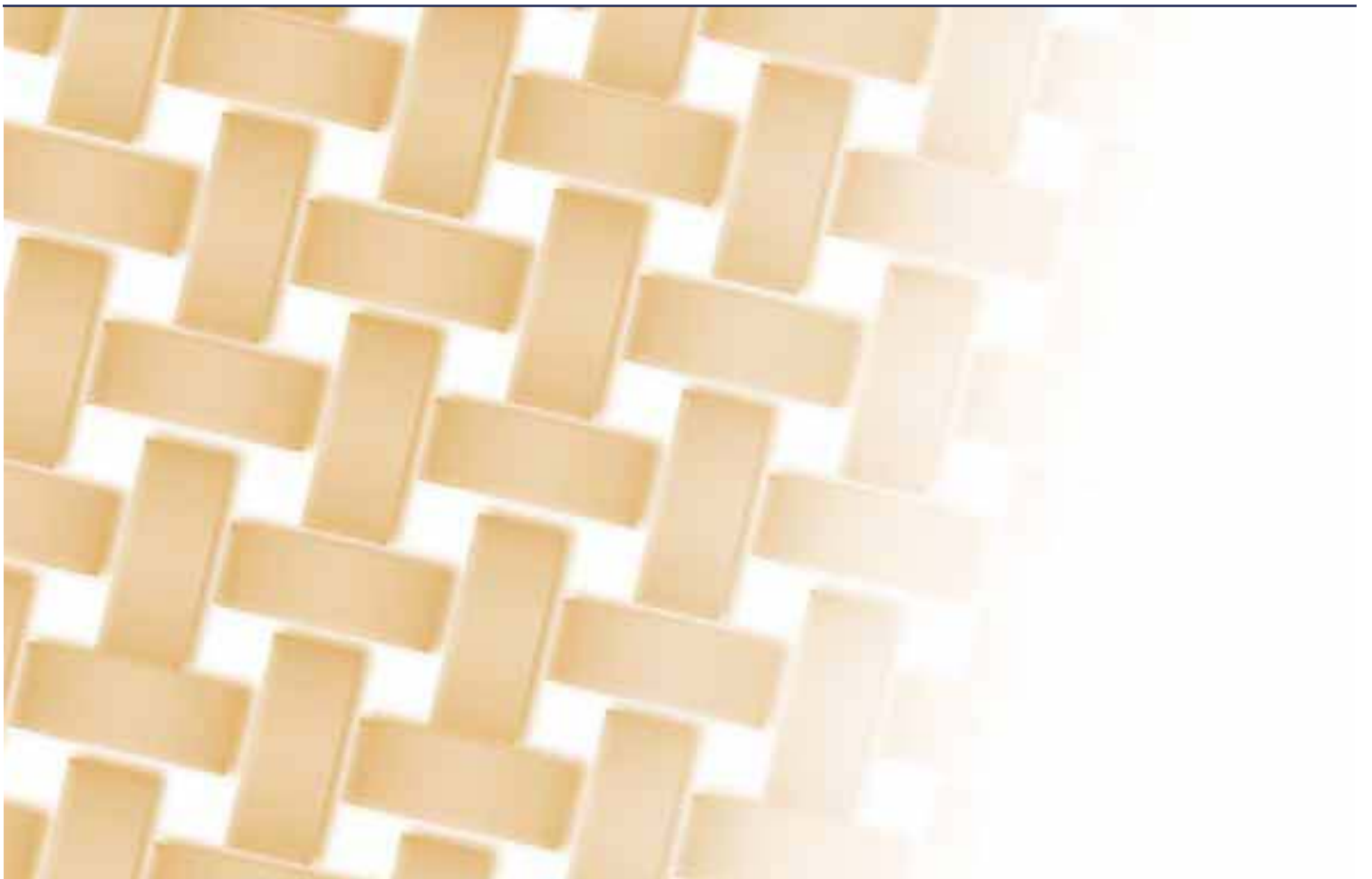


Local Authorities (Employment Protection) Order 1971
Local Authorities (Members' Interests) Act 1968
Local Authorities (Members' Interests) Order 1971
Local Authorities (Members' Interests) Order 1997
Local Authority Reorganisation (Property Transfers) Act 1990
Local Electoral Act 2001
Local Electoral Act Commencement Order 2001
Local Electoral Regulations 2001
Local Government Act 1974
Local Government Act 2002
Local Government (Early Application of Local Government Amendment Act No. 3 to Certain Local Authorities) Order 1996
Local Government (Local Authorities Salaries and Allowances) Determination 2001
Local Government Official Information and Meetings Act 1987
Local Government (Petroleum Tax Exemption) Order 1980
Local Government (Rating) Act 2002
Local Government (Remuneration Authority Levies) Order 2003
Local Government (Tauranga City Council) Order 2003
Local Government (Watercare Services Limited) Order 2004
Local Legislation Acts 1926-1992
Municipal Insurance Act 1960
Municipal Insurance Empowering Order 1973
New Zealand Fire Brigades Long Service and Good Conduct Medal (1976) (Royal Warrant)
New Zealand Daylight Time Order 1990
Official Appointments and Documents Act 1919
Passports Act 1992
Passport (Fees) Regulations 1996
Public Bodies Contracts Act 1959
Public Bodies Leases Act 1969
Queen's Fire Service Medal Regulations 1955
Racing Act 2003
Racing Act Commencement Order 2003
Rangitaiki Land Drainage Act 1956
Rates Rebate Act 1973
Rates Rebate Order 1982
Rates Rebate Order 1990
Rates Rebate (Witnessing of Declarations) Notice 1977
Rating (Fees) Regulations 1997
River Boards Act 1908
Royal Titles Act 1974
Royal Warrant (1955) (Queen's Fire Service Medal)
Rural Fire Districts Regulations 1980
Rural Fire Fighting Fund Regulations 1992
Seal of New Zealand Act 1977
Seal of New Zealand Proclamation 1977
Time Act 1974
Trustee Banks Restructuring Act Repeal Act 1999
Weathertight Homes Resolution Services Act 2002
Winston Churchill Memorial Trust Act 1965



PART THREE:

YEAR IN REVIEW



Introduction



Integral to New Zealand's 'home affairs' since 1840, the Department of Internal Affairs is a core contributor to achieving government goals and to our system of government.

The key government goals to which we specifically contribute are:

- Strengthen national identity and uphold the principles of the Treaty of Waitangi
- Grow an inclusive, innovative economy for the benefit of all
- Maintain trust in government and provide strong social services

During 2003/04, we have continued to develop the way we think about the outcomes we want to achieve for New Zealanders, and how what we do affects those outcomes. Our focus has been on gaining a richer understanding of the 'cause-and-effect' process, underpinned by evidence-based evaluation and research.

This work has resulted in a revised outcomes framework for the Department, one that more accurately reflects our specific areas of influence, and which will over time help us better understand how we can achieve a positive impact for New Zealand. Our four Departmental outcomes are:

- **Strong, sustainable communities/hapū/iwi**
- **Safer communities**
- **New Zealand and international communities trust the integrity of New Zealand's records of identity**
- **Executive Government is well supported.**

Our purpose is to serve and connect citizens, communities and government to build a strong, safe nation.

These outcomes were developed during the year and are detailed in our 2004/05 Statement of Intent. They fully encompass the previous framework of two high-level outcomes and eight intermediate outcomes. This consolidation of outcomes will provide us with a better means of linking and coordinating various elements of the Department's responsibilities.



Strong, Sustainable Communities/Hapū/Iwi

An independent and vibrant community sector is essential to a healthy civil society. The Statement of Government Intentions for Improved Community-Government Relationship 2001 acknowledged that Government and the community sector depend on each other to achieve shared goals of social participation, social equity and strengthened communities.

A modern cohesive society is one of the cornerstones of an inclusive, innovative New Zealand. To create a more cohesive society requires strong, sustainable communities/hapū/iwi with the social and economic infrastructure to enable people to develop their own capabilities, to overcome disadvantage, to cope with change and to grasp opportunities to advance themselves and society. Strong, sustainable communities have the potential to more effectively find solutions to local problems and achieve their own well-being.

The Department contributes towards the well-being of communities in three main areas:

- *Community development*
- *Effective and accountable local government*
- *Well settled and included ethnic communities*

These themes are explored more fully in the following sections.

Community Development

Advice, facilitation, information, social services, funding and funding powers all enable communities to meet needs, address problems and undertake development.

During 2003/04, we have focused on three key areas to support sustainable community development and facilitate opportunities for communities to have an increased say in their own development.

Community funding

The community funding administered by the Department has gone through a number of important changes during the year, as a result of the findings of our ongoing evaluation processes, to reflect an increasing community focus. The results of evaluations will continue to inform the way in which these schemes are administered and targeted.

An example of the changes to the Department's Crown-funded schemes is the review of the Community Organisation Grants Scheme (COGS), which identified a number of areas that required change to ensure that COGS remains an effective mechanism to address the needs of community organisations.

The Department administers over \$114 million a year in community funding to support community and voluntary organisations in their work.

The changes to gambling that were made in the Gambling Act 2003 have also had implications for the distribution of Lottery Grants Board funds. A key change is that grants will now focus on community rather than charitable purposes. As the secretariat providing support to the Lottery Grants Board, the Department has been engaged in preparing for the changes to the Gambling Act 2003 and amending its own business processes, where required, in order to maximise the returns to support activities that benefit the community.

To efficiently and effectively administer this funding, the Department introduced its Grants Online (GOL) system in November 2003. This system allows applications for funding to be made electronically via a web-based interface. It allows community groups to track their applications, manage their own details, find information and communicate with local advisors. The GOL system is designed to be expandable, and to be flexible enough to meet future needs.

Building positive partnerships

Community Advisors have worked throughout the year to deliver 'whole of government' initiatives at a local level through a focus on brokerage - working with a variety of groups, including central and local government, to engage community groups with the available agencies, services and resources, and to work together in planned, focused and often innovative ways to address the needs and development goals of individual communities. The Local Government Act (2002) encourages local authorities to work with their communities, and other parties, to help communities identify the social, economic, environmental and cultural outcomes they want for community well-being. The clear outcome of strengthening community capability through ongoing support for rural communities has resulted in the establishment, during 2003/04, of Local Action Research Projects (LARPs) in Kaikohe and Raetihi. The LARPs have evolved as a mechanism to test and implement the direction set out by the Sustainable Community Development process that was developed by the Department and the Ministry of Social Development. In addition to the LARPs, the Department is also leading a number of sustainable development projects with communities in Auckland. The LARPs and Sustainable Communities Projects are about community-building so that communities can achieve well-being.



Diabetes and blood pressure checkups were undertaken by Pacific nurse, Agnes Maddren from Northland District Health Board at the Tai Tokerau Pasifika Expo, organised by the Community Development Group's Northland Team.

Improving connections between government and community

The process of community development enables communities, hapū, iwi and Māori to plan and act on their development goals and strategies to achieve sustainable social, economic and environmental well-being. A key Departmental strategy, Te Whakamotuhaketanga Hapū, follows a sustainable community development process to improve the effectiveness of the Department's service to Māori, through ensuring that uniquely Māori perspectives can be considered as part of the total development picture. Te Whakamotuhaketanga Hapū is in an implementation phase, and will continue to be rolled out over the next year.

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Effective and accountable local government

Effective and accountable local government is a key contributor to building strong, sustainable communities.

Effective and accountable local government is the outcome of actions taken by New Zealand's 86 regional councils and territorial authorities, and by their communities. Each council works to promote sustainable social, economic, environmental and cultural well-being of its own community. However, some local government issues require coordinated interventions, such as infrastructure in large urban areas and other issues spanning several local authorities.

The Department advises Ministers, other government agencies and local government on appropriate legislation, monitors the local government system and works in partnership with the local government sector to implement new legislation. We also have a role to work with the local government sector to develop tools and knowledge to perform effectively for their communities.

Working to promote central & local government partnerships through the Central/Local Government Forums, and the Forum of Ministers and Auckland Local Authorities.

Working in partnership with Local Government New Zealand and the Society of Local Government Managers on the KnowHow Series to provide guidance to councils on the implementation of the Local Government (Rating) Act 2002, the Local Electoral Act 2001 and the Local Government Act 2002.

The Local Government Act 2002 sets out a clear purpose for local government – to promote communities' social, economic, cultural and environmental well-being. During 2004, most local authorities will design community outcomes processes on which to base the development of their Long Term Council Community Plans (LTCCPs). The future successful achievement of desired community outcomes will be dependant on the support of our policy and operation functions, and effective relationship building within central and local government.

Evaluation and review

During the year, we commenced preliminary work to set up a database to capture information about the local government sector in an effective and accessible manner. This will assist the Department to provide increased evidence based policy advice in the future. We completed work on the collation of a 'snapshot' survey of local authorities to establish their activities and funding sources as at 2002, before the suite of new Local Government legislation took effect (1 July 2003). This will provide benchmark information against which to evaluate changes brought about by the new local government legislation. In the upcoming financial year there will be a comprehensive review of the effectiveness of the Local Electoral Act 2001 and the Local Government Act 2002. Reviews will be undertaken by both the Local Government Commission and the Department of Internal Affairs.

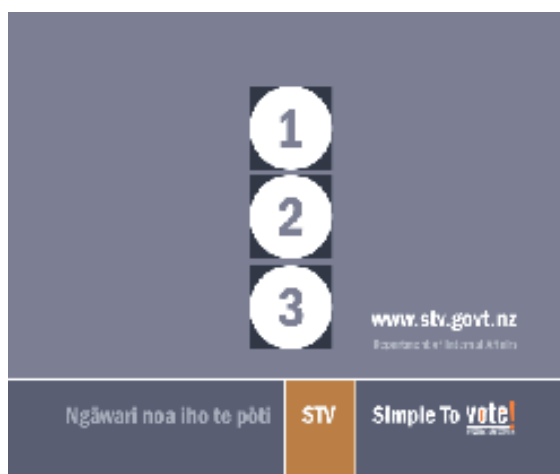
The Department provides advice and resources to a number of central government departments that are dealing with issues that impact on effective and accountable local government. These issues include sustainable development, water, sustainable cities, transport and regional economic development.

Leading the legislative changes to implement the Government's reform of Auckland transport governance arrangements.

Supporting electoral processes

The STV Implementation Project commenced last year for the new Single Transferable Voting system that will be used to elect members of District Health Boards (DHBs) and ten councils for the local elections 2004, and ensure an understanding of how Māori wards and constituencies will work for any district or region that adopts them.

This work has involved development of an STV calculator, preparation of the delivery of information through the development of a website, media releases and an intense TV, radio and newspaper advertising campaign scheduled to commence in September 2004.



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Control of dangerous dogs, and the promotion of good practice and public awareness

New legislation introduced during the year lays out a new inventory of tools for local councils to use to better control unregistered dogs, roaming dogs, and irresponsible owners. We are also assisting in the promotion of good practice and public awareness of dangerous dogs by, for example, supporting a website www.dogsafety.govt.nz that contains a range of features and resources on aspects of dog safety.



In addition, we are developing the National Dog Database, which will hold the information on dogs as required by the Dog Control Amendment Act 2003. Consultation with the local government sector on the user requirements for the database was completed in June 2004, and decisions on funding for the development of the database have been finalised. The user requirements specification will form the basis of the tender process and development of the database.

Work also commenced, including discussion with relevant organisations, on the national standards for microchips and insertion as required under the Dog Control Act.

Well settled and included ethnic communities

For New Zealand to have strong, sustainable communities, its ethnic communities must be well settled, included and contribute to the prosperity of the country as a whole.

The Office of Ethnic Affairs (OEA) has been located within the Department for the past three years. Its work focuses on ensuring that New Zealand's increasingly diverse ethnic population can participate to its full potential. It does this principally by facilitating ethnic communities' access to government services, and raising agencies' awareness of ethnic communities' views and needs. Through engaging directly with ethnic communities using its network of Ethnic Advisors, and strategically through influencing policy and collaborating across government, OEA has been recognised as an effective broker contributing to the desired outcome of well settled and included ethnic communities.

Government agencies and local authorities have a critical role in enhancing the opportunities for ethnic communities, and therefore require the relevant knowledge in order to develop effective policy and service delivery. Building on the work commenced in prior years, the OEA has continued to work proactively during 2003/04 to assist government departments in their policy roles to identify ethnic communities' views and needs. Initially focusing on three high impact agencies; New Zealand Police, Ministry of Social Development and Department of Internal Affairs, this was extended in 2003/04 to other departments who contribute significantly to settlement outcomes.

Some ethnic people achieve a sense of belonging and acceptance through becoming a New Zealand citizen. The Citizenship Unit within Identity Services facilitates this progression to full entitlement and participation, by providing a customer-focused process for the grant of citizenship, marked by a formal ceremony. To ensure that these ceremonies appropriately reflect both the host community and ethnic diversity of new citizens, we have developed and launched a new booklet containing guidance for local authorities on appropriate ways to conduct citizenship ceremonies.

National Settlement Strategy

The National Settlement Strategy and Budget 2004 Settlement Package allocated more than \$62 million over the next four years for practical measures to help migrants, refugees and their families make a greater contribution to the economy, and to promote social cohesion. OEA was a prominent policy advice contributor to the development of this work, and actively participated during 2003/04 on the Officials Group coordinated by the Department of Labour, where the National Settlement Secretariat will be housed.

Supporting community outcomes

To support positive community outcomes, during 2003/04 OEA also provided advice to local government developing the regional settlement strategies, worked closely with NGOs such as Refugee and Migrant Service (RMS) and Refugees as Survivors (RAS) providing policy advice, worked with the Ministry of Social Development reviewing social cohesion, opportunities for all, reducing inequalities, and has assisted with a number of consultation strategies, e.g. with Housing New Zealand on a draft housing strategy, and was a member of the race relations advisory group for the Human Rights Commission's Status Report on Human Rights.

With the outcome of promoting strong and valued ethnic communities, Ethnic Advisors have worked vigorously during 2003/04 in a number of ways to support ethnic people and their communities in setting their own priorities, forming their own associations and facilitating full participation in New Zealand life, by for example:

- Working with local councils and government agencies at a local level to coordinate and improve their services to ethnic people;
- Connecting ethnic groups with services and information they need to become stronger, fully participating communities;
- Providing community development advice, and workshops, e.g. on funding;
- Providing information about ethnic communities, their activities and their cultural background.



*Moving on to Te Puna Marae in Mangere for the launch of Manukau City's New Settlers' Policy.
[Photography by Karen Raynes]*

The five Advisors who attend, on average, 44 community meetings a month covering a wide variety of activities, keep the OEA in touch with key issues in ethnic communities, and this knowledge is passed on to Government through OEA policy advice.

In 2001/02, OEA responded to 2,524 requests from ethnic communities for information or advice. This has grown steadily over the past two years by approximately 50% with requests during 2003/04 having reached 3,785.

In addition to work undertaken directly with Central Government, OEA has worked with many Local Authorities including: Hamilton City Council (settlement strategy), Rodney District Council (civil defence), Auckland City Council (Auckland Regional Settlement Strategy, poll-tax exhibition, diversity framework), North Shore City Council (network creation) and Manukau City Council (long-term strategic direction).

Forums with the Minister

Building on the success of the previous year's events, OEA coordinated four well-attended 'listening forums' in Wellington, Christchurch, Dunedin and Hamilton to provide representatives of local communities with the opportunity to discuss relevant issues face to face with the Minister for Ethnic Affairs, Hon Chris Carter. The forums have received wide community support and endorsement as being a very effective way of connecting ethnic groups, and promoting full participation in New Zealand society and service & policy development.

Language Line Success

In response to the needs of the estimated 50,000 people in New Zealand who speak no English, and the further 250,000 who have only limited English, Government has committed ongoing funding support for the Language Line, a telephone interpreting service. Language Line was piloted for a year offering 35 different languages for clients of, initially, six agencies – ACC, Housing NZ Corp, Police, Ministry of Social Development, NZ Immigration Service, with DIA-Identity Services Contact Centre being one of the major users. After enjoying rapid success and acceptance, as evidenced by demand and interim evaluations, the client base has increased during 2003/04 to ten agencies with the inclusion of the Ministry of Economic Development, Tertiary Education Commission, Commerce Commission and the National Poisons Centre. This is an initiative which also contributes to effective settlement outcomes. Full formal evaluation of the service will be undertaken and reported on during 2004/05.

More than 12,400 Language Line calls have been made since the interpreting service started over a year ago. A dedicated Language Line website has also been developed during the past year.

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Poll Tax

In 2002, the Government apologised to Chinese people and their descendants who faced statutory discrimination in New Zealand, particularly through a poll tax. During 2003/04, the OEA played a pivotal role in consultations between the Government, and with representatives of the poll tax payers' descendants, on what might be an appropriate gesture of reconciliation. The Government announced the formation of a new charitable trust, which will receive a \$5 million seeding grant, with the aim of strengthening Chinese identity and communities in New Zealand, and other initiatives to raise awareness of, and preserve the history of New Zealand's early Chinese community. The OEA is now helping to set up the Trust.

Safer Communities

A fundamental responsibility of the government is to protect the citizens of New Zealand. People want to live in an environment where they can be confident they, their children and wider families are safe. The government transfers specific powers to government agencies to work in partnership with communities for the development of a safe and progressive society.

The Department contributes towards safer communities in three main areas:

- ***Reduced vulnerability of communities to hazards and their risks***
- ***Gambling activities are fair and lawful, and harm has been prevented and minimised***
- ***Harm from restricted and objectionable material has been minimised.***

The following reports on major items of work through the year to show how the Department has worked towards the achievement of these outcomes.

Reduced vulnerability of communities to hazards and their risks

Fostering safe, sustainable communities includes reducing their vulnerability to hazards and increasing their resilience to disasters.

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February 2004 floods



Many homes in rural areas of Manawatu Wanganui were overcome by floodwater in February 2004.

New Zealand is vulnerable to a range of hazards such as floods, fire, earthquakes, bio terrorism, storms and volcanic eruptions. February 2004 will be remembered for its wet, wild extreme weather, which resulted in one of the worst flooding disasters in at least the last twenty years. Intense rainfall and gale force winds affected the lower North Island and the top of the South Island. The flooding caused hundreds of people to be evacuated from their homes, farmers lost stock, many rivers breached their banks and considerable areas of farmland were inundated by silt and floodwaters. Significant infrastructural damage occurred to roads and bridges, rail services were disrupted, along with telecommunication, power, gas and water supply outages to tens of thousands of people. Remarkably no lives were lost as a direct result of the event.

The number one cause of declared civil defence emergencies is flooding.

The National Crisis Management Centre, established during the year to manage a national-level event, was activated to ensure central government response to the February event was well informed and coordinated.

Giving effect to legislation

The Civil Defence Emergency Management (CDEM) Act 2002 places greater emphasis on pre-event planning and risk reduction, and provides the Ministry of Civil Defence & Emergency Management (MCDEM) with a mandate to work with local authorities, emergency services and utilities to contribute to the outcome of reducing the vulnerability of communities to hazards and their risks.

During the year, MCDEM completed the National Civil Defence Emergency Management Strategy, which sets the strategic direction for Civil Defence Emergency Management for the next ten years. The strategy sets goals to enhance New Zealand's capability to manage emergencies and to recover from disasters, through guiding coordinated planning and actions involving key central or local government entities, or agencies providing essential community services at a local level. A key priority for MCDEM next year will be the development of the associated National Civil Defence Emergency Management Plan.

During the year, MCDEM has provided advice and resources, and taken a number of actions to assist local authorities to reduce local risks of national significance. For example it has:

- successfully worked with the Ruapehu District Council to develop a Southern Ruapehu Lahar Response Plan; and
- advised landowners and the public of the risks posed by the Waiho River to the Holiday Park area of Franz Josef.

In addition, MCDEM undertook an initiative with the Chatham Islands to assist them assess their requirements and ensure they were complying with the Act in a way that suited their specific needs, and has contributed personnel to a number of Pacific Island emergency events and meetings, that have resulted in mutually beneficial learning experiences.

Cluster Groups

MCDEM has worked closely with all those involved in CDEM through the year to develop cluster groups, which are intended to ensure emergency management planning is integrated and coordinated. Cluster groups are groups of agencies that work together to achieve common outcomes in a coordinated manner. They comprise government and non-government entities with a similar service focus, e.g. Welfare or Health. The new planning arrangements were tested during the February 2004 flooding and storm event that struck the Manawatu-Wanganui region. The Welfare cluster, which had begun planning its collective response to emergencies prior to February, successfully coordinated the welfare response to the event. Reviews and debriefings are currently underway which will further determine the effectiveness of the new planning arrangements. Any lessons identified will be evaluated and implemented over the next few years. An immediate outcome identified has been the enhancement of MCDEM's relationships with central government agencies, beyond their operational/emergency response arms.

Building Capability in the CDEM Sector

New Zealand's urban search and rescue (USAR) capability and capacity was further enhanced this year by equipping the existing two taskforce teams in Palmerston North and Christchurch with appropriate equipment for a medium level rescue taskforce, and establishing a new taskforce in Auckland. Collectively, these three national taskforces can provide 24 hour coverage in a structural collapse incident anywhere in New Zealand. In addition to the National taskforce capability, USAR is also being promoted at the regional level.

Outside specific emergency events, the Ministry has provided advice and support to all the CDEM Groups, for example by conducting a number of national courses and regional initiatives aimed at enhancing the professional development of the sector. The CDEM 'Director's Forum' provided an education and networking opportunity for emergency managers from throughout the country, and strengthened our partnerships with local and central government, emergency services and utilities. To support emergency management research the Ministry has developed key relationships with the Foundation for Research, Science and Technology. MCDEM is also developing a research strategy which will allow it to prioritise its research needs.

Public Awareness

This year, MCDEM has completed, in conjunction with stakeholders, the National Public Education Strategy to increase community awareness, understanding and participation in CDEM. This strategy sets the direction for enhancing public awareness of hazards and their role in looking after themselves.



The \$7 million Fitzroy Bend protection stopbank in Palmerston North proved to be money well spent on reduction. The town's investment neutralized a potentially devastating flood.

[Photo courtesy of Horizons Regional Council]

Fire and Rescue legislation

In March 2004, a review of current fire and rescue legislation was announced. The Department is developing a new single piece of legislation to replace the existing Fire Service Act 1975 and the Forest and Rural Fires Act 1977. An advisory group comprising Local Government New Zealand, the Fire Service Commission and government agencies has been established.

The desired outcome is a single framework for fire management in New Zealand, which would acknowledge the evolving rescue role of the Fire Service, and resolve inconsistencies that have developed between urban and rural fire systems. Fire services have a growing role in assisting at road accidents, and in the development of urban search and rescue capability, as well as new duties under the Civil Defence Emergency Management Act 2002. This is a very large project, which will involve interested parties from throughout New Zealand. The intention is to have new legislation before the House in 2006.

Gambling activities are fair and lawful, and harm has been prevented and minimised

Ensuring that gambling activities are fair, lawful and benefit the community contributes to the key Government goals of building safe communities and promoting community development. The Government intervenes in the gambling sector because while gambling proceeds can be used to support activities that benefit the community, it can also cause social and economic harm, attract criminal interest and may otherwise be unfair to gamblers.

The key objectives guiding our efforts with respect to the gambling sector during 2003/04 were:

- Increasing compliance in the non-casino gambling sector
- Increasing returns to the community from non-casino gaming machines
- Preventing and minimising the harm caused by gambling in the casino and non-casino sectors



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Gambling Act 2003



A major priority has been to implement the Gambling Act 2003. Four of the Act's main objectives are to control the growth of gambling, reduce harm caused by gambling, ensure that money from gambling benefits the community, and facilitate community involvement in decisions about access to gambling.

The Gambling Act provides a solid, coherent regulatory framework within which both the Department and the sector can operate. It also signals a much stricter regime, requiring higher standards of compliance. We have sought to balance the strictness and rigour of the new regime, with a practical approach to allow the sector time to adjust to the new requirements, and therefore facilitate higher voluntary compliance over time. The approach uses a mix of education, licensing, audits, investigations and sanctions to encourage compliance in the sector, and promptly taking firm, fair action against non-compliance. The rules are about ensuring that money raised for the community gets to the community, and harm is minimised.

Gaming machines in pubs and clubs – gross profit of around \$1 billion in cash.

Benchmark information on the extent of sector non-compliance and the monetary return to the community from non-casino gaming machines will be refined in 2004/05, after allowing for the policy and process changes as part of the Gambling Act implementation.

Priorities

The Department is focusing resources on the most significant risks to be managed and problems needing to be addressed. The Department's current focus is on class 3, class 4 and casino gambling. Class 3 is larger lotteries, housie and other games of chance with prizes of more than \$5000, and class 4 is gaming machines in pubs and clubs.

A survey of gaming sector organisations and operators in 2003/04 showed that 93% are satisfied or very satisfied with how information services provided by the Department support their ability to comply with relevant laws, conditions and rules.

Gaming machine numbers in pubs and clubs have continued to decline, a trend that started when the Gambling Act was passed in September 2003. What happens to the numbers of venues and machine numbers in pubs will depend, to a large extent, on city and district councils' gambling venue policies. Under the Act, councils have consulted with their communities to develop their gambling venue policies. They can prevent any new machines being installed and new venues opening, and can close down gambling operations in some venues. We investigate the suitability of individuals and organisations that apply for a gambling licence, and also their ability to comply with the Act.

The Department has published its *Gaming and Censorship Regulation Group Enforcement Policy* covering its enforcement activity in relation to casinos, gaming machines in pubs and clubs, and all other gambling regulated by the Gambling Act. The *Policy* sets out the Department's investigation and enforcement process, from sources of information, through processing information and initial responses, to interventions. Ultimately, the *Policy* is about ensuring that the decisions made are robust and consistent, reinforce positive attitudes to compliance in the community and the sector, apply the principles of natural justice, and stand up to public and legal scrutiny and challenge.

The Department works closely with other agencies, including Police, the Inland Revenue Department and the Ministry of Health.

Technology and Information

Electronic Monitoring System

Gaming machines currently make a total gross profit in excess of \$1 billion. Most licence breaches historically have related to deficiencies in accounting for gaming machine profits, incorrect banking, or problems with grant making processes. The new legislation provides for tighter controls by way of mandatory financial reporting and electronic monitoring, to ensure the right amount of gaming machine profits are applied for the benefits of the community.

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The introduction of the Gambling Act 2003 requires that operators of all gaming machines in clubs and pubs must connect those gaming machines to an electronic monitoring system (EMS). The Department-initiated EMS tender process is scheduled for completion by early 2005. It is expected that implementation will involve a phased connection for all gaming machines by the statutory deadline of March 2007.

New Internet-based licensing system

Staff started using a new electronic licensing system "LicenceTrack" in May 2004, with plans to utilise the Internet capability within LicenceTrack by the end of 2004. LicenceTrack will greatly speed up the issuing of licences for those societies that choose to apply on-line. The e-licensing module will initially enable societies to apply on-line for amendments to operator and venue licences to operate gaming machines, and later on, payments on-line.

LicenceTrack is a proven system and is more than a licensing system. It will allow the Department to easily link information from audits, investigations and other compliance work, with both e-licensing and manual licensing, and enhance our ability to regulate the sector in the community interest.

FundView

As a condition of licence, Gaming machine societies that make grants to community groups are required to ensure that information about access to grants is made available to the public. For societies to successfully distribute grants widely in the community it is desirable to have a choice of quality applicants. To achieve this, it is clearly necessary for the public to be aware that societies exist, and that they have the capacity to support the charitable activities that fall within the society's authorised purpose.

Details listed on FundView at the Funding Information Services (FIS) website is one way in which information about access to grants is made available to the public. FundView is an easy to use computer database detailing funding available to community groups. The database is updated regularly and has more than 600 funding schemes listed. The search facility allows a user to select information about appropriate funding organisations by using a set of criteria provided by the grant-maker. We are a major subscriber to the database and support community organisations by making it available through our Local Government and Community Branch. Such services help the public because they can search on the Internet, even for societies that do not have websites. This allows fairer access for all.

New roles and structures

Lottery Grants Board

The Lottery Grants clauses of the Gambling Act 2003 came into effect on 1 July 2004, and signify a move away from funding the traditional 'charitable purposes' stipulated in the Gaming and Lotteries Act 1977, and will focus on 'community purposes'. The Department's Community Development Group administers and services the Lottery Grants Board, and has managed the impacts of the legislative changes and the implementation of the new committee structure that will put greater emphasis on long-term community development, and additionally supports the outcome of *strong, sustainable communities/hapū/iwi*.

Gambling Commission

The new Act created an independent Gambling Commission to deal with appeals and complaints with the way the Department is regulating the sector. The Commission replaced the Casino Control Authority (CCA) and will potentially help lower gambling operators' compliance costs by hearing complaints and appeals against the Department's decisions more quickly, and at a lower cost than courts can. Gambling operators who disagree with Commission decisions will still have the right to seek a judicial review from the courts.

The Department is charged with providing services to the Gambling Commission, but these functions are carried out separately to the Department's gambling related policy and operational functions, to underpin the independence of the Gambling Commission.

Problem Gambling

The Gambling Act has provided for us to work closely during 2003/04 with the Ministry of Health on the Problem Gambling Strategy. The Ministry of Health has consulted on the proposed new problem gambling levy. Under the Act, each gambling operator will pay a levy based on player losses and the numbers of people requiring problem gambling services because of those forms of gambling. Gaming machines in pubs, clubs and casinos are the highest cause of problem gambling in New Zealand.

Racing

In addition to gambling related policy and operational functions, the Department administers the Racing Portfolio and provides policy advice to the Minister for Racing on related matters.

The Racing Act 2003 came into force on 1 August 2003. The key element of the new Act is the simplification of industry governance. It repealed the Racing Act 1971 and replaced the Racing Industry Board and the TAB with a single statutory body, the New Zealand Racing Board (NZRB).

The Racing Act's intention is to achieve a balance of board members with in-depth racing industry knowledge, and independent members with business skills and fresh perspectives.

The NZRB has a dual role as both the industry's main policy body and as the provider of race and sports betting. It has a statutory responsibility to develop policies that are conducive to the economic development of the racing industry and the economic well-being of those who derive their livelihoods from racing. A recent Racing Board report estimates that the New Zealand racing industry contributes almost \$1.5 billion to the country's GDP.

The NZRB is undertaking a comprehensive evaluation of the impact of taxation on the industry. It is also working with ACC and other industry groups to develop an injury prevention programme for the racing industry, much like the agricultural FarmSafe programme.

Cross-border betting is under review as another important issue facing the industry. The Internet provides the technology to support global bookmaking activities from which no profits or benefits accrue to NZ racing.

The Gambling Act has significant implications for racing given that gambling is the industry's main source of income. The Gambling Act:

- Allows racing clubs to apply for funds from gaming machine trusts;
- Allows racing to apply to operate gaming machines in TABs and on-course;
- Enables the establishment of TABs in casinos, and
- Prohibits advertising of overseas-based gambling opportunities in New Zealand as one mechanism to help combat the activities of overseas-based bookmakers, who make no contribution to NZ racing.

Harm from restricted and objectionable material has been minimised.

The Department of Internal Affairs' censorship interventions help build safe communities by minimising potential harm to the community from objectionable and restricted material, while preserving freedom of expression.

The Department's censorship interventions contribute to achieving:

- Full compliance with censorship laws
- Compliance with standards related to restricted material
- Prosecution of offences involving objectionable material
- Promotion of consumer awareness

Compliance with censorship laws

The Department's inspection programme of retail outlets and suppliers continues to show that overall the industry's compliance with the censorship regime is high. For example, during the year we collected benchmark information on the number of instances of non-compliance (excluding Internet related non-compliance) with censorship laws and found that the non-compliant percentage was 12%.

Internet risk requires targeted effort

The major risk to the achievement of the outcome of minimising harm is in the area of child sex abuse images over the Internet. During the year, this area has received considerable focus and effort from the Department. We continued to work closely and share information with many overseas jurisdictions, as well as nationally, with the Police and New Zealand Customs, researching developments in technology, including forensic investigation techniques and establishing a covert presence in Internet Relay Chat and Peer to Peer Networks, as well as an inspection programme of news groups and New Zealand based adult rated websites.



Prosecution of offences involving objectionable material

Amendments to the Films, Videos and Publications Classification Act 1993 are proposed to be enacted towards the end of the 2004 calendar year. These changes will assist the Department in achieving its outcome by creating new offences, giving our inspectors broader powers, and introducing greater penalties for those caught possessing, making and distributing objectionable publications. The Department's Censorship Unit was active in detecting and prosecuting offences involving objectionable material. 28 prosecutions were completed in 2003/04 with none dismissed. Objectionable material may include publications that, among other things, describe or depict acts of torture and cruelty, or promote acts of terrorism.

Capacity and capability

The Department has responded to the proposed legislative changes and the operational challenges over the past year by increasing the number of inspectors in Auckland, and supporting all staff through a programme of training, and providing opportunities to establish relationships and share information internationally. This included the Department giving a presentation to an Interpol Conference in Sri Lanka and at the 2004 Asia Regional Child Exploitation Conference in Singapore. Two inspectors also had work experience with the Toronto Police and the British Police Force.

The Department has continued to educate the community about Internet safety and the law through our website, information leaflets, media releases, and communications targeting Internet cafes, computer games outlets and computer repairs services.

New Zealand and International Communities Trust the Integrity of New Zealand's Records of Identity

The Department is responsible for the creation, stewardship and integrity of records of, or relating to, New Zealanders' identity. Our success is dependent on the records being trusted by the public, the government sector and internationally.

Organised crime has become more international and sophisticated. Significant focus over recent years has been concentrated on managing the threats faced by countries as a result of international crimes such as terrorism and people trafficking, which



Image courtesy of New Zealand Customs Service.

use identity fraud as a means of operating. This translates into increased risks to the integrity of New Zealand's identity-related documents, particularly because the internationally trusted reputation of our documents makes them a serious target.

Identity Services continues to have an active involvement in the development of international standards for travel documents within the International Civil Aviation Organisation. Primary focus over the last year has been on developing standards that relate to the introduction of microchips holding biometric information into passports. We have also continued to collaborate actively with the Five Nations Passports and Citizenship Groups and the Australasian Registrars of Births Deaths and Marriages, sharing general business information with our overseas counterparts to ensure we learn from each other's experiences, and address challenges internationally.

Enhancing the reliability, security and integrity of records of identity

Locally, work has been done over the year to implement authorised information-matching agreements, to permit other government agencies to directly verify entitlement or the integrity of their own identity information against the Department's registers. We have now completed all the necessary requirements for two government agencies to make authorised information matches, with other agencies currently in the test phase. We have led an inter-agency group to develop guidance material for agencies on how best to establish the identity of users of government services. Consultation is now underway with government agencies to finalise the framework.

Over the past year, we have undertaken numerous activities and projects as part of the Identity Services Development Programme (ISDP) that have both enhanced the reliability, security and integrity of the records we manage, and made use of new technologies to achieve our e-government and customer service objectives. For example, we completed a project to enhance the security of our BDM systems and a review of overseas issuance of New Zealand passports, and made good progress towards implementing a new emergency travel document. The Identity (Citizenship and Travel Documents) Bill has also been developed and is currently before the House.

The need to develop our people as we develop the new technology-based services has become an important focus to improve our performance. We have undertaken some major staff training initiatives over the past year. These include training to raise staff awareness of identity fraud, and technical training to up-skill staff to operate new systems such as Online Life Event Verification and Integrated Revenue Recording Systems.

Our stewardship of the records we manage is facing new challenges as we adopt new technologies to meet the objectives of the E-Government Strategy, and move to provide online services. The requirements of the users of these services are diverse, as they range from individual customers to government agencies. We have made good progress this year to develop an Internet services infrastructure that enables our information to be used appropriately and safely in an online environment.

During 2003/04:

- *390,419 passports and travel documents were issued;*
- *110,910 birth, death and marriages were registered;*
- *241,211 birth, death and marriage certificates and printouts were issued;*
- *21,072 applications for grant of citizenship to foreign nationals were recommended to the Minister.*

9 out of 10 customers were satisfied with the products and service they received from Identity Services in 2003/04, with 6 out of 10 customers saying they were 'very pleased.'

We continued our active involvement during 2003/04 with the E-Government Unit's Authentication Project. We provided significant input to both the detailed whole-of-government authentication design project and to planning for the initial implementation phase of the project. The Department was named as the preferred authentication agency if a centralised authentication solution is implemented, and over the coming year we will be closely involved in the next stages of the project.

Online Life Event Verification

The Online Life Event Verification system is now fully operational. This will eliminate the need for most first-time passport applicants to supply supporting documentation such as their birth certificate, citizenship documents or marriage certificate. Instead, this information will be verified using a computer check of BDM and Citizenship records. This will provide a significant cost saving for people, who would otherwise have to purchase documents from us to support their application. All New Zealand sites went live at the end of 2003 and our Sydney and London offices are now also using the new system.

Online Notification of BDM Information

Work has progressed during the year towards the implementation of online notification of births and deaths, and online registration of marriages. Births, Deaths and Marriages has finalised plans to accept death notifications electronically, and has provided specifications to three major providers of software for funeral directors. An online pilot has been set up to test key concepts.

Executive Government is Well Supported

Executive Government needs to be able to work efficiently, and therefore needs services that will assist them to maximise their time to focus on running the country.

With the outcome of providing the Executive Government with the environment, support and advice to carry out their duties effectively the Department's Executive Government Support group (EGS) has focused its efforts during 2003/04 on:

- Enabling Ministers to work efficiently at any time of the day, anywhere in the world
- Helping maintain New Zealand's international reputation
- Facilitating interaction between New Zealanders and the Executive.

To ensure a seamless service, we have worked closely and collaboratively with other agencies, especially Parliamentary Service, the Department of Prime Minister and Cabinet, the Office of the Clerk of the House and the Ministry of Foreign Affairs and Trade (MFAT) and other agencies such as NZ Police, Ministry of Economic Development, Tourism NZ, Association of Crown Research Institutes.

Enabling Ministers to work efficiently at any time of the day, anywhere in the world

The VIP Transport Service (VIPT) provides a chauffeur-driven service and a fleet of self-drive vehicles, mainly for Ministers. Quality and timeliness standards were exceeded, and during the year only 3 complaints were received in 28,160 hires.

The availability and use of new tools and systems, including new mobile phone technology, has resulted in improved services to Ministers to support greater efficiency, confidentiality and accessibility through real-time electronic and Time Management information.

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Helping maintain New Zealand's international reputation

During the year, we coordinated programmes and escorts for 72 overseas guests involved in official government visits. This included 2 Royal visits, 6 Prime Ministers, 2 Presidents, 6 Heads of United Nations agencies, and we had a substantial involvement in New Zealand hosting the Pacific Islands Forum.

The Translation Service operates as a stand-alone business within the Department offering services on a contestable basis. Services include translation and other foreign language services to Ministers and third parties in more than 70 languages. Surveys show that the service consistently rates highly with customers.

The Authentication Unit maintained its reputation for accuracy and integrity, and responded effectively to demand-driven authentication of official New Zealand documents for use in other countries, in cooperation with MFAT and the international network of diplomatic posts.



President Hu Jintao of China reviewing a guard of honour at Government House, in October 2003.

Facilitating interaction between New Zealanders and the Executive

The Media and Communications unit has administered the Executive Government Website, provided Ministers and their staff with media-monitoring services, desktop publishing and audio-visual presentation services. Several enhancements have been made this year to technology disseminating speeches and media releases to members of the public, plus the inclusion of public email addresses for Ministers, allowing the public to make direct contact by email. These new facilities have required support through monitoring systems and processes designed to mitigate the impact of the inevitable deluge of SPAM circulating through the global electronic messaging network.

This year, the introduction of NZ Gazette on-line has enabled electronic copies of the *New Zealand Gazette* dating back to 2000 to be freely available for print or download.



Reducing Inequalities

The Department of Internal Affairs contributes to the Government's goal of reducing inequalities for disadvantaged people by building their capacity, and supporting on-going development of capability. We work to address social disparities through the efficient and effective delivery of community funding, and advisory services to those in need.

These goals are encompassed within the Department's outcomes framework and, in particular, achieving the outcome of *strong, sustainable communities/hapū/iwi* which:

- Know what they want to achieve;
- Have the skills, knowledge and leadership to enable them to make appropriate choices;
- Use their resources effectively towards achieving their own desired outcomes;
- Develop effective partnerships with both central and local government; and
- Are able to access direct funding to assist them to achieve their outcomes.

The key strategies that the Department uses to support this outcome include the development of new policy approaches to reducing inequalities, for example:

Sustainable Community Development Framework

The Sustainable Community Development (SCD) Framework represents the way in which the Department seeks to engage with communities to facilitate community development through the achievement of community aspirations. The SCD Framework is strongly aligned with the concept of Asset Based Community Development, which promotes the concept of working alongside communities to assist them in attaining their own development goals.

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The aim of SCD is to invest in the strengths of communities, building on these strengths rather than focusing on the use of resources to address the identified weaknesses of a particular community. This approach is useful for wider communities that are diverse in nature.

Te Whakamotuhaketanga Hapū – A Hapū Development Framework

Te Whakamotuhaketanga Hapū represents a way of working alongside whānau, hapū, iwi and Māori organisations in achieving their community development aspirations. The aim of Te Whakamotuhaketanga Hapū is to make the best use of limited community development resources to assist Māori to move from a state of dependency on Crown assistance, to a state of sustainable development, which is largely independent of Crown assistance.

The emphasis of Te Whakamotuhaketanga Hapū is on an investment in strengths-based approach to development, where the strengths of the particular area or group are used as the catalyst for development, rather than focusing on deficits or shortcomings. Te Whakamotuhaketanga Hapū allows the Department to consider development aspirations from a Māori perspective, and to ensure that service delivery will focus on what works.

Pacific Strategy

Within the Local Government and Community Branch, the Community Development Group (CDG) Pacific Strategy contributes to the development of strong sustainable Pacific communities. It aims to provide a clear way forward for community development and improve effectiveness in its relationship with Pacific communities. Consultation with Pacific communities (focus groups) and stakeholders formed the basis of the strategy, with the assistance from the Pacific Island Consultation Advisory Group (PICAG) and the Pacific Caucus (staff within CDG).

Specifically, the Pacific Strategy is for improving and enhancing the delivery of services to Pacific communities in New Zealand and supports the overarching Reducing Inequalities Goals. It is directed at the key areas and core services of policy development, programme and services delivery development, including areas of the Lottery Grants Board Funding, Trust and Fellowships, Crown Funding and CDG business group Pacific capability.

The Pacific Strategy highlights three key strategic directions:

- Quality advisory and funding information services are accessible by Pacific peoples, ensuring they are fully informed of our purpose to assist them with future planning of development initiatives.
- Policy development, provision of advisory and funding information services to Pacific peoples require capacity and capabilities in CDG to be effective.
- Policies, advisory and funding information services are communicated appropriately to Pacific peoples, encouraging a cohesive working relationship with Pacific communities.

Programmes for Reducing Inequalities

The Māori Community Development Workers Scheme is the only specific Reducing Inequalities programme established by the Department, and this is the focus of this report. However, a number of the other programmes the Department administers may indirectly contribute to reducing inequalities, particularly for Māori and Pacific peoples, and summary details of these are also included.

Māori Community Development Workers (He Ara Whakapakari Papakāinga) – \$200,000

The Māori Community Development Workers Scheme was established as a government capacity building initiative designed to transfer skills to enable Māori communities to solve their own problems, and thus contribute to an increase in self-reliance.

The Department administers pilot funding for two community organisations to employ Māori Community Development Workers, to trial the effectiveness of this approach.

At 30 June 2004, one of the two original projects remained operating in Taumarunui in its fourth and final year. The second project, which had been placed in Kawerau, operated until December 2003. Two projects to replace the Kawerau and Taumarunui projects have been identified.

Funding provides for salary costs, operating expenses such as travel, communications, office and administrative overheads, and programme expenses. The workers focus on building the capacity of the communities to create and sustain development opportunities by passing on training, planning, negotiation, project management, business planning, fund raising / marketing, and relationship-building skills.

The projects receive \$100,000 (GST inclusive) each per annum for three or four years, subject to satisfactory performance against project objectives and reporting requirements being met.

Evaluation

Six monthly monitoring reports have been provided during the duration of the projects. These feed into a larger 3-year programme evaluation due to be completed, by an independent evaluator, in early 2005.

Other Government Funding

The Department is involved in assisting the distribution of other funding which contributes to reducing inequalities, but which was not established with the same outcomes in mind.

It is not possible to identify specified target groups (e.g. Māori, Pacific peoples, women) for all of the grants provided. All target groups will benefit in whole and/or in part from the grants awarded to many of the other broad categories that enable community driven development and sustained capability, through greater skills and self-help.

Summary Table – Reducing Inequalities 2003/04

(All funding is GST inclusive)

PROGRAMME	INITIATIVE	TOTAL FUNDING \$'000	APPLIED FUNDING MĀORI \$'000	APPLIED FUNDING PACIFIC \$'000	OUTCOME
<p>The Māori Community Development Workers Scheme was established as a government capacity building initiative designed to transfer skills to enable Māori communities to solve their own problems, and thus contribute to an increase in self-reliance.</p>	<p>Māori Community Development workers Funding two community development workers to facilitate social and economic development in two Māori communities.</p>	\$200	\$200	N/A	Evaluation underway, to be completed by early 2005.
<p>Community Project Worker: Community Development Scheme The Community Development Scheme supports community organisations to employ community development workers – key people who can be agents for change in their communities. Community development workers funded through the scheme work to facilitate social change in which youth development and community development can flourish. They do this by facilitating a wide set of youth-driven, community and government initiatives.</p>	<p>Community Project Worker Scheme – Community Development Workers</p> <ul style="list-style-type: none"> • 12 of 23 projects – Māori • 4 of 23 projects – Pacific • 1 of 23 projects – young women of other ethnicities (\$31,500) 	\$980	\$639	\$147	<p>A project progress assessment was completed in 2003. Further evaluation is planned for 2004.</p> <p>The 2003 report stated that each of the initial 17 projects had demonstrated that positive progress was being made towards achieving key project objectives, and ultimately, outcomes.</p> <p>It noted however that for the majority of the projects it was too early for them to have achieved their intermediate or long-term outcomes.</p>

PROGRAMME	INITIATIVE	TOTAL FUNDING \$'000	APPLIED FUNDING MĀORI \$'000	APPLIED FUNDING PACIFIC \$'000	OUTCOME
<p>Community Internship Programme This is an organisational capacity building programme involving 13 initiatives that place experienced people from the public, private or community sectors on six-month internships with host community organisations. Each host agency receives \$22,500 towards salaries and resource costs associated with the placement.</p>	<p>Community Internship Programme (CIP) Of 13 Internship placements available in 2003/04, there were:-</p> <ul style="list-style-type: none"> • 3 with Māori organisations • 1 with a Pacific organisation • 1 with a refugee and migrant organisation • 1 with a special needs organisation • 2 with women's organisations 	<p>\$300</p>	<p>\$68</p>	<p>\$23</p>	<p>An independent evaluation report dated October 2003 stated that the key goals of the CIP for 2002 were achieved or that considerable progress was made towards achieving them:-</p> <ul style="list-style-type: none"> • All of the interns and host organisations reported that the host organisations' skills and capabilities had been enhanced to some extent (with the majority saying they were enhanced to a considerable extent). • Both the interns and host organisations also indicated that their respective project objectives had been met or would be met by the end of the internship. • Interns indicated that they had: learned new skills or enhanced existing ones; worked with different communities and ethnic groups, including Māori; and broadened their knowledge and experience, which they believed could be applied when they returned to their home organisation. • These findings were supported by the majority of interns, host and home organisations all believing their respective internships were a success and that overall the CIP had met their expectations. • Findings from two detailed case studies indicate that there has been a beneficial, long-term impact from the internships, although the full extent of this was limited for the home organisations involved.

PROGRAMME	INITIATIVE	TOTAL FUNDING \$000	APPLIED FUNDING MAORI \$000	APPLIED FUNDING PACIFIC \$000	OUTCOME
<p>Community Project Worker Scheme: Crime Prevention</p> <p>The CPWS: Crime Prevention scheme provides three-year to five-year salary and programme funding to support youth development projects aimed at reducing youth offending. Projects funded use a community development approach aimed at strengthening community support and services for youth. Funding is targeted at areas of high youth crime and youth aged 14 to 20 years.</p>	<p>Community Project Worker Scheme — Crime Prevention</p> <ul style="list-style-type: none"> • 4 of 5 projects – Māori • 1 of 5 projects – Pacific peoples 	\$207	\$166	\$41	<p>An evaluation of new projects is planned for mid 2005.</p> <p>A 2000 evaluation report stated that outcomes identified across projects included:</p> <ul style="list-style-type: none"> • reduced offending • increased participation in (and identification with) mainstream economic and social life, including family, marae, education, training, work, cultural and volunteer activities • increased social networks, reduction in community ties between offenders and negative role models/at risk peers, and access to alternative networks and relationships • improved self esteem and confidence • improved social, academic and behavioural skills. <p>Community stakeholders in each of the locations being served reported the activities of the Crime Prevention community project worker had:</p> <ul style="list-style-type: none"> • enhanced the work of, and reduced the strain on, other agencies working with local youth populations • provided important and effective assistance, information and resources • facilitated networking and referrals between agencies.

PROGRAMME	INITIATIVE	TOTAL FUNDING \$'000	APPLIED FUNDING MĀORI \$'000	APPLIED FUNDING PACIFIC \$'000	OUTCOME
<p>Community Based Youth Development Fund The Community Based Youth Development Fund (YDF) contributes to the New Zealand Youth Suicide Prevention Strategy. The Fund focuses on providing youth development opportunities as an approach to lessening risks of self-harm.</p>	<p>Community Based Youth Development Fund</p> <ul style="list-style-type: none"> • 2 of 6 projects – Māori • 2 of 6 projects – Pacific peoples 	<p>\$473</p>	<p>\$144</p>	<p>\$142</p>	<p>Formative evaluation of six new projects has begun and will be followed by process and outcome evaluations in 2004.</p> <p>A 2002 evaluation report on the first 7 projects (for which funding commenced in 1998), stated that despite the projects facing some specific issues and challenges, they had done well in meeting their project objectives.</p> <p>Workers had engaged intensively with more than 1,000 young people of whom approximately 53 percent were Māori and 20 percent Pacific Island people. A sizeable proportion of young people are participating in the projects. Approximately 39% were aged between 14 and 16 years. Projects involved an even number of males and females.</p>

PROGRAMME	INITIATIVE	TOTAL FUNDING \$000	APPLIED FUNDING MAORI \$000	APPLIED FUNDING PACIFIC \$000	OUTCOME
<p>Support for Volunteering Reflects the diversity of volunteering approaches and distinct needs of different sectors, through Māori, Pacific and Ethnic funding streams, as well as support for Volunteering NZ and nine regional Volunteer Centres.</p>	<p>Support for volunteering</p> <ul style="list-style-type: none"> • Six “for Māori by Māori” volunteer recruitment or training projects \$30,000 • Pacific Youth Volunteering and Volunteer Training projects \$30,000 • National volunteer training project through regional ethnic councils network \$30,000 	\$467	\$30	\$30	Not evaluated, however formal contracts apply with targets set and performance monitored through the term.
<p>Community Organisation Grants Scheme COGS is a community based grant scheme, providing grants to community organisations that provide social services to people from one or more of the COGS priority sectors (people with disabilities, Māori, Pacific, other ethnic and migrant communities, rurally isolated communities, older people (seniors), youth and children, families/whānau, and unemployed people).</p>	<p>Community Organisation Grants Scheme (COGS) COGS made 479 grants to Māori community groups or projects. This represents 19% of the total funds granted.</p> <p>COGS made 154 grants to community organisations identified as Tagata Pasifika. This represents 6% of the total funds granted.</p> <p>COGS made 220 grants totalling \$982,000 (8% of the total funding) to community organisations with a major purpose of supporting women. This excludes a large number of grants for ‘parent’ and ‘family’ support, where women may be major beneficiaries.</p>	\$12,355	\$2,351	\$713	Not evaluated, however recipients are required to complete a certificate of expenditure and present a report at a public meeting.

PROGRAMME	INITIATIVE	TOTAL FUNDING \$000	APPLIED FUNDING MĀORI \$000	APPLIED FUNDING PACIFIC \$000	OUTCOME
<p>Lottery Grants – Marae Heritage and Facilities Committee Lottery Marae Heritage and Facilities Committee funds the development and conservation of marae facilities in recognition of their pivotal role in the promotion of their community's spiritual, cultural, physical and social well-being</p>	<p>Lottery Grants Board</p> <p>Marae Heritage and Facilities Committee Funding the development and conservation of marae facilities. Applicants are whānau, hapū, iwi and Māori organisations</p>	\$43,682	\$4,343		Not evaluated by the Department of Internal Affairs.
<p>Lottery Grants – Lottery General Pacific Provider Development Subcommittee The Lottery General Pacific Provider Development Subcommittee distributes funding to assist the development and strengthening of Pacific community groups and social service providers to Pacific people in New Zealand.</p>	<p>Lottery General Pacific Provider Development Subcommittee Funding the development of organisational capacity of Pacific groups providing social services to their communities.</p> <p>Other distribution committees fund Māori and Pacific community organisations, but these are the only two committees focussed exclusively on Māori and Pacific groups.</p>			\$230	

Capability

During the year, we developed our capability to be more effective in delivering on our stated outcomes, meeting our Departmental responsibilities, and enhancing our services to our customers and clients. Initiatives included:

- *organisational design*
- *staff development*
- *specific strategies to enhance services*
- *information and technology*
- *risk management*

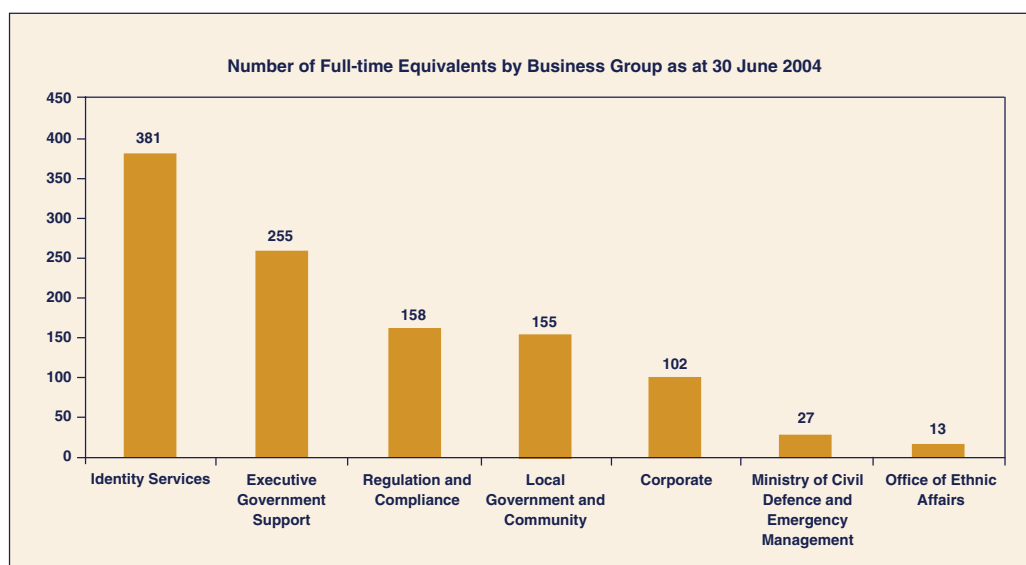
Organisational Design

In March 2004, two new Branches were established to reflect key areas of strategic focus for the Department, to improve the quality and increase the capacity of policy advice, and to integrate policy and operations.

The policy functions were regrouped into two new Branches – *Local Government and Community*, and *Regulation and Compliance* – two core strategic focuses for the Department's policy work. Each Branch incorporates operational teams.

This structure will support us over the coming years to achieve a tighter focus on our activities in the areas of local government and community development, and regulation and compliance, as well as fostering closer relationships between policy and operations.

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Note: The Department had approximately 1,100 full-time equivalent employees as at 30 June 2004.

Staff Development

During the year, we developed a strategy to guide our organisational development programme through to 2008 and beyond. It defines three areas for current and future initiatives: building our staff capability, developing our leaders, and creating a high performing, inclusive work environment.

Building our staff capability

We have continued to implement and promote policies and systems that facilitate experiential learning in the workplace through secondments and other project work. In addition, during the year we developed and implemented a set of core staff competencies that describe what is required of staff, at all levels, to achieve outcomes, provide outstanding service, collaborate and build relationships, manage personal and ethical responsibilities, achieve effectiveness for Māori, manage information and use technology. These core competencies are the foundation for capability building through recruitment, performance management, development in current jobs, and developing careers in the Department and the wider public service.

We have developed a framework for inducting new employees that emphasises the high standards of ethics and service that we expect from our people, and how staff can assist in the achievement of outcomes. Implementation of the induction programme will be a major focus in 2004/05.

We undertook a number of initiatives to develop the capability of our people to ensure our business objectives were successfully met. For example, in the new Regulation and Compliance Branch we have been building staff capability to successfully implement the Gambling Act (2003) through recruiting specialist skills, including staffing a newly established investigations unit to undertake new responsibilities under the Act, and an intensive programme of training to equip existing staff for the implementation of the Act.

Our Identity Services Group has maintained and enhanced rigorous training and processes to ensure integrity and security of New Zealand documents of identity, such as New Zealand passports. In addition, Identity Services staff are offered the opportunity to have skills recognised by achieving credits for unit standards under the NZ Qualifications Framework, and the range of qualifications offered and number of people working towards qualifications has increased during the year.

Developing our leaders

We have established a framework for leadership and management development, including leadership competencies, which will form the foundation of our Leadership/Management Development Programme. In the coming year, we will identify development needs for all our managers and appropriate development activities.

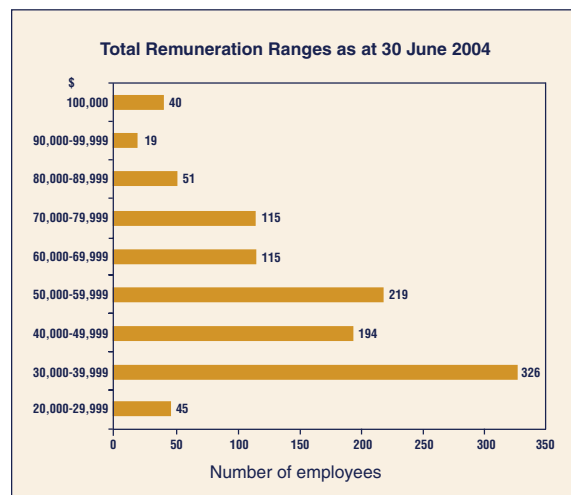
Two further high potential managers were successful in gaining entry to the Australia and New Zealand School of Government (ANZSoG) Master of Public Administration programme this year. Twelve high achievers, in a range of roles and levels within the Department, received grants under our Chief Executive Awards programme to undertake significant development opportunities that will benefit the Department, the Public Service and individual careers. Chosen study options range, for example, from a professional legal studies course, business leadership and middle management development programmes, through to a Masters paper, Web and Intranet Content Management, signifying the diversity of skills having useful application in the work of our organisation.

Throughout the organisation, many of our people are engaged in a variety of individual short and long-term study programmes to further their own professional and personal development, which in turn will enhance the work of the Department. The Department values and facilitates these individual endeavours, wherever it can, through the provision of study leave and support.

Creating a high performing inclusive work environment

The Department has renewed and enhanced the Partnership for Quality with the Public Service Association that represents 40% of our employees, working together on areas of mutual interest in accordance with agreed protocols and principles. Investing effort in solving problems as they arise has paid dividends in helping to create a positive work environment.

We evaluated our remuneration and performance management systems against the factors identified for success. We confirmed that our people have a high level of understanding of how their performance contributes to achievement of business goals.



We have invested significant effort in implementing the recommendations from last year's review of our health and safety management systems, selected and trained health and safety representatives, and ensured managers and staff are equipped to maintain a healthy and safe work environment.

Specific Strategies to Enhance Services

Effectiveness for Māori

The Department's goal is to be recognised as one of the Effectiveness for Māori leaders in the public service.

We have continued to invest in our staff capability by providing training in te reo, tikanga and Treaty of Waitangi. The outcomes of this training enable our staff to achieve the competency requirements of their job profiles and will help improve the services we provide to whānau, hapū, iwi and Māori. Examples of how this capability is used to benefit Māori include:

- Working with local government to assist in the successful implementation of the provisions of the new local government legislation in respect of Māori;
- Gaining valuable feedback from iwi in Gisborne, Whakatane and the Hokianga during the development of the National Civil Defence Emergency Management Strategy;
- Introducing a bilingual birth certificate from 1 March 2004. Key data and field names will be provided in Te Reo Māori as well as English and reflects the official language status of Te Reo Māori in New Zealand.

Pacific Strategy

During the year, we completed a strategy that aims to improve and enhance the provision and delivery of services to Pacific communities in New Zealand. Examples of how this capability development is benefiting Pacific communities include:-

- The development of a free access database listing Pacific funders and trainers for the use of community groups on the CommunityNet Aotearoa website (www.community.net.nz);
- Assisting the implementation of the new local government legislation by publishing through local authorities and community agencies, guidance material on Local Government Act 2002 in two Pacific Island languages;
- Translating key Identity Services customer information into Pacific languages to improve access for Pacific communities to identity-related products and services.

EEO

Our EEO strategy aims to increase and support a diverse workforce so that we can meet the needs of the people we serve. We have included EEO in our business capability planning and reporting systems to ensure systematic addressing of EEO issues. In the last year, we have invested in strengthening the Department's EEO networks to help create an environment where diverse peoples flourish. The networks were encouraged and supported to develop plans and obtain funding for member activities.

We have made specific provision in our Chief Executive Awards programme for Māori, Pacific Peoples and an Ethnic Award. EEO network members were available to provide support to candidates. One quarter of Award recipients for the year were Māori and an Ethnic Award was granted. This year there were no applications for the Pacific Peoples Award. We will promote the opportunity more extensively through the Pacific Peoples Network in the coming year.

Our managers and team leaders were all required to address EEO in their performance agreements as a means of increasing leadership of EEO awareness and accountability. In the coming year, we will develop an EEO strategy to take us forward to 2010. This will include reviewing our targets for inclusion of EEO groups in our workforce and in management, and developing strategies to achieve and maintain the diversity and equality of employment opportunities.

This year, our progress towards the employment of EEO target groups has been mixed. A positive result is the increased proportion of Māori in senior management. Similarly the proportion of women in senior management roles increased by 12%, and we have now exceeded our target proposed for the year 2005. The overall proportion of Māori in our workforce has not increased, and while the proportion of Pacific People in our workforce has increased overall, and the target for 2005 exceeded, there is still no representation at senior management level. The proportion of people who have declared a disability in our workforce and in senior management has also remained the same.

EEO Group	Date	Senior management %	Overall representation %
Māori	June 2004	7	13
	2005 milestone	12	16
	2010 target	17.5	17.5
Pacific Peoples	June 2004	0	8
	2005 milestone	4	7
	2010 target	8.5	8.5
Women	June 2004	48	55
	2005 milestone	45	54
	2010 target	56	56
People with disabilities	June 2004	3	6
	2005 milestone	9	9
	2010 target	11	11

Note: The figures above are percentages of all employees; however the ethnicity of 15% of employees was undisclosed.

Disability

Our Disability Strategy included objectives to ensure that our working environment supports and meets the needs of people with disabilities. To achieve this, during the year we established a Disability Advisory Group, developed a Disability Audit Tool, Disability Communication Guidelines, and Policy Development Disability Perspective Guidelines.

We also employed two people under the Mainstream Supported Employment Programme for people with disabilities.

Ethnic Responsiveness

During the year, the Department of Internal Affairs agreed to be one of the three departments to implement the government's Ethnic Perspectives in Policy initiative, with several business units taking steps to give effect to the intent of the policy framework within the context of our unique workplace. During 2003/04, we conducted two ethnic perspectives training sessions for policy staff, and integrated ethnic issues into the Statement of Intent and our planning framework and process.

To ensure service delivery takes account of the needs of ethnic people, this year our focus has been to build an intercultural awareness component into customer service training at business group level. Service delivery has been enhanced this year through extended access to Language Line, with the Identity Services Contact Centre being a major user of the Language Line, an Office of Ethnic Affairs managed service.

Information and Technology

Information and technology are integral to the Department delivering its outcomes. The impacts of information and technology on the way we work are increasingly complex, and while IT development is driven by the needs of our various diverse businesses, we seek to identify areas where a common solution or organisational approach will use departmental resources to best advantage, and minimise risk.

Our Information and Technology Strategic Framework provides a mechanism for testing and agreeing those common information and technology approaches, provides a basis for planning across the organisation, and creates a climate of good practice by identifying behaviours which draw the best from technology investments, while managing associated risks.

Our emphasis is on increasing our capacity to deliver on E-Government imperatives with both on-line and outreach functionality for our customers, and to better integrate our structures and processes with the wider government sector to enhance our organisational effectiveness.

Some examples of how we are achieving this include:

- Our continued active involvement with the E-Government Unit's Authentication Project. We provided significant input to both the detailed whole-of-government authentication design project and to planning for the initial implementation phase of the project.
- The introduction of online facilities for applicants for funding from the Community Organisations Grants Scheme and the Lottery Grants Board. Grant applicants now have the option of applying via a website and can then monitor the progress of their applications as they are considered by the funding committees.
- Enhancement of the infrastructure of the National Crisis Management Centre, pivotal in managing the Government's response to civil defence emergencies such as the February 2004 floods.
- Our use of information management technology such as GIS to enhance our analysis of customer information.
- The application of mobile technology to improve accessibility of services to our customers for example via our regionally-based community advisors.

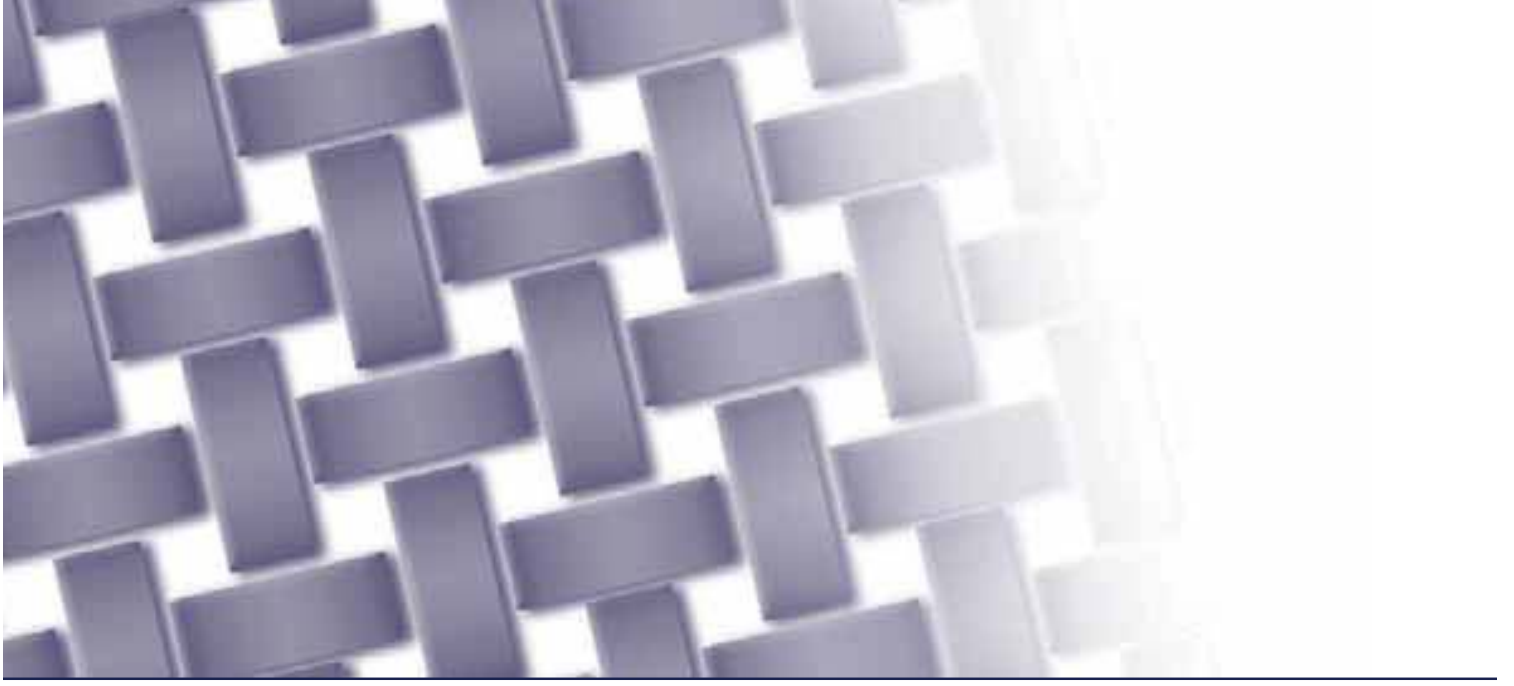
Although our staff have high technology skill levels, there is always scope to enhance these skills. During the year, we ran a series of 'technology awareness forums' to increase understanding of new or existing technologies, and how technology can support new ways of delivering services. We backed this up, by ensuring that all new staff have an adequate level of technical competency through our induction process. In addition, we offered courses during the year to up-skill staff on the Department's document management system, archives and record keeping. At a business group level, we developed staff capability within the Identity Services Group to operate new systems and processes for E-government developments.

Risk Management

The Department is committed to best practice in Risk Management, and has adopted a set of policies which cover off the key elements as described in the Aus/NZ Risk Management Standard AS/NZS 4360:1999. Risk Management is seen as being integral to effective business planning, and strategic goal setting and is expected to be undertaken in conjunction with any business-as-usual activities, business project or business change process. The Department requires that all Business Groups undertake annual risk identification and assessment, utilising a Generic Risk Identification Tool to guide critical thinking. In addition, Business Groups undertake ongoing monitoring and assessment of their particular business environment in order to identify emerging risks, or changes in their risk environment. They must consider risks from a variety of sources, as well as identify how such risks might impact upon their operations or business performance.

A Risk and Audit Committee, along with the Department's Risk & Audit Services, works to provide the additional advice, support and education needed for these processes and practices to operate effectively. Risk management approaches have resulted in enhanced operational practices to support planned outcomes. For example:

- A major priority this year has been to implement the Gambling Act (2003) and to focus resources on the most significant risks to be managed and problems needing to be addressed. A priority focus for Gaming Compliance was deemed to be gambling covering gaming machines in pubs and clubs, a sector where gross profits generated exceed \$1 billion, and where the quality of record keeping and banking procedures is therefore very important.
- The Censorship Unit identified the Internet as a key area warranting special focus this year, given its risk to the achievement of the outcomes of minimising harm. A range of risk mitigation strategies were employed, including training and recruiting staff with skills to increase specialist investigative and forensic capability.
- Our Identity Services Group have also increased their capability in the investigations and intelligence areas to mitigate identity fraud and risks.



PART FOUR:

PERFORMANCE INFORMATION





Introduction

This part of the Annual Report addresses the non-financial and financial performance of each of the Department's output classes.

Performance Measures

This section details achievement against the outputs and performance measures described in the Statement of Intent for the 2003/04 year. This is provided in compliance with Section 35(3)(e) of the Public Finance Act (1989) and is audited by Audit New Zealand.

The Department of Internal Affairs had 145 output performance measures for the year ended 30 June 2004, with 95% of these being achieved.

Revenue and Expenses

A financial analysis is provided for each output class and is broken down into revenue Crown and revenue third parties. Operational expenditure is provided for each output class and is broken down into 2003/04 actual, Main Estimates 2003/04, Supplementary Estimates 2003/04 and 2002/03 actual.

Statement of Responsibility

As Secretary for Internal Affairs I am responsible, under sections 35 and 37 of the Public Finance Act 1989, for the preparation of the financial statements and the judgements made in the process of producing those statements.

The Department has a system of internal control and this has provided reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion the financial information presented in the Statements and Notes to the Financial Statements (pages 57 to 130) fairly reflects the financial position and operations of the Department of Internal Affairs for the year ended 30 June 2004.



Christopher Blake
Secretary for Internal Affairs



Ben Bush
General Manager
Finance and Performance

Date: 29 September 2004

Audit Report

To the readers of the financial statements of the Department of Internal Affairs for the year ended 30 June 2004

The Auditor-General is the auditor of the Department of Internal Affairs (the Department). The Auditor-General has appointed me, Jo Smail, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Department, on his behalf, for the year ended 30 June 2004.

Unqualified opinion

In our opinion the financial statements of the Department on pages 57 to 130:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Department's financial position as at 30 June 2004;
 - the results of its operations and cash flows for the year ended on that date;
 - its service performance achievements measured against the performance targets adopted for the year ended on that date; and
 - the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2004.

The audit was completed on 29 September 2004, and is the date at which our opinion is expressed.

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The basis of the opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Department as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. In addition, they must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2004. The Chief Executive's responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 38(1) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out an assurance related assignment in the area of flood relief funds which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Department.

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Jo Smaill
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



Audit New Zealand
AUDIT AND ASSURANCE SERVICES

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Department of Internal Affairs for the year ended 30 June 2004 included on Department of Internal Affairs' website. The Chief Executive is responsible for the maintenance and integrity of the Department of Internal Affairs' website. We have not been engaged to report on the integrity of the Department of Internal Affairs' website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

We have not been engaged to report on any other electronic versions of the Department of Internal Affairs' financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 29 September 2004 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Vote: Community and Voluntary Sector

D1 – Policy Advice – Community

Description

This output class involves the provision of:

- Policy advice with community, whānau, hapū, iwi development perspectives. Policy advice also involves the preparation of ministerial briefings and speech notes including support for the Minister for the Community and Voluntary Sector as required in Cabinet committees, select committees and Parliament
- Draft replies to Ministerial correspondence, Official Information Act 1982 requests, Ombudsman's enquiries and parliamentary questions addressed to the Minister for the Community and Voluntary Sector or referred from other Ministers.

Performance Information

Results Information ¹	Standard	2003/04 Actual	2002/03 Actual	Comment
Policy advice will be delivered according to the policy work programme (and any subsequent amendments) as negotiated between the Minister for the Community and Voluntary Sector and the Chief Executive.	100%	100%	100%	Achieved
Policy advice delivered in accordance with agreed policy quality criteria.	100%	100%	100%	Achieved
Ministerial satisfaction with the quality of policy advice is 3 or above on a scale of 1 to 5.	3	5	4.8	Achieved
Policy advice is delivered according to the timeframes agreed.	100%	100%	100%	Achieved
Percentage of first versions of replies to Ministerial correspondence, Official Information Act requests, Ombudsman's enquiries and parliamentary questions accepted by the Minister.	95%	100%	96.96%	Achieved
Percentage of draft responses to Ministerial correspondence returned to the Minister's office for signature, within 15 working days of receipt from the Minister's office or such other deadlines as may be specifically agreed.	95%	93%	93.75%	Not achieved. Two Ministerials were returned late to the Minister's office.
Percentage of draft responses to Official Information Act requests and Ombudsman's enquiries returned to the Minister's office for signature two days prior to the statutory deadline for reply.	100%	100%	100%	Achieved
Percentage of draft replies to parliamentary questions completed within the timeframes specified by the Minister.	100%	100%	100%	Achieved

¹ Results Information relates to output performance dimensions such as quality and timeliness that are within the Department's control.

Activity Information ²	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	40 - 90	44	66	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	735	614	735	614
Third Parties	0	0	0	0
Total Revenue	735	614	735	614
Expenses	673	614	734	606
Net Surplus/(Deficit)	62	0	1	8
Total Appropriation (GST Incl)	765	691	826	683

² Activity Information relates to output volume measures that are demand-driven and therefore outside of the Department's control.

D2 – Administration of Grants

Description

This output class involves:

- provision of information and assistance to prospective grant applicants
- processing, assessment and monitoring of grant applications
- providing recommendations to Ministers on appointments to boards, committees and trusts
- administration, training and support services to boards and grant distribution committees.

Grant services cover the following schemes:

- Lottery grants
- Crown funded grants
- Crown Trusts and Fellowships.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
The percentage of grant disbursements completed accurately is no less than:	95%	99.91%	99.81%	Achieved
The percentage of respondents to a survey of grant applicants who rate their satisfaction with the quality of services at 3 or above on a scale of 1 to 5 is no less than:	75%	98%	95%	Achieved
The percentage of complete and eligible applications received before the advertised closing date which are presented to the next decision making meeting is no less than:	95%	100%	New measure	Achieved
On receipt of committee approval and completed client documentation, payment is made to 99% of grant recipients within 10 working days.	99%	95.29%	99.98%	Not achieved
The percentage of respondents to a survey of committee members who rate their satisfaction with the quality of advisory services to the committee at 3 or above on a scale of 1 to 5 is no less than:	75%	100%	100%	Achieved
The percentage of respondents to a survey of committee members who rate their satisfaction with the quality of administration services provided to the committee at 3 or above on a scale of 1 to 5 is no less than:	75%	100%	100%	Achieved
Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of applications received.	8,000 – 10,000	9,912	9,400	
Number of grants disbursed.	7,500 – 8,500	8,484	9,667	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	3,165	3,070	3,165	3,139
Third Parties	6,998	7,386	7,004	7,376
Total Revenue	10,163	10,456	10,169	10,515
Expenses	10,074	10,455	10,168	10,508
Net Surplus/(Deficit)	89	1	1	7
Total Appropriation (GST Incl)	11,344	11,762	11,439	11,822

D3 – Community Advisory Services

Description

This output class involves the provision of a community development service operating from a national office and 17 regional offices providing information, resources, and facilitation services to enable communities, whānau, hapū, iwi Māori organisations and community groups to develop their own innovative responses to meet their needs.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
The effectiveness of the community advisory services will be subject to evaluation in terms of the Community Development evaluation framework		Not achieved	New measure	See footnote ³
The percentage of respondents to a customer survey who rate their satisfaction with the quality of advice at 3 or above on a scale of 1 to 5 is no less than:	75%	98%	95%	Achieved
The percentage of respondents to a customer survey who rate their satisfaction with the timeliness of advice provided at 3 or above on a scale of 1 to 5 is no less than:	75%	97%	New Measure	Achieved
The percentage of respondents to a customer survey who rate their satisfaction with the quality of information resources at 3 or above on a scale of 1 to 5 is no less than:	75%	97%	New measure	Achieved

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Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	4,403	4,403	4,403	3,394
Third Parties	13	139	14	0
Total Revenue	4,416	4,542	4,417	3,394
Expenses	4,409	4,542	4,418	3,372
Net Surplus/(Deficit)	7	0	(1)	22
Total Appropriation (GST Incl)	4,961	5,110	4,970	3,796

³ A full evaluation of the effectiveness of community advisory services was not undertaken as the evaluation framework is being reviewed as part of continuing development of a wider outcome indicator framework by the Department. However, initial indicator information was collected by adding an additional question to the community advisory services annual satisfaction survey. In answer to the question, "Did the advice provided help you achieve your purpose", 94% of respondents to the satisfaction survey were satisfied that the advice they received from the Community Advisor did help them to achieve their purpose.

Vote: Emergency Management

D1 – Policy Advice – Emergency Management

Description

This output class involves the provision of:

- Strategic policy development and policy advice on risk management and on civil defence and emergency management frameworks, procedures and operations. Policy advice also involves preparation of Ministerial briefings and speech notes and the provision of support for the Minister of Civil Defence as required in Cabinet committees, select committees and Parliament.
- Draft replies to Ministerial correspondence, Official Information Act 1982 requests, Ombudsman's enquiries and parliamentary questions, addressed to the Minister of Civil Defence or referred from other Ministers.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Policy advice will be delivered according to the policy work programme as negotiated between the Minister of Civil Defence and the Chief Executive.	100%	100%	100%	Achieved
Policy advice delivered in accordance with agreed policy quality criteria.	100%	100%	100%	Achieved
Ministerial satisfaction with the quality of policy advice will be gauged through regular feedback from the Minister to the Director Ministry of Civil Defence and Emergency Management. ⁴		The Minister has described the Ministry's work as good.	3.5	Achieved
Policy advice is delivered according to the timeframes agreed.	100%	100%	100%	Achieved
Percentage of first versions of replies to Ministerial correspondence, Official Information Act requests, Ombudsman's enquiries and parliamentary questions accepted by the Minister.	95%	98%	100%	Achieved
Percentage of draft responses to Ministerial correspondence returned to the Minister's office for signature, within 15 working days of receipt from the Minister's office or such other deadlines as may be specifically agreed.	95%	100%	100%	Achieved
Percentage of draft responses to Official Information Act requests and Ombudsman's enquiries returned to the Minister's office for signature five days prior to the statutory deadline for reply.	100%	100%	100%	Achieved

⁴ In 2002/03 Ministerial satisfaction was rated on a 5-point scale. During 2003/04 qualitative feedback has been sought from the Minister of Civil Defence.

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Percentage of draft replies to parliamentary questions completed within the timeframes specified by the Minister.	100%	100%	100%	Achieved

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	50 - 95	85	55	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	696	706	696	666
Third Parties	2	0	1	2
Total Revenue	698	706	697	668
Expenses	694	706	697	651
Net Surplus/(Deficit)	4	0	0	17
Total Appropriation (GST Incl)	781	794	784	735

D2 – Support Services, Information and Education

Description

This output class involves:

- Development and implementation of structures and policies and assisting with the delivery of best practice approaches to civil defence and emergency management.
- The provision of support, monitoring, information, frameworks, guidelines and professional development to the civil defence and emergency management sector.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
The percentage of respondents to a customer survey who rate their satisfaction with the quality of the advice and assistance services, at 3 or above on a scale of 1 to 5 is no less than:	75%	86%	87%	Achieved
The percentage of respondents to a customer survey who rate their satisfaction with the quality of stakeholder resources at 3 or above on a scale of 1 to 5 is no less than:	75%	96%	94%	Achieved
The percentage of education and training programme attendees who rate their satisfaction with the quality of programmes at 3 or above on a scale of 1 to 5 is no less than:	75%	96%	100%	Achieved
The percentage of Civil Defence Emergency Management Groups who rate their satisfaction with the quality of the assistance provided by the Ministry for regional professional development initiatives at 3 or above on a scale of 1 to 5 is less than:	75%	85%	New measure	Achieved no
Development of the new National Civil Defence Emergency Management Plan ⁵ . Draft functional and contingency plans ready for consultation by:	30 June 2004	Draft functional and contingency plans ready for	New measure	Achieved completed
consultation				
Implementation plan for national capability. Stage 2 of the plan implemented by:	30 June 2004	Completed	New measure	Achieved
Cluster development. Stakeholder clusters developed ⁶ :	5	5	New measure	Achieved
Participation in and evaluation of local government civil defence readiness and response exercises. A minimum exercises.	8	8	8	Achieved of 8
Research, production and distribution. A minimum of 9 stakeholder resource items.	9	9	13	Achieved

⁵ A Civil Defence Emergency Management Plan will be approved by 1 December 2005 in accordance with the provisions of the Civil Defence Emergency Management Act 2002. Consultation on the drafts covers a range of internal, external and public consultation processes spanning 2003/04 and 2004/05.

⁶ Clusters are agencies with similar purposes grouping together to achieve co-ordinated outcomes.

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Delivery of nationally directed education and training programmes.	4 programmes	3	4	Standard changed to 3 programmes for 2003/04, by agreement with the Minister of Civil Defence. The planned recovery programme was cancelled and replaced by the Recovery Symposium held in July 2004.
Assistance with regional professional development initiatives	6 initiatives	7	New measure	Achieved
Development of Guidelines for Civil Defence Emergency Management Groups. A minimum of:	4	4	3 ⁸	Achieved

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Visits and meetings to provide advice and assistance on civil defence and emergency management to stakeholders (including assisting in development of CDEM group plans)	800 – 1,000	1,423	986	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	3,427	3,615	3,427	2,938
Third Parties	3	0	3	15
Total Revenue	3,430	3,615	3,430	2,953
Expenses	3,413	3,615	3,430	2,921
Net Surplus/(Deficit)	17	0	0	32
Total Appropriation (GST Incl)	3,842	4,067	3,859	3,290

⁸ The standard for 2002/03 was a minimum of 2 Guidelines to be developed.

D3 – Management of National Emergency Readiness, Response and Recovery

Description

This output class involves:

- Management of the capability to monitor and deal with events which may lead to emergencies, and the coordination and management of the response to, and recovery from, emergencies that are beyond the scope of local civil defence and emergency management organisations.
- Maintaining the National Emergency Operations Centre (NEOC) in a state of readiness, including ensuring an appropriate level of national event management training within the Ministry of Civil Defence and Emergency Management.
- The establishment of a National Crisis Management Centre and a national capability for response and rescue.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
The percentage of local authorities who rate their satisfaction with the quality of information provided for monitoring events and incidents at 3 or above on a scale of 1 to 5 is no less than:	75%	81%	81%	Achieved
The percentage of alerts and warnings of events likely to lead to an emergency issued within 60 minutes after the identification of the pending event is:	100%	No alerts	No alerts	Not applicable
Community Emergency Response Teams (CERT). Number of teams established in accordance with CERT criteria:	4	4	New measure	Achieved
Template for CERT training modules developed by:	31 December 2003	Completed	New measure	Achieved
Implementation of the response and rescue plan. Stage 3 of the plan implemented by:	30 June 2004	Implemented	New measure	Achieved
Maintenance of the NEOC facility. Systems checks and tests conducted at least monthly.	Monthly	Monthly	Monthly	Achieved
National Crisis Management Centre. Structure and infrastructure changes in the NCMC implemented in accordance with the 2003/04 section of the NCMC project plan by:	30 June 2004	Implemented	New measure	Achieved
Management of Central Government response to declared civil defence emergencies. Percentage of responses managed in accordance with criteria outlined in the current National Civil Defence Plan is:	100%	100%	n/a	Achieved
Percentage of preliminary briefings provided to the Minister within 24 hours after the declaration of a civil defence emergency:	100%	100%	n/a	Achieved
Percentage of recovery processes managed in accordance with criteria and principles set out in the current National Civil Defence Plan.	100%	100%	n/a	Achieved

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Monitoring of events and incidents that have the potential to lead to Civil Defence Emergency declarations.	200 – 300	479	380	
Number of declared and non-declared civil defence emergencies requiring co-ordination and/or management of a Central Government response.	0 – 10	6	2	Waiho (Franz Josef), Ruapehu lahar, Fiordland earthquakes, Paekakariki floods, February flood event (lower North Island and Taupo/Turangi)
Number of emergency events requiring management of Central Government activity in regard to recovery support.	0 – 10	1	0	February 2004 flood event

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	1,434	1,307	1,434	1,297
Third Parties	1	0	3	0
Total Revenue	1,435	1,307	1,437	1,297
Expenses	1,419	1,308	1,436	1,288
Net Surplus/(Deficit)	16	(1)	1	9
Total Appropriation (GST Incl)	1,598	1,471	1,616	1,450

Vote: Internal Affairs

D1 – Policy Advice – Internal Affairs

Description

This output class involves the provision of:

- Policy advice and information on matters relating to gaming, censorship, fire and identity; and the performance of, and appointments to, Crown entities and statutory bodies. Policy advice also involves preparation of Ministerial briefings and speech notes and the provision of support for the Minister of Internal Affairs as required in Cabinet committees, select committees and Parliament.
- Draft replies to Ministerial correspondence, Official Information Act 1982 requests, Ombudsman's enquiries, and parliamentary questions, addressed to the Minister of Internal Affairs or referred from other Ministers.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Policy advice will be delivered according to the policy work programme (and any subsequent amendments) as negotiated between the Minister of Internal Affairs and the Chief Executive.	100%	100%	100%	Achieved
Policy advice delivered in accordance with agreed policy quality criteria.	100%	100%	100%	Achieved
Ministerial satisfaction with the quality of policy advice will be gauged through regular feedback from the Minister to the Chief Executive. ⁷		The Minister has described the Department's work as good to very good.	3.5	Achieved
Policy advice is delivered according to the timeframes agreed.	100%	100%	100%	Achieved
Percentage of first versions of replies to Ministerial correspondence, Official Information Act requests, Ombudsman's enquiries and parliamentary questions accepted by the Minister.	95%	99.9%	100%	Achieved
Percentage of draft responses to Ministerial correspondence returned to the Minister's office for signature, within 15 working days of receipt from the Minister's office or such other deadlines as may be specifically agreed.	95%	99.9%	99.6%	Achieved
Percentage of draft responses to Official Information Act requests and Ombudsman's enquiries returned to the Minister's office for signature five days prior to the statutory deadline for reply.	100%	100%	88.5%	Achieved

⁷ In 2002/03 Ministerial satisfaction was rated on a 5-point scale. During 2003/04 qualitative feedback has been sought from the Minister of Internal Affairs.

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Percentage of draft replies to parliamentary questions completed within the timeframes specified by the Minister.	100%	100%	100%	Achieved

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	500-700	685	1,279	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	5,019	2,375	5,019	3,189
Third Parties	4	0	4	1
Total Revenue	5,023	2,375	5,023	3,190
Expenses	4,217	2,375	5,024	3,139
Net Surplus/(Deficit)	806	0	(1)	51
Total Appropriation (GST Incl)	4,845	2,672	5,652	3,538

D2 – Information and Advisory Services

Description

This output class involves:

- Delivery of the New Zealand Gazette and the authentication of official documents.
- Information, advisory and support services to Commissions of Inquiry when warranted.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Number of complaints concerning typesetting errors where published text is inconsistent with text supplied by client. On average no more than 1 complaint per month.	1 complaint per month	7 complaints in 12 months	6 complaints in 12 months	Achieved
Percentage of Principal & Customs editions available at retail outlets by the applicable deadline.	100%	100%	100%	Achieved
Commissioners' rating of the quality of services provided is 3 or above on a scale of 1 to 5	3	4.5	n/a	Achieved
Commissioners' rating of the timeliness of services provided is 3 or above on a scale of 1 to 5	3	5	n/a	Achieved

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Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of editions of the New Zealand Gazette published:	100	103	103	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	1,212	26	1,212	26
Third Parties	1,590	1,474	1,540	1,579
Total Revenue	2,802	1,500	2,752	1,605
Expenses	2,303	1,499	2,849	1,537
Net Surplus/(Deficit)	499	1	(97)	68
Total Appropriation (GST Incl)	2,653	1,687	3,193	1,738

D3 – Gaming and Censorship Regulatory Services

Description

This output class involves the provision of a range of services aimed at encouraging and enforcing compliance with censorship and gaming legislation and regulations, maximising the returns to the community from gambling and ensuring the social and economic harm from gambling is minimised. The four objectives in this output class are to:

- increase compliance in the gaming sector
- increase the return to the community from non-casino gaming machine operations
- contribute effectively to strategies to prevent and minimise harm
- increase compliance with censorship laws.

This is achieved through a range of activities including:

- issuing licences to operators involved in the higher risk forms of gambling
- auditing of all casinos and gaming sector organisations containing gaming machines to assess compliance with an emphasis on high risk organisations, operators and activities
- investigating possible breaches of the gaming legislation and taking enforcement action against those who breach the legislation
- responding to public enquiries and providing education, advice and information to gamblers and to operators to encourage voluntary compliance
- investigating possible breaches of the censorship legislation and taking enforcement action against those who breach the legislation
- responding to public enquiries and providing education, advice and information regarding censorship laws to minimise harm to the community and encourage voluntary compliance
- policy advice on the gaming licensing regulatory regime and associated fees, and monitoring the operation of the Casino Control Authority.
- provision of services to the Gambling Commission (these functions are carried out entirely separately to the Department's gambling related policy and operational functions, to underpin the independence of the Gambling Commission).

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Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Increase Compliance in the Gaming Sector				
Benchmark information will be gathered on the extent of non-compliance by gaming sector organisations in 2003/04.		Completed	New measure	Achieved
All non-compliant practices identified during audit processes or via complaints will be acted on in accordance with Gaming and Censorship Regulation's Enforcement Policy during the audit or within 3 months (75%) or 12 months (25%) of the completion of the audit/receipt of the complaint.	75% within 3 months 25% within 12 months	99.6% within 3 months 0.4% within 12 months	New measure	Achieved
A survey of gaming sector organisations and operators will show 50% are satisfied or very satisfied with how information services provided by the Department support their ability to comply with relevant laws, conditions and rules.	50%	93%	New measure	Achieved
Respond to 90% of requests for advice and information within 10 days and the balance within 20 days.	90% within 10 days 10% within 20 days	75% within 10 days 13% within 20 days	New measure	Not achieved. 12% of requests were responded to after 20 days, due to the large number of requests received on the Gambling Act

Results Information Increase Compliance in the Gaming Sector	Standard	2003/04 Actual	2002/03 Actual	Comment
The Gambling Commission's satisfaction with the services provided by the secretariat is 3 or above on a scale of 1 to 5.	3	4.3	New measure	Achieved

Results Information Increase Compliance with Censorship Laws	Standard	2003/04 Actual	2002/03 Actual	Comment
The number of instances of non-compliance (excluding internet related non-compliance) with censorship laws will be no greater than 15%.	No greater than 15%	12%	New measure	Achieved
All non-compliant practices identified during inspection processes or as a result of complaints will be dealt with during the inspection or within 3 months (75%) or 12 months (25%) of the completion of the inspection, in accordance with Censorship's Enforcement Policy.	75% within 3 months 25% within 12 months	81% within 3 months 19% within 12 months	New measure	Achieved
No more than 2 censorship prosecution cases dismissed where prima facie case is not established.	No more than 2 cases	No cases	No cases	Achieved. No cases were dismissed
No more than 2 censorship prosecution cases that receive adverse judicial comments on preceding investigation process.	No more than 2 cases	No cases	1 case	Achieved. No cases received adverse judicial comments

Results Information Increase the return to the Community from non-casino gaming machine operations	Standard	2003/04 Actual	2002/03 Actual	Comment
Benchmark information will be gathered on the percentage of return to the community from non-casino gaming machine operations to enable the development of measures supporting an increased return to the community in out years.		Completed	New measure	Achieved

Results Information Contribute effectively to strategies to prevent and minimise harm	Standard	2003/04 Actual	2002/03 Actual	Comment
Feedback from the Ministry of Health will indicate that gaming sector regulatory activities carried out by the Department have met those specified in the Memorandum of Understanding and have made a positive impact when assessing problem gambling indicators.		Not measured	New measure	See footnote ⁹

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Percentage of gaming machine societies audited.	20 – 50%	47%	64%	
Number of other gaming and casino audits.	119	102	57	
Number of casino investigations.	316 - 416	241	394	
Number of formal presentation and educative site visits to the gaming sector.	200	581	303	
Number of inspections at outlets for publications/videos/films and on the internet.	1,200	1,356	2,068	

⁹ The measure was included this year in anticipation of the Ministry's strategy for the prevention and minimisation of harm being sufficiently far advanced to enable the development of an MOU. This has not been possible; however the Department is developing a working relationship with the Ministry outside of an MOU framework.

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Respond to censorship complaints for publications/videos/films and for use of the internet (including proactive detection).	250	514		New measure
Censorship prosecutions completed.	15 - 30	28		New measure

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	1,450	1,382	1,450	1,378
Third Parties	9,602	9,221	9,664	9,390
Total Revenue	11,052	10,603	11,114	10,768
Expenses	13,691	11,226	15,044	10,549
Net Surplus/(Deficit)	(2,639)	(623)	(3,930)	219
Total Appropriation (GST Incl)	15,073	12,551	16,433	11,895

D4 – Identity Services

Description

This output class involves the provision of identity products and information about the services, entitlements and obligations arising from the Citizenship Act 1977, the Passport Act 1992 and the Births, Deaths and Marriages Registration Act 1995 including:

- assessment of applications for and issuing of New Zealand passports and other travel documents
- assessment of applications for grant of citizenship
- registration and confirmation of citizenship
- registration of births, deaths and marriages
- issuing certificates and providing information and services relating to births, deaths and marriages
- maintenance of associated national records relating to passports, citizenship, births, deaths and marriages.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Percentage of applications for grant of citizenship recommended to the Minister within 4 months of receipt of a completed application.	80%	92.7%	92.9%	Achieved
Percentage of applications for registration of citizenship, not involving adoption, processed within 20 working days of receiving a completed application.	95%	100%	100%	Achieved
Percentage of certificates of citizenship status issued within 20 working days of receiving a completed application.	95%	100%	100%	Achieved
Percentage of passports, certificates and other identity documents issued without error.	99%	99.8%	99.8%	Achieved
Percentage of birth, death and marriage information registered without error.	99%	99.8%	99.8%	Achieved
Percentage of passports issued within 10 working days for standard passports and 3 working days for urgent passports from date of receipt of a completed application.	99%	99.9%	99.9%	Achieved
Percentage of births, deaths and marriages registered within 4 working days from receipt of a completed notification or application form.	95%	99.9%	99.9%	Achieved
Percentage of certificates from fully computerised registrations issued within one working day of receipt of a completed application.	99%	99.7%	100%	Achieved
Percentage of certificates from registrations that are partially computerised issued within 8 working days of receipt of a completed application.	95%	97.0%	99.9%	Achieved
Percentage of birth, death and marriage printouts issued within 8 working days of request.	95%	98.8%	99.9%	Achieved

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of applications for grant of citizenship to foreign nationals recommended to the Minister.	21,000 – 25,000	21,072	20,501	
Number of registrations of citizenship by descent for New Zealanders born abroad.	5,000 – 6,000	6,485	6,046	
Number of certificates of citizenship status issued.	3,500 – 4,000	3,729	3,546	
Number of passports and travel documents issued.	280,000 – 338,000	390,419	315,763	2003/04 actual reflects post-SARS surge in overseas travel by NZ Citizens.
Number of birth, death and marriage registrations.	100,000 – 114,000	110,910	107,555	
Number of birth, death and marriage certificates and printouts issued.	200,000 – 250,000	241,211	241,565	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	2,576	2,600	2,576	2,060
Third Parties	45,247	40,008	45,737	40,006
Total Revenue	47,823	42,608	48,313	42,066
Expenses	50,363	44,791	50,622	41,720
Net Surplus/(Deficit)	(2,540)	(2,183)	(2,309)	346
Total Appropriation (GST Incl)	56,341	50,117	56,661	46,978

D5 – Services for Ethnic Affairs

Description

This output class involves the provision of:

- Policy advice and information on matters relating to ethnic affairs. This also involves arranging meetings for the Minister to facilitate contact with ethnic communities, preparation of briefings, speech notes and support for the Minister for Ethnic Affairs, as required, in Cabinet committees, select committees and Parliament.
- Draft replies to Ministerial correspondence, Official Information Act 1982 requests, Ombudsman's enquiries, and parliamentary questions, addressed to the Minister for Ethnic Affairs or referred from other Ministers.
- Advisory and information services to ethnic communities and the provision of public information to raise the level of knowledge about ethnic communities and their contribution to New Zealand.
- Management of the contract for the telephone interpreting service pilot (Language Line).

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Policy advice will be delivered according to the policy work programme (and any subsequent amendments) as negotiated between the Minister for Ethnic Affairs and the Chief Executive.	100%	100%	100%	Achieved
Policy advice delivered in accordance with agreed policy quality criteria.	100%	100%	100%	Achieved
Ministerial satisfaction with the quality of ethnic affairs policy advice will be gauged through regular feedback from the Minister to the Chief Executive. ¹⁰		The Minister has described the work of the Office of Ethnic Affairs as satisfactory.	3.5	Achieved
Policy advice is delivered according to the timeframes agreed.	100%	100%	100%	Achieved
Percentage of first versions of replies to Ministerial correspondence, Official Information Act requests, Ombudsman's enquiries and parliamentary questions accepted by the Minister.	95%	100%	100%	Achieved
Percentage of draft responses to Ministerial correspondence returned to the Minister's office for signature, within 15 working days of receipt from the Minister's office or such other deadlines as may be specifically agreed.	95%	100%	100%	Achieved
Percentage of draft responses to Official Information Act requests and Ombudsman's enquiries returned to the Minister's office for signature five days prior to the statutory deadline for reply.	100%	100%	100%	Achieved
Percentage of draft replies to parliamentary questions completed within the timeframes specified by the Minister.	100%	100%	100%	Achieved
Percentage of requests for written advice answered within 10 working days or according to the timeframes agreed with the correspondent.	95%	100%	100%	Achieved

¹⁰ In 2002/03 Ministerial satisfaction was rated on a 5-point scale. From 2003/04 qualitative feedback has been sought from the Minister for Ethnic Affairs.

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Feedback from key stakeholders to assess the quality and effectiveness of the advisory services to ethnic communities.		Feedback received	New measure	Feedback confirmed stakeholder satisfaction with advisory services

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	30 - 90	36	37	
Number of requests from ethnic communities for information or advice.	2,000 – 3,000	3,785	3,241	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	1,895	1,374	1,895	1,414
Third Parties	64	62	63	0
Total Revenue	1,959	1,436	1,958	1,414
Expenses	1,848	1,436	1,959	1,290
Net Surplus/(Deficit)	111	0	(1)	124
Total Appropriation (GST Incl)	2,093	1,616	2,204	1,467

D6 – Weathertight Homes Resolution Service

Description

The principal objective of the Weathertight Homes Resolution Services Act 2002 is to provide owners of dwellinghouses that are leaky buildings with access to speedy, flexible and cost-effective procedures for assessment and resolution of claims relating to those buildings.

The Weathertight Homes Resolution Service (WHRS), established in December 2002, undertakes two functions:

- *A dispute resolution process* for homeowners whose homes are affected by the leaky building “syndrome”. This dispute resolution process is an alternative to legal action through the court system. The Service assesses eligibility of claims under identified criteria, and provides for an independent assessment of the specific technical issues of each case, including remedial measures.

The Service provides a voluntary mediation facility through which affected parties can express their perspectives and potentially agree on a binding settlement acceptable to them all.

Where mediation is not the preferred option of the parties, or where a successful resolution is not achieved, the Service provides the option of an adjudication process. The adjudication service includes provision for compulsory involvement and for enforceable determinations by an adjudicator appointed by the Crown.

- *An advisory service* which provides information to the general public in relation to aspects of the building industry and building practice relevant to leaky building “syndrome”, and the range of dispute resolution options available to individual parties to deal with the problem.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Surveyed claimants are satisfied with processes of assessment and reporting services provided by the WHRS.	80% or more	87%	New measure	Achieved
Percentage of Assessors' reports that do not require substantive follow-up work after review by a WHRS Technical Advisor or Case Manager.	90% or more	97%	New measure	Achieved
Acknowledgement, and accurate and timely information and advice is provided to applicants within 5 working days of receipt of their applications to the WHRS.	100%	100%	New measure	Achieved
Assessments of the homeowner's property are undertaken as quickly as possible but in any event, within 9 months of receipt of their application.	100%	88%	New measure	Not achieved, due to the limited availability of assessor resource combined with the high number of applications received.
Percentage of mediation cases resulting in binding settlements.	65% or more	93%	New measure	Achieved
Percentage of mediation cases completed within 60 working days of completion of Assessor's report.	75% or more	0%	New measure	Standard amended during the year. See footnote ¹¹

¹¹ This measure was amended during the year in the Department's Output Plan 2003/04 to read "90% or more of mediation cases completed within 100 working days from the agreement of all parties to go to mediation", as a more robust specification of those aspects of the mediation process that are within the WHRS ability to control, and a more accurate reflection of the time to complete mediation, once all parties have agreed to proceed. Actual performance against the revised standard was 87%.

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Percentage of hearings completed within 35 working days of the last written response from respondents to the adjudication claim (other than where further time has been agreed by the parties) [s.40(1) of the WHRS Act 2002].	100%	100%	New measure	Achieved

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Estimated number of applications received.	1,250	901	New measure	
Estimated number of assessments completed.	1,250	748	New measure	See footnote ¹²
Number of mediation cases completed.	1,100	85	New measure	See footnote ¹³

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	11,717	6,666	11,717	5,044
Third Parties	72	0	54	11
Total Revenue	11,789	6,666	11,771	5,055
Expenses	9,494	6,667	11,771	2,669
Net Surplus/(Deficit)	2,295	(1)	0	2,386
Total Appropriation (GST Incl)	10,968	7,500	13,243	3,301

¹² This measure was revised during the year in the Department's Output Plan 2003/04, from 1,250 to 380, to reflect the level of assessor resource available to WHRS.

¹³ This measure was revised in the Department's Output Plan 2003/04, from 1,100 to 72, to more accurately reflect the time taken to facilitate mediation from assessment to settlement.

D7 – Contestable Services

Description

This output class involves the provision of services to both government and non-government agencies, which may be provided by other organisations and are therefore contestable services. These services include translation and other foreign language services to Ministers and third parties and administrative support services provided to other government departments.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
The percentage of respondents to a customer survey who rate their satisfaction with the quality of translation services at 3 or above on a scale of 1 to 5 is no less than:	80%	100%	97%	Achieved
Percentage of translations meeting timeframes agreed with customers.	98%	99%	99.7%	Achieved

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	0	0	0	0
Third Parties	1,209	1,049	1,223	949
Total Revenue	1,209	1,049	1,223	949
Expenses	1,204	1,049	1,223	940
Net Surplus/(Deficit)	5	0	0	9
Total Appropriation (GST Incl)	1,355	1,180	1,376	1,059

Vote: Local Government

D1 – Policy Advice – Local Government

Description

This output class involves the provision of:

- Policy advice and information on local government issues. It also involves monitoring the local government system, preparation of briefings and speech notes and the provision of support for the Minister of Local Government as required in Cabinet committees, select committees, and in Parliament.
- Draft replies to Ministerial correspondence, including Official Information Act 1982 requests, Ombudsman's enquiries, and parliamentary questions addressed to the Minister of Local Government or referred from other Ministers.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Policy advice will be delivered according to the policy work programme (and any subsequent amendments) as negotiated between the Minister of Local Government and the Chief Executive.	100%	100%	100%	Achieved
Policy advice delivered in accordance with agreed policy quality criteria.	100%	100%	100%	Achieved
Ministerial satisfaction with the quality of policy advice will be gauged through regular feedback from the Minister to the Chief Executive. ¹⁴		The Minister has described the Department's work as very good.	3.5	Achieved
Policy advice is delivered according to the timeframes agreed.	100%	100%	100%	Achieved
Percentage of first versions of replies to Ministerial correspondence, Official Information Act requests, Ombudsman's enquiries and parliamentary questions accepted by the Minister.	95%	99.1%	100%	Achieved
Percentage of draft responses to Ministerial correspondence returned to the Minister's office for signature, within 15 working days of receipt from the Minister's office or such other deadlines as may be specifically agreed.	95%	98.9%	99.4%	Achieved
Percentage of draft responses to Official Information Act requests and Ombudsman's enquiries returned to the Minister's office for signature five days prior to the statutory deadline for reply.	100%	94.4%	57.1%	Not achieved. One Official Information Act response was returned late to the Minister's office.
Percentage of draft replies to parliamentary questions completed within the timeframes specified by the Minister.	100%	100%	100%	Achieved

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¹⁴ In 2002/03 Ministerial satisfaction was rated on a 5-point scale. From 2003/04 qualitative feedback has been sought from the Minister of Local Government.

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	500 – 1,000	929	1,016	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	3,449	2,411	3,449	2,291
Third Parties	2	0	3	0
Total Revenue	3,451	2,411	3,452	2,291
Expenses	3,146	2,412	3,452	2,251
Net Surplus/(Deficit)	305	(1)	0	40
Total Appropriation (GST Incl)	3,577	2,713	3,884	2,537

D2 – Information, Support and Regulatory Services – Local Government

Description

This output class involves the provision of:

- Advisory and support services to the Local Government Commission, including advice on proposals received, advice on appeals against representation reviews, preparation of representation guidelines and accountability documentation, and administrative services.
- Administration of the Local Government Act (2002) and other statutes, including advice to the Minister of Local Government on local government boundaries and reorganisation schemes, on approval of sales of endowment land and other statutory approvals, administration of the Rates Rebates Scheme and of various offshore islands, public information relating to the Local Government Law Reform programme, and servicing of ministerial review authorities when required.
- Administration of the Local Electoral Act (2001), including the approval of voting documents, the appointment of a certifier of the Single Transferable Vote (STV) computer programme(s), the 'licensing' of the STV calculator, the collection and publication of local government election statistics, and the provision of public information in relation to the local electoral systems.
- Regulatory and boating services for Lake Taupo, including the provision of the Harbourmaster for Lake Taupo and management of the Lake Taupo Landing Reserve.

Performance Information

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Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Local Government Commission's satisfaction with the quality of advice and support services will be surveyed annually. On a scale of 1 to 5 the rating is no less than:	3	4	5	Achieved
Local Government Commission decisions are dispatched to parties within 10 working days of decision, or to such other timetable as instructed by the Commission.	100%	100%	New measure	Achieved
Release of certified STV calculator to relevant local authorities with appropriate support systems by:	30 September 2003	STV calculator released 30 September 2003	New measure	Achieved
All rates rebates claims will be processed accurately.	100%	100%	New measure	Achieved
Percentage of claims for rates rebates processed within 20 working days.	98%	100%	100%	Achieved
Percentage of requests for information from the public responded to within 15 working days.	95%	100%	100%	Achieved
All responses to requests for information from the public will be easy to comprehend and 100% accurate.	100%	100%	New measure	Achieved
All boating facilities will be maintained to an appropriate level of safety and usability.			New measure	Achieved

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Percentage of respondents to a survey of key stakeholders who rate their satisfaction with the quality of regulatory services at 3 or above on a scale of 1 to 5.	75%	100%	New measure	Achieved
The number of prosecutions taken under the Lake Taupo Regulations or Water Recreation Regulations dismissed where prima facie case is not established. A maximum of:	2 cases	No cases	New measure	Achieved. No cases were dismissed.
Landing Reserve is managed in accordance with a Reserve Management Plan approved by the Ministers of Local Government and Conservation.			New measure	Achieved
The Harbourmaster will implement a programme of facilities inspections and maintenance in accordance with an agreed programme and standards.			New measure	Achieved
Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Estimated number of requests for information from the public.	100 – 500	383	New measure	
Estimated number of rates rebates claims received for processing.	4,000 – 5,000	3,529	New measure	This activity is demand driven

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	3,090	2,650	3,090	2,011
Third Parties	306	282	363	361
Total Revenue	3,396	2,932	3,453	2,372
Expenses	2,692	2,932	3,453	2,370
Net Surplus/(Deficit)	704	0	0	2
Total Appropriation (GST Incl)	3,117	3,299	3,885	2,667

Vote: Ministerial Services

D1 – Support Services to Ministers

Description

This output class involves the provision of:

- A range of support services for Ministers, including administration, accounting, personnel, information technology, facilities management, media and advisory services.
- Services relating to the management of residential accommodation provided for Ministers of the Crown. This includes owned and leased property.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
The percentage of Ministers responding to the annual satisfaction survey who rate their satisfaction with the quality of support services provided at 3 or above on a scale of 1 to 5 is no less than:	75%	100%	100%	Achieved
The percentage of Ministers responding to the annual satisfaction survey who rate their satisfaction with the timeliness of services provided to them at 3 or above on a scale of 1 to 5 is no less than:	75%	100%	100%	Achieved
The Minister Responsible for Ministerial Services will be invited to indicate the level of satisfaction with the administration of support services provided to the Executive. On a scale of 1 to 5 the rating is no less than:	3	5	New measure	Achieved

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Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	21,938	21,881	21,938	21,751
Third Parties	16	50	80	29
Revaluation Gain	0	0	0	0
Total Revenue	21,954	21,931	22,018	21,780
Expenses	20,352	21,931	22,018	20,702
Net Surplus/(Deficit)	1,602	0	0	1,078
Total Appropriation (GST Incl)	23,096	24,672	24,770	23,425

D2 – Visits and Official Events Co-ordination

Description

This output class involves the provision of services relating to visits by guests of Government, reception services at international airports for the Governor-General, Ministers, and guests of Government, State and Ministerial functions, commemorative events and national anniversaries.

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Percentage of visit programme content and logistics arranged to reflect visit objectives.	100%	100%	100%	Achieved
The percentage of Ministers who rate their satisfaction with the quality of arrangements for Ministerial and State functions at 3 or above on a scale of 1 to 5 is no less than: (Only Ministers sponsoring Ministerial and State Functions are surveyed).	75%	100%	100%	Achieved
The percentage of Ministers who rate their satisfaction with the co-ordination and management of official events at 3 or above on a scale of 1 to 5 is no less than: (Only Ministers with responsibility for hosting events are surveyed).	75%	100%	100%	Achieved

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Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	2,391	1,857	2,391	1,957
Third Parties	4	5	6	3
Total Revenue	2,395	1,862	2,397	1,960
Expenses	2,389	1,862	2,397	1,942
Net Surplus/(Deficit)	6	0	0	18
Total Appropriation (GST Incl)	2,688	2,095	2,697	2,187

D3 – VIP Transport

Description

This output class involves the provision of chauffeur-driven vehicle services principally for Ministers, the Leader of the Opposition, former Prime Ministers and their spouses, former Governors-General and their spouses, the Judiciary and distinguished visitors and the provision of self-drive vehicles, principally for Ministers

Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
The maximum number of customer complaints received regarding quality and timeliness of transport services is no more than one complaint for every 1,500 chauffeur drive vehicle hires.	1 per 1,500	0.2 per 1,500	0.3 per 1,500	Achieved. 3 complaints were received in 28,160 hires.
The percentage of Ministers who rate their satisfaction with the transport services provided to them at 3 or above on a scale of 1 to 5 is no less than:	75%	100%	100%	Achieved

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Revenue Crown	0	0	0	0
Revenue Third Parties	5,737	5,565	5,666	5,323
Total Revenue	5,737	5,565	5,666	5,323
Expenses	5,640	5,565	5,667	5,312
Net Surplus/(Deficit)	97	0	(1)	11
Total Appropriation (GST Incl)	6,357	6,261	6,375	5,977

Vote: Racing

D1 – Policy Advice – Racing

Description

This output class involves the provision of:

- advice and information on matters relating to race and sports betting and on the racing industry generally. Policy advice also involves preparation of briefings and speech notes and the provision of support for the Minister for Racing as required in Cabinet committees, select committees and Parliament.
- draft replies to Ministerial correspondence, Official Information Act 1982 requests, Ombudsman's enquiries, and parliamentary questions addressed to the Minister for Racing or referred from other Ministers.

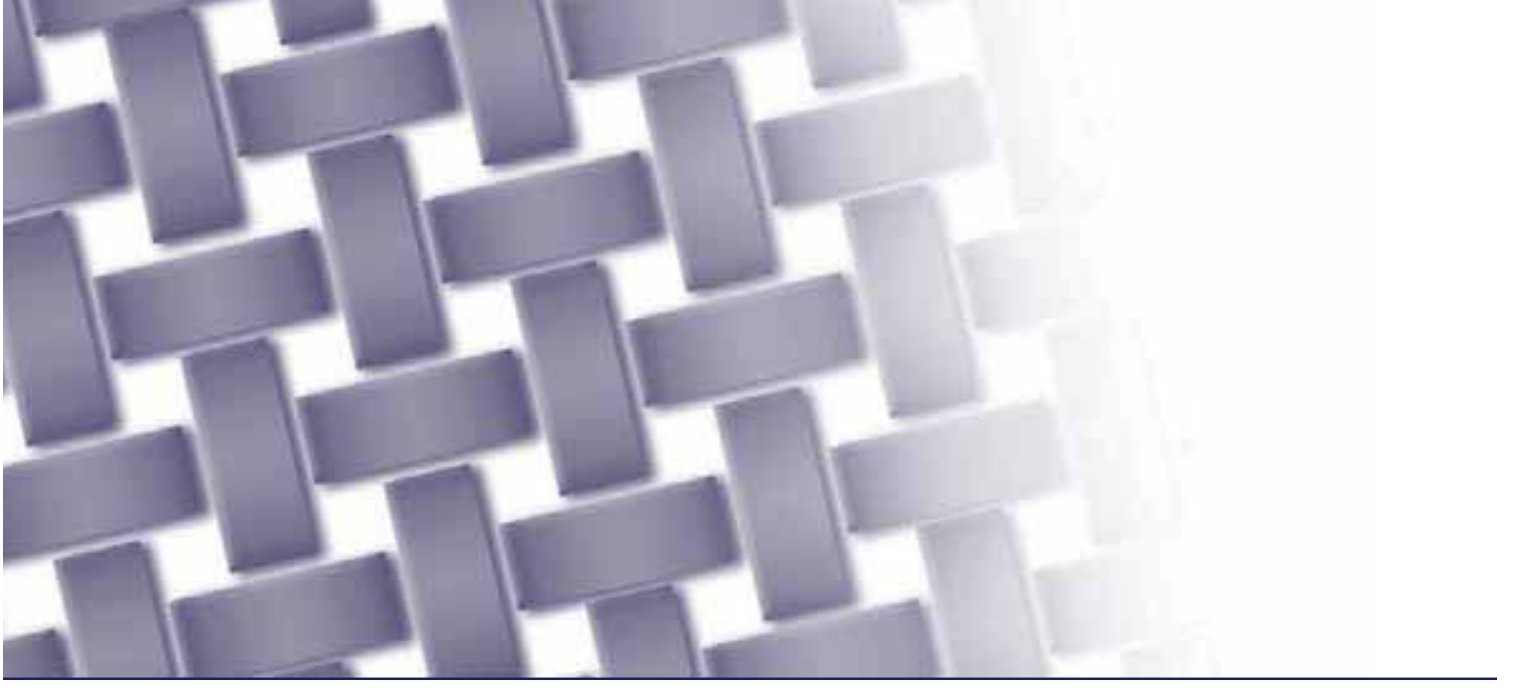
Performance Information

Results Information	Standard	2003/04 Actual	2002/03 Actual	Comment
Policy advice will be delivered according to the policy work programme (and any subsequent amendments) as negotiated between the Minister for Racing and the Chief Executive.	100%	100%	100%	Achieved
Policy advice delivered in accordance with agreed policy quality criteria.	100%	100%	100%	Achieved
Ministerial satisfaction with the quality of Racing policy advice is 3 or above on a scale of 1 to 5.	3	4.5	4	Achieved
Policy advice is delivered according to the timeframes agreed.	100%	100%	100%	Achieved
Percentage of first versions of replies to Ministerial correspondence, Official Information Act requests, Ombudsman's enquiries and parliamentary questions accepted by the Minister.	95%	100%	100%	Achieved
Percentage of draft responses to Ministerial correspondence returned to the Minister's office for signature, within 15 working days of receipt from the Minister's office or such other deadlines as may be specifically agreed.	95%	100%	100%	Achieved
Percentage of draft responses to Official Information Act requests and Ombudsman's enquiries returned to the Minister's office for signature five days prior to the statutory deadline for reply.	100%	100%	100%	Achieved
Percentage of draft replies to parliamentary questions completed within the timeframes specified by the Minister.	100%	100%	100%	Achieved

Activity Information	Estimated Volume	2003/04 Actual	2002/03 Actual	Comment
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions	50 – 100	25	70	

Revenue and Expenses

	ACTUAL 2003/04 GST Excl \$000	MAIN ESTIMATES 2003/04 GST Excl \$000	SUPP ESTIMATES 2003/04 GST Excl \$000	ACTUAL 2002/03 GST Excl \$000
Revenue				
Crown	190	190	190	190
Third Parties	0	0	0	0
Total Revenue	190	190	190	190
Expenses	176	190	190	178
Net Surplus/(Deficit)	14	0	0	12
Total Appropriation (GST Incl)	200	214	214	202



PART FIVE:

FINANCIAL INFORMATION



Accounting Policies

Statement of Accounting Policies

For the year ended 30 June 2004

Reporting Entity

The Department of Internal Affairs is a Government Department as defined by section 2 of the Public Finance Act 1989.

These are the financial statements of the Department of Internal Affairs prepared pursuant to Section 35 of the Public Finance Act 1989.

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

Measurement Base

The measurement base adopted is that of historical cost, modified by the revaluation of land, buildings, antiques and works of art.

Accounting Policies

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied.

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Budget Figures

The budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates (Supp Estimates).

Revenue

The Department derives revenue through the provision of outputs to the Crown, and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Taxpayers' Funds

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

Inventories

Inventories or stock holdings are stated at the lower of cost or net realisable value. Costs are determined on a first in-first out basis.

Accounts Receivable

Accounts receivable are shown at expected net realisable value after making allowance for doubtful debts.

Property, Plant and Equipment

Land and buildings are recorded at fair value which has been determined by reference to the highest and best use of those assets, with buildings subsequently depreciated over their useful lives. Valuations are undertaken on a systematic basis with sufficient regularity to ensure that no individual item of property, plant or equipment within a class is included at a valuation that is materially different from its fair value at a minimum, every five years. Antiques and works of art are recorded at fair value and are not depreciated. All other fixed assets costing more than \$3,000 are capitalised at cost and subsequently depreciated over their useful lives. Capital work in progress is recognised as costs are incurred. Depreciation is not recorded until the asset is fully acceptance tested and operational.

Depreciation

Depreciation is charged on all fixed assets except land, antiques and works of art and capital work in progress. Assets are depreciated on a straight-line basis over the estimated useful life after allowing for residual values where appropriate. Revalued assets are depreciated on their revalued amount on a straight-line basis over their estimated useful life.

The estimated useful life of the buildings have been estimated to be 33 years, plant and equipment 5-20 years, furniture and fittings 5-10 years, office equipment 5-10 years, motor vehicles 2-6 years, and IT equipment and software 3-5 years. The estimated useful life of the Births, Deaths and Marriages Historical Records Database is 10 years.

The cost of leasehold improvements is capitalised and amortised over the unexpired period of the lease, or the estimated remaining useful life of the improvements, whichever is the shorter.

Capital work in progress is not depreciated. The total cost of the capital project is transferred to the appropriate asset on its completion and then depreciated.

Leases

The Department leases accommodation, motor vehicles, and office equipment.

Operating Leases

The accommodation and motor vehicle leases are operating leases where the lessor effectively retains substantial risks and benefits of ownership of the leased items. Operating lease costs are expensed in the period in which they are incurred.

Finance leases

Leases, which effectively transfer to the Department substantially the entire risks and benefits incident to ownership of the leased items, are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and the corresponding lease liabilities are recognised in the statement of financial position. The leased assets and leased liabilities depreciate over the period the Department is expected to benefit from their use. Office equipment leases are identified as finance leases.

Employee Entitlements

Employee entitlements are recognised for annual leave at the time of entitlement based on current rates of pay. Retirement and long service leave are recognised on an actuarial basis according to entitlement based on service to date after making allowance for the average attrition rate.

Cost Allocation

The methods used in the allocation of costs are consistent between projected (budgeted) and actual figures. Costs of outputs are derived using the following cost allocation system:

“Direct Costs” are those costs directly attributed to an output and are treated as follows:

- personnel costs are allocated on the basis of estimated time engaged in the delivery of a particular output
- operating costs are allocated on the basis of usage
- depreciation and capital charge are allocated on the basis of estimated asset utilisation
- accommodation costs are allocated on the basis of floor space occupied.

“Indirect Costs” are those costs incurred by support units that are not directly attributable to an output. Indirect costs are allocated to outputs on an activity-costing basis reflecting a mix of perceived benefit, personnel numbers, floor space and estimated allocation of time.

For the year ended 30 June 2004, direct costs accounted for 85% of the Department’s costs (2002/03 81%). Direct costs include personnel, operating, capital charge, accommodation and depreciation.

Taxation

The Department is exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided. The Department is subject to fringe benefit tax (FBT), and goods and services tax (GST). It administers pay as you earn tax (PAYE).

Commitments

Operating and capital commitments arising from non-cancellable contractual or statutory obligations are disclosed within the Statement of Commitments to the extent that both parties have not performed their obligations.

Contingent Assets and Liabilities

Contingent assets and liabilities are disclosed at the time at which the contingency becomes evident. These are disclosed in the Statement of Contingent Assets and Liabilities.

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Goods and Services Tax (GST)

The Statement of Appropriations is GST inclusive. The Statement of Financial Position is exclusive of GST, except for creditors and payables and debtors and receivables which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to or from Inland Revenue at balance date is included in accounts receivable or payable (as appropriate).

Financial Instruments

The Department is party to financial instrument arrangements as part of its daily operations. These include bank, accounts receivable, accounts payable and provisions, accrued expenses and foreign currency. Financial instruments are recognised in the Statement of Financial Position, except for foreign exchange contracts.

All revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Foreign Currency Transactions

Foreign exchange contracts are entered into for the primary purpose of reducing material exposure to fluctuations in foreign currency exchange rates. The rates specified in foreign exchange contracts are used to convert the transaction into New Zealand currency at the date of settlement. No exchange gains or losses resulting from the difference between the foreign exchange contract rate and the spot exchange rate on dates of settlement are recognised. Unhedged transactions in foreign currencies are converted into New Zealand currency using the exchange rate on the date of the transaction.

Monetary assets denominated in a foreign currency are translated to New Zealand dollars at the closing mid-point exchange rate.

Unrealised foreign exchange gains and losses on overseas cash balances are recognised at balance date in the Statement of Financial Performance.

Changes in Accounting Policies

There have been no changes in accounting policies since the last audited financial statements. The accounting policies have been applied on a basis consistent with the previous year.

Financial Performance

Statement of Financial Performance

For the year ended 30 June 2004

	Note	Actual	Main	Supp	Actual
	18a	2003/04 \$000	Estimates 2003/04 \$000	Estimates 2003/04 \$000	2002/03 \$000
Revenue					
Crown		68,787	57,127	68,787	53,359
Third Parties	1	70,347	65,241	71,428	64,762
Revaluation Gain	15	728	0	0	0
Total Revenue		139,862	122,368	140,215	118,121
Expenses					
Personnel		74,716	60,819	77,761	62,141
Operating	2	57,502	57,659	62,399	46,071
Depreciation	3	3,863	4,374	4,071	3,474
Capital Charge	4	2,321	2,323	2,321	1,976
Total Operating Expenses		138,402	125,175	146,552	113,662
Net Surplus/(Deficit)		1,460	(2,807)	(6,337)	4,459

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The above statement is to be read in conjunction with the notes on pages 107 to 119.

Financial Position

Statement of Financial Position

As at 30 June 2004

	Note	Actual 2003/04 \$000	Main Estimates 2003/04 \$000	Supp. Estimates 2003/04 \$000	Actual 2002/03 \$000
Assets					
<i>Current Assets</i>					
Cash and Bank Balances	5	25,335	10,128	8,339	26,087
Accounts Receivable	6	1,911	1,162	1,873	1,752
Inventories	7	1,531	1,776	2,157	1,848
Prepayments		192	72	21	294
Total Current Assets		28,969	13,138	12,390	29,981
<i>Non Current Assets</i>					
Leased Assets	8	565	0	0	0
Property, Plant and Equipment		25,121	25,488	25,797	20,011
Total Non Current Assets		25,686	25,488	25,797	20,011
Total Assets		54,655	38,626	38,187	49,992
Liabilities and Taxpayers' Funds					
<i>Current Liabilities</i>					
Accounts Payable	10	6,039	2,040	4,018	5,122
Provisions	11	1,382	1,144	1,056	1,056
Revenue Received in Advance		6,408	2,399	4,336	2,620
Accrued Expenses	12	10,067	7,925	7,122	8,745
Finance Leases	9	322	0	0	0
Provision for Payment of Surplus	13 (a)	870	0	0	4,459
Total Current Liabilities		25,088	13,508	16,532	22,002
<i>Term Liabilities</i>					
Finance Leases	9	243	0	0	0
Employee Entitlements	14	782	621	688	688
Total Term Liabilities		1,025	621	688	688
Total Liabilities		26,113	14,129	17,220	22,690
<i>Taxpayers' Funds</i>					
General Funds	15	27,774	24,239	20,709	27,044
Revaluation Reserve		768	258	258	258
Total Taxpayers' Funds		28,542	24,497	20,967	27,302
Total Liabilities and Taxpayers' Funds		54,655	38,626	38,187	49,992

The above statement is to be read in conjunction with the notes on pages 107 to 119.

Cash Flows

Statement of Cash Flows

For the year ended 30 June 2004

Note	Actual 2003/04 \$000	Main Estimates 2003/04 \$000	Supp Estimates 2003/04 \$000	Actual 2002/03 \$000
	Cash Flows from Operating Activities			
	<i>Cash was Provided from:</i>			
	68,787	57,127	68,787	53,359
	74,497	65,961	71,318	65,406
	143,284	123,088	140,105	118,765
	<i>Cash was Disbursed to:</i>			
	(129,781)	(120,505)	(140,904)	(107,201)
	(2,321)	(2,323)	(2,321)	(1,976)
	(132,102)	(122,828)	(143,225)	(109,177)
	11,182	260	(3,120)	9,588
	Cash Flows from Investing Activities			
	<i>Cash was Provided from:</i>			
	1,487	1,122	1,369	405
	<i>Cash was Disbursed to:</i>			
	(8,962)	(8,468)	(11,538)	(5,238)
	(7,475)	(7,346)	(10,169)	(4,833)
	Cash Flows from Financing Activities			
	<i>Cash was Provided from:</i>			
	0	0	0	4,055
	<i>Cash was Disbursed to:</i>			
	(4,459)	(2,060)	(4,459)	(8,974)
	(4,459)	(2,060)	(4,459)	(4,919)
	(752)	(9,146)	(17,748)	(164)
	26,087	19,274	26,087	26,251
	25,335	10,128	8,339	26,087

The above statement is to be read in conjunction with the notes on pages 107 to 119.

Net Surplus to Net Cash Flow from Operating Activities

Reconciliation of Net Surplus to Net Cash Flow from Operating Activities

For the year ended 30 June 2004

	Actual 2003/04 \$000	Main Estimates 2003/04 \$000	Supp. Estimates 2003/04 \$000	Actual 2002/03 \$000
Surplus From Statement of Financial Performance	1,460	(2,807)	(6,337)	4,459
Add/(Deduct) Non Cash Items				
Depreciation	3,863	4,374	4,071	3,474
Revaluation Gain on Properties	(728)	0	0	0
Increase/(Decrease) in Employee Entitlements	(1,256)	0	0	67
Unrealised Foreign Exchange (Gain)/Loss	0	0	0	17
	1,879	4,374	4,071	3,558
Add/(Deduct) Movements in Working Capital Items				
(Increase)/Decrease in Accounts Receivable	(159)	718	(121)	359
(Increase)/Decrease in Inventories	317	0	(309)	(181)
(Increase)/Decrease in Prepayments	102	0	273	(187)
Increase/(Decrease) in Accounts Payable	917	(696)	(1,038)	761
Increase/(Decrease) in Revenue Received in Advance	3,788	0	1,717	40
Increase /(Decrease) in Accrued Expenses	2,672	(1,329)	(1,379)	867
Increase /(Decrease) in Provisions	891	0	0	(88)
Movement in Working Capital	8,528	(1,307)	(857)	1,571
Add/(Deduct) Items Classified as Investing Activities				
Loss/(Gain) on Sale of Property, Plant and Equipment	(264)	0	3	(39)
(Increase)/Decrease in Accounts Payable for Property, Plant and Equipment	(421)	0	0	39
	(685)	0	3	0
Net Cash Flows From Operating Activities	11,182	260	(3,120)	9,588

The above statement is to be read in conjunction with the notes on pages 107 to 119.

Movements in Taxpayers' Funds

Statement of Movements in Taxpayers' Funds

For the year ended 30 June 2004

	Note	Actual 2003/04 \$000	Main Estimates 2003/04 \$000	Supp. Estimates 2003/04 \$000	Actual 2002/03 \$000
Net Surplus/(Deficit) for the year	13(a)	1,460	(2,807)	(6,337)	4,459
Net transfer from Revaluation Reserve		140	0	0	0
Increase/(decrease) in Revaluation Reserve		510	0	0	0
Total Recognised Revenue and Expenses		2,110	(2,807)	(6,337)	4,459
Capital Contribution	13(b)	0	0	0	4,055
Provision for Payment of Surplus	13(a)	(870)	0	0	(4,459)
Movement in Taxpayers' Funds for the year		1,240	(2,807)	(6,337)	4,055
Taxpayers' Funds as at 1 July		27,302	27,304	27,304	23,247
Taxpayers' Funds as at 30 June		28,542	24,497	20,967	27,302

The above statement is to be read in conjunction with the notes on pages 107 to 119.

Commitments

Statement of Commitments

As at 30 June 2004

	Actual 2003/04 \$000	Actual 2002/03 \$000
Operating Commitments		
Non-Cancellable Accommodation Leases		
Less than one year	6,167	5,478
One to two years	5,374	4,594
Two to five years	10,183	11,428
Over five years	1,404	292
Total Accommodation Commitments	23,128	21,792
Other Non-Cancellable Leases		
Less than one year	234	642
One to two years	87	512
Two to five years	3	88
Total Other Lease Commitments	324	1,242
Non-Cancellable Contracts for Goods and Services		
Less than one year	5,731	5,250
One to two years	3,090	4,213
Two to five years	13	2,135
Total Goods and Services Commitments	8,834	11,598
Total Commitments	32,286	34,632

Some leases, previously included as non-cancellable operating leases in this Statement, have been assessed as finance leases and are now recognised as a liability, refer to Note 9.

Contingent Assets and Liabilities

Statement of Contingent Assets and Liabilities

As at 30 June 2004

	Actual 2003/04 \$000	Actual 2002/03 \$000
Legal Proceedings and Disputes		
Personnel Issues	20	85
Legal Disputes	197	64
Total Contingent Liabilities	217	149

There were no Contingent Assets for the year ended 30 June 2004 or the previous financial year.

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Unappropriated Expenditure

Statement of Unappropriated Expenditure

For the year ended 30 June 2004

The Statement of Unappropriated Expenditure details the amount of expenditure incurred above appropriation.

There was no unappropriated expenditure for the year ended 30 June 2004 or the previous financial year.

Memorandum Accounts

Memorandum Accounts

For the year ended 30 June 2004

Memorandum accounts are notional accounts to record the accumulated balance of surpluses and deficits for outputs funded by fees charged to third parties. They are intended to provide a long-run perspective to the pricing of outputs.

	Closing Balance 30/06/2003 \$000	Movement During 2003/04 \$000	Closing Balance 30/06/2004 \$000
New Zealand Gazette	296	(80)	216
Use of facilities and access to Lake Taupo by boat users	(16)	41	25
Passport products	9,392	(1,988)	7,404
Citizenship products	(3,264)	(1,339)	(4,603)
Marriage products	(227)	443	216
Issue of Birth, Death and Marriage certifications and other products	(623)	332	(291)
Administration of non-casino gaming	2,143	(2,710)	(567)

This statement is to be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements. The memorandum accounts were established on 30 June 2002.

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Action Taken to Address Surpluses and Deficits

New Zealand Gazette

The cost of publishing and distributing the NZ Gazette is recovered through third party fees. The surplus generated in any year is to be offset against costs in future years. Fees will be reviewed regularly to reduce the accumulated surplus.

Use of facilities and access to Lake Taupo by boat users

The Department of Internal Affairs manages marina berths, jetties and boat ramps located about Lake Taupo. Fees are charged to third parties who use marina berths and boat ramps. Fee income is applied to recover the maintenance and administration cost of these facilities. Operating surpluses in any year will be applied in the subsequent financial year to offset maintenance that may have been deferred due to unfavourable climatic or lake condition.

Passport Products

The purpose of this account is to support a strategy to stabilise fees based on full cost recovery over a 4 to 5 year planning horizon. This strategy supports the introduction of new technologies including the replacement of the ageing passport system within that timeframe. A new reduced fees schedule was approved with effect from 1 September 2003. The new fees on the basis of forecast volumes will clear the surplus within a 2 to 3 year time frame.

Citizenship Products

The purpose of this account is to support a strategy to stabilise fees based on full cost recovery over a 4 to 5 year planning horizon. The accumulated deficit in this account reflects the period of time that citizenship fees were not based on full cost recovery and volumes lower than those used for pricing purposes. A new fees schedule was approved with effect from 1 September 2003 based on full cost recovery. The deficit in this account will be examined in the next pricing review.

Marriage Products

A new fees schedule for Marriage products was approved with effect from 1 September 2003 based on full cost recovery. The small surplus in this account reflects volume increases over levels assumed for pricing purposes. The purpose of this account is to support a strategy to stabilise fees based on full cost recovery over a 4 to 5 year planning horizon. The surplus of this account will be examined in the next pricing review.

Births, Deaths and Marriages Certificates, and other products

A new fees schedule for BDM products was approved with effect from 1 September 2003 based on full cost recovery. The small deficit in this account reflects volume decreases over levels assumed for pricing purposes. The purpose of this account is to support a strategy to stabilise fees based on full cost recovery over a 4 to 5 year planning horizon. The deficit in this account will be examined in the next pricing review.

Administration of Non-casino gaming

Fees established to recover the cost of administration and regulation of non-casino gaming are reflected in specific licence fees for differing types of gaming activity and the registration of gaming machines. A new fees schedule has recently been implemented as part of the implementation of the Responsible Gambling Act with effect from 1 July 2004. In setting the fees it was forecasted over a six year planning horizon that revenue will equate costs.

Departmental Appropriations and Expenditure

Statement of Departmental Appropriations and Expenditure For the year ended 30 June 2004

(Figures are GST inclusive)	Note	Actual 2003/04 \$000	Main Estimates 2003/04 \$000	Supp. Estimates 2003/04 \$000	Actual 2002/03 \$000
<i>Appropriations for Classes of Outputs to be supplied by the Department</i>					
Vote Internal Affairs	17a, 18d				
D1 Policy Advice- Internal Affairs		4,845	2,672	5,652	3,538
D2 Information and Advisory Services		2,653	1,687	3,193	1,738
D3 Gaming and Censorship Regulatory Services		15,073	12,551	16,433	11,895
D4 Identity Services		56,341	50,117	56,661	46,978
D5 Services relating to Ethnic Affairs		2,093	1,616	2,204	1,467
D6 Weathertight Homes Resolution Service		10,968	7,500	13,243	3,301
D7 Contestable Services		1,355	1,180	1,376	1,059
Vote Emergency Management	17b				
D1 Policy Advice - Emergency Management		781	794	784	735
D2 Support Services, Information and Education		3,842	4,067	3,859	3,290
D3 Management of National Emergency Readiness, Response and Recovery		1,598	1,471	1,616	1,450
Vote Local Government	17c, 18d				
D1 Policy Advice - Local Government		3,577	2,713	3,884	2,537
D2 Information, Support and Regulatory Services – Local Government		3,117	3,299	3,885	2,667
Vote Ministerial Services	17d, 18d				
D1 Support Services to Ministers		23,096	24,672	24,770	23,425
D2 Visits and Official Events Co-ordination		2,688	2,095	2,697	2,187
D3 VIP Transport		6,357	6,261	6,375	5,977
Vote Racing	18d				
D1 Policy Advice - Racing		200	214	214	202
Vote Community and Voluntary Sector	17e, 18d				
D1 Policy Advice - Community		765	691	826	683
D2 Administration of Grants		11,344	11,762	11,439	11,822
D3 Community Advisory Services		4,961	5,110	4,970	3,796
Total Appropriations for Classes of Outputs to be Supplied by the Department	19	155,654	140,472	164,081	128,747
Appropriations for Capital Contributions		0	0	0	4,055
Total Department Appropriations		155,654	140,472	164,081	132,802

Notes to the Financial Statements

Notes to the Financial Statements

For the year ended 30 June 2004

Note 1: Revenue Third Parties

	Actual 2003/04 \$000	Actual 2002/03 \$000
Passport Fees	26,986	24,460
Citizenship Fees	8,787	6,622
Birth, Death and Marriage Fees	9,473	8,925
Gaming Licences	1,609	1,327
Gaming Machine Fees	5,255	5,371
Casino Operators' Levies	2,655	2,692
VIP Transport	5,737	5,323
Recovery from New Zealand Lottery Grants Board	6,885	7,253
New Zealand Gazette	844	919
Other	2,116	1,870
Total Revenue Third Parties	70,347	64,762

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Note 2: Operating Expenses

	Actual 2003/04 \$000	Actual 2002/03 \$000
Rental and Leasing Costs	7,776	7,070
Fee for Audit of Financial Statements	151	151
Fees to Auditors for Other Services Provided	9	76
Increase/(Decrease) in Provision for Doubtful Debts	2	(2)
Bad Debts	0	13
Loss on Sale of Property, Plant and Equipment	33	20
Other Departmental Operating Costs	49,531	38,743
Total Operating Expenses	57,502	46,071

Note 3: Depreciation

	Actual 2003/04 \$000	Actual 2002/03 \$000
Buildings	68	62
Lease Improvements	393	170
Furniture and Fittings	29	19
Office Equipment	39	40
Motor Vehicles	684	665
Plant and Equipment	58	47
IT Equipment	2,592	2,471
Total Depreciation	3,863	3,474

Note 4: Capital Charge

The Crown imposes a capital charge on the Department's taxpayers' funds as at 30 June and 31 December each year. The capital charge rate in the 2003/04 was 8.5% (2002/03 8.5%).

Note 5: Cash and Bank Balances

	Actual 2003/04 \$000	Actual 2002/03 \$000
New Zealand Bank Account	25,126	25,788
Overseas Bank Accounts		
Sydney	82	150
Washington	0 ¹	7
Los Angeles	0 ¹	8
London	127	134
Total Cash and Bank Balances	25,335	26,087

Overseas bank accounts are shown in New Zealand dollars converted at the closing mid-point exchange rate.

¹ Bank Accounts closed due to low volume of transactions, and currently the Ministry of Foreign Affairs acts as the Department's agent.

Note 6: Accounts Receivable

	Actual 2003/04 \$000	Actual 2002/03 \$000
Trade Receivables	1,926	1,765
Less Provision for Doubtful Debts	(15)	(13)
Total Accounts Receivable	1,911	1,752

Note 7: Inventories

	Actual 2003/04 \$000	Actual 2002/03 \$000
Passports		
Stock on hand	0	800
Work in Progress	340	228
Visits and Ceremonials		
Liquor	118	110
Birth, Death and Marriage Certificates	13	18
Citizenship		
Stock on hand	44	22
Work in Progress	1016	670
Total Inventories	1,531	1,848

Note 8: Non Current Assets

Leased Assets

	Cost and/or Valuation \$000	Actual 2003/04 Accum. Deprec. \$000	Carrying Amount \$000	Cost and/or Valuation \$000	Actual 2002/03 Accum. Deprec. \$000	Carrying Amount \$000
	Leased Assets	565	0	565	0	0
Total Leased Assets	565	0	565	0	0	0

The Department has recognised assets rented under finance lease arrangements for the first time as at 30 June 2004. Accordingly, there is no depreciation charge for this financial year. The Department's liability in respect of future lease payments is disclosed in Note 9.

Property, Plant and Equipment

	Cost and/or Valuation \$000	Actual 2003/04 Accum. Deprec. \$000	Carrying Amount \$000	Cost and/or Valuation \$000	Actual 2002/03 Accum. Deprec. \$000	Carrying Amount \$000
	Land at valuation	3,930	0	3,930	3,580	0
Buildings at valuation	2,514	38	2,476	2,060	93	1,967
Lease Improvements	2,868	633	2,235	1,832	339	1,493
Antiques and Works of Art						
Cost	27	0	27	27	0	27
Valuation	341	0	341	341	0	341
Furniture and Fittings	558	361	197	603	434	169
Office Equipment	659	390	269	747	639	108
Motor Vehicles	3,988	1,329	2,659	3,879	1,450	2,429
Plant and Equipment	1,127	661	466	895	673	222
IT Equipment	24,623	12,617	12,006	20,406	11,296	9,110
Capital Work in Progress	515	0	515	565	0	565
Total Property, Plant and Equipment	41,150	16,029	25,121	34,935	14,924	20,011

Revaluation Basis

Valuations for land, buildings and antiques and works of art, were made on the basis of fair value determined by the highest and best use for these assets.

Land and Buildings

Valuation of land and buildings for Ministerial Services was conducted by DTZ New Zealand Ltd (MREINZ), registered independent valuer on 30 November 2003. Valuation of buildings located at Lake Taupo was also conducted by DTZ New Zealand Ltd (MREINZ), registered independent valuer on 4 May 2004.

Antiques and Works of Art

Valuation of antiques and works of art was undertaken by Dunbar Sloane, an independent expert, on 31 December 2001.

Note 9: Lease liability

	Actual 2003/04 \$000	Actual 2002/03 \$000
Finance Leases:		
Current	322	0
Non current	243	0
Total	565	0
Repayable as follows:		
One to two years (assume first year repayment)	348	0
Two to five years (assume second year onwards)	269	0
Beyond five years	0	0
Total	617	0
Future finance charges	(52)	0
Recognised as a liability	565	0

The effective interest rate on the finance leases over the lease period is (8.0%). Ownership of leased assets remains with the lessor.

The Department leases were reviewed during the year with the result that some have been determined to be finance leases. In accordance with SSAP-18 *Accounting For Leases And Hire Purchase Contracts*, the present value of future lease payments as at 30 June 2004 has been recognised as a liability and an equivalent amount, representing the future service potential arising from the use of the equipment, has been recognised as an asset. The Department's liability in respect of future lease payments was previously included in the Statement of Commitments. As the recognition was effected as at 30 June 2004, the total rental payments for the year have been recognised in the Statement of Financial Performance and have not been apportioned between the principle and finance charge elements.

Under the Public Finance Act 1989, entering into financing lease arrangements is deemed to be raising a loan, which requires the approval of the Minister of Finance. The Minister of Finance has approved these leases.

Note 10: Accounts Payable

	Actual 2003/04 \$000	Actual 2002/03 \$000
Accounts Payable	5,625	5,015
Accounts Payable for Property, Plant and Equipment	148	64
GST Payable	266	43
Total Accounts Payable	6,039	5,122

Note 11: Provisions

	Actual 2003/04			Actual 2002/03		
	Re-organisation \$000	Other \$000	Total \$000	Re-organisation \$000	Other \$000	Total \$000
Opening Balance	0	1,056	1,056	144	1,000	1,144
Additional provisions made during the year	549	1,352	1,901	0	1,478	1,478
Charge against provision for the year	0	(1,575)	(1,575)	(144)	(1,422)	(1,566)
Closing Balance	549	833	1,382	0	1,056	1,056

The re-organisation provision of \$0.549 million arises as a result of the policy project (review of the Departments' policy capability and capacity) and business services review. It is anticipated that the restructuring will be completed within the next twelve months.

The other provision of \$0.833 million mainly relates to an estimated cost of performance pay to staff, and the Chief Executive's Scholarship and Awards Programme to fund study in New Zealand and overseas. The recipients of the Scholarship and Awards were approved by the Chief Executive on 24 June 2004, and the payments are expected to be made over the next 12 months.

Note 12: Accrued Expenses

	Actual 2003/04 \$000	Actual 2002/03 \$000
Annual Leave	3,444	3,045
Accrued Salaries	0	1,687
Long Service and Retirement Leave	502	564
Accrued Expenses for Property, Plant and Equipment	581	244
Audit Fees	55	53
Other	5,485	3,152
Total Accrued Expenses	10,067	8,745

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Note 13: Movements In Taxpayers Funds

Taxpayers' funds represent the Crown's net investment in the Department.

a) Provision for Payment of Surplus

The Department is required to return to the Crown its annual net surplus excluding Other Expenses.

	Actual 2003/04 \$000	Actual 2002/03 \$000
Net Surplus as per Statement of Financial Performance	1,460	4,459
Realised Gain on Revaluation Reserve (Land)	140	0
Unrealised Gain on Revaluation of Buildings	(728)	0
Rounding Adjustment for Output Provision	(2)	0
Provision for Payment of Surplus	870	4,459

b) Capital Contribution

The Department received a capital contribution in 2002/03 of \$4.055 million for the conversion of historical birth, death and marriage records.

Note 14: Employee Entitlements

This represents long service and retirement leave calculated on an actuarial basis, which is not considered payable in the next twelve months. The assessment was undertaken for each employee. The current portion is included in Accrued Expenses (Note 11). Actuarial services were provided by Mercer HR Consulting Ltd (the report was prepared by Bobby Schoonraad, Fellow of the New Zealand Society of Actuaries).

Note 15: Taxpayers Funds

Taxpayers' Funds comprise two components:

General Funds

	Actual 2003/04 \$000	Actual 2002/03 \$000
General Funds as at 1 July	27,044	22,989
Net Surplus	1,460	4,459
Capital Contribution	0	4,055
Net transfer from Revaluation Reserve	140	0
Provision for Payment of Surplus to the Crown	(870)	(4,459)
General Funds as at 30 June	27,774	27,044

The Department completed a revaluation exercise of buildings in November 2003, which resulted in a revaluation gain of \$0.728 million for this asset class. The unrealised revaluation gain of \$0.728 million on buildings is recognised in the Statement of Financial Performance for the year ended 30 June 2004. These gains offset previous losses for buildings recognised in the Statement of Financial Performance for the year ended 30 June 2004. These gains offset previous losses for buildings recognised in the Statement of Financial Performance in prior years, and this treatment is consistent with Financial Reporting Standard (FRS 3 paragraph 7.15). This has resulted in an increase in the operating surplus of \$0.728 million for the year ended 30 June 2004, which is a non-cash item. The Minister of Finance has approved the retention of non-cash surplus in August 2004, which has resulted in an increase in the Taxpayers' Funds. An adjustment in 2003/04 of \$0.002 million has also been made due to rounding for output provision. The transfer from revaluation reserve of \$0.140 million is associated with the sale of (land) ministerial properties and the realised gain will be repaid to the Crown.

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Revaluation Reserve

	Actual 2003/04			Actual 2002/03		
	Opening Balance \$000	Revaluation Movement \$000	Closing Balance \$000	Opening Balance \$000	Revaluation Movement \$000	Closing Balance \$000
Land	117	510	627	117	0	117
Antiques and Works of Art	141	0	141	141	0	141
Total Revaluation Reserve	258	510	768	258	0	258

Note 16: Financial Instruments

The Department is party to financial instrument arrangements as part of its daily operations. These include cash and bank balances, accounts receivable, accounts payable and provisions, accrued expenses, term accrued expenses and foreign currency forward contracts.

a) **Currency Risk**

Currency risk is the risk that accounts receivable and accounts payable due in foreign currency will fluctuate because of changes in foreign exchange rates. Foreign exchange forward contracts are used to manage foreign exchange exposures.

The Department maintains bank accounts denominated in foreign currencies. Balances are regularly cleared to minimise exposure risk.

b) **Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the return on investment or the cost of borrowing.

Under Section 46 of the Public Finance Act 1989, the Department cannot raise a loan without approval of the Minister of Finance. Office equipment leases are identified as finance leases in accordance with SSAP-18 Accounting for Leases and Hire Purchase Contract as at 30 June 2004. The Department has received the Minister of Finance's approval for these leases. The fixed interest rate on the term of these leases reduces the exposure on borrowed funds.

c) **Credit Risk**

Credit risk is the risk that a third party will default on its obligations to the Department, causing the Department to incur a loss.

Financial instruments, which potentially subject the Department to credit risk, consist of cash and bank balances and trade receivables.

The Department banks with Treasury approved financial institutions.

Credit evaluations are undertaken on customers requiring credit. Collateral or other security is not generally required to support financial instruments with credit risk. Other than cash and bank balances and trade receivables, the Department does not have any significant credit risk.

Maximum exposures to credit risk

	Actual 2003/04 \$000	Actual 2002/03 \$000
Cash and bank balances	25,335	26,087
Accounts Receivable	1,911	1,752
Total	27,246	27,839

d) **Fair Value**

The fair value of all financial instruments other than foreign exchange contracts is equivalent to the carrying amount disclosed in the Statement of Financial Position.

The fair value of foreign exchange forward contracts at 30 June is calculated as the contract value converted at the closing spot rate. There were no foreign exchange forward contracts at balance date for 2002/03 and 2003/04.

Note 17: Explanation of Significant Budget Changes

Refer to “The Supplementary Estimates of Appropriations for the year ending 30 June 2004” for an explanation of significant budget changes between the 2003/04 Main Estimates and 2003/04 Supplementary Estimates as set out below:

a) **Vote Internal Affairs**

Supplementary Estimates of Appropriations, B7 Vol 1 – Pages 288 to 290.

b) **Vote Emergency Management**

Supplementary Estimates of Appropriations, B7 Vol 1 – Pages 183 to 184.

c) **Vote Local Government**

Supplementary Estimates of Appropriations, B7 Vol 1 – Page 326.

d) **Vote Ministerial Services**

Supplementary Estimates of Appropriations, B7 Vol 1 – Page 342.

e) **Vote Community and Voluntary Sector**

Supplementary Estimates of Appropriations, B7 Vol 1 – Pages 81 to 82.

Note 18: Explanation of Significant Actual Variances

The following notes explain the significant variances between Supplementary Estimates and Actuals. Variances are the bracketed figures. Explanations are provided for variances of greater than 5%.

a) **Statement of Financial Performance** (page 97)

Operating (\$4.897 million)

The variance mainly results from under-expenditure in Votes Internal Affairs and Local Government.

The primary output classes under spent in Vote Internal Affairs are:

- Weathertight Homes Resolution Service (\$1.918 million) - mainly due to under expenditure on professional fees. An expense transfer in principle up to a maximum of \$2.222 million to the 2004/05 was approved in June 2004;
- Policy Advice (Internal Affairs) (\$0.377 million) - mainly due to under expenditure on the policy project (review of the Departments' policy capability and capacity), and business services review). An expense transfer in principle up to a maximum of \$0.854 million to the 2004/05 was approved in the March Baseline Update (MBU);
- Information and Advisory Services (\$0.300 million) - mainly due to under expenditure on Commission of Inquiry into Police Conduct due to the delay in recruiting personnel and the need to address some legal issues prior to the commencement of proceedings; and
- Gaming and Censorship Regulatory Services (\$0.881 million) - mainly due to delays in the enactment of the Gambling Bill and employment of staff and associated costs.

The primary output class under spent in Vote Local Government is:

- Information, Support and Regulatory Services – Local Government (\$0.797 million) due to under expenditure in timing of operational expenditure on Single Transferable Vote (STV) Calculator and STV Public Education Campaign. An expense transfer in principle up to a maximum of \$0.610 million to 2004/05 was approved in MBU.

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b) **Statement of Financial Position** (page 98)

Cash and Bank Balances (\$16.996 million)

The closing balance of cash and bank balances was higher than budgeted principally due to a higher than budgeted surplus (\$7.797 million), Accrued Expenses (\$2.945 million), Accounts Payable (\$2.019 million) and Revenue Received in Advance (\$2.072 million).

Inventories (\$0.626 million)

Due to write down of passport stock held for disaster recovery, and a higher than budgeted work in progress for Citizenship.

Prepayments (\$0.171 million)

The variance is due to payment of a three-year support contract for enhancements to existing passports and citizenship systems.

Accounts Payable (\$2.021 million)

The variance primarily relates to higher than expected accounts payable for Corporate Services (\$1.204 million) for PAYE tax and Executive Government Services mainly in the Ministerial Services area (\$0.812 million).

Provisions (\$0.326 million)

The variance primarily relates to the restructuring as a result of the policy project (review of the Departments' policy capability and capacity) and business services reviews, an estimated cost of performance pay to staff, and the Chief Executives' Scholarship and Awards Programme to fund study in New Zealand and overseas.

Revenue Received in Advance (\$2.072 million)

The variance primarily relates to higher revenue received in advance for Identity Services citizenship products.

Accrued Expenses (\$2.945 million)

The variance primarily relates to higher than expected accrued expenses for Identity Services (\$2.690 million), in particular accruals for the bio data passport contract, passport books and a payment for passport chip development.

Employee Entitlements (\$0.094 million)

This variance is due to an increase in the long-service leave provision.

General Fund (\$7.065 million)

This variance primarily relates to the forecast budget deficit of \$6.337 million. When the Supplementary Estimates budgets were completed, it was forecast that Information and Advisory Services (\$0.098 million), Gaming and Censorship Regulatory Services (\$3.930 million) and Identity Services (\$2.309 million) would run deficits and require a capital contribution by draw down from Memorandum Accounts.

Revaluation Reserve (\$0.510 million)

This variance is due to the revaluation gain on land for ministerial properties (\$0.650 million) and a transfer to Taxpayers' Funds is associated with sale of (land) ministerial properties (\$0.140 million).

c) **Statement of Cash Flows** (page 99)

Sale of Property, Plant and Equipment (\$0.118 million)

This is due to the higher than forecast returns on the sale of vehicles used for VIP transport services and a ministerial residential property.

Purchases of Property, Plant and Equipment (\$2.576 million)

This is due to timing delays for several large capital projects, mainly the development of Identity Services systems.

d) **Statement of Departmental Appropriations and Expenditure** (page 106)

(All figures are GST inclusive)

The following notes explain the significant variances between Supplementary Estimates and Actuals. Variances are the bracketed figures. Explanations are provided for variances of greater than 5%.

Vote Internal Affairs

D1 Policy Advice (Internal Affairs) (\$0.807 million)

Under spend mainly relates to the policy project (review of the Departments' policy capability and capacity) and business services review, for which an expense transfer in principle up to a maximum of \$0.854 million to 2004/05 was approved in MBU.

D2 Information and Advisory Services (\$0.540 million)

Under spend mainly relates to the Commission of Inquiry into Police Conduct of \$0.494 million due to a delay in recruiting personnel and the need to address some legal issues prior to the commencement of proceedings.

D3 Gaming and Censorship Regulatory Services (\$1.360 million)

Under spend of \$1.360 million in the Gaming and Censorship Regulation area is mainly due to delays in the enactment of the Gambling Bill and employment of staff and associated costs.

D6 Weathertight Homes Resolution Service (\$2.275m million)

Under spend is mainly due to lower than expected expenditure on personnel costs and professional fees, this is due to the timing difference between budget bid estimation and implementation to spend the additional new funding. An expense transfer in principle up to a maximum of \$2.222 million to 2004/05 has been approved in June 2004 to meet the costs of the establishment of the Auckland Regional Office and the need to process a higher than budgeted volume of claims.

Vote Local Government

D1 Policy Advice – Local Government (\$0.307 million)

Under spend mainly relates to the business services review, for which an expense transfer in principle up to a maximum of \$0.177 million to 2004/05 was approved in MBU.

D2 Information, Support and Regulatory Services (\$0.768 million)

Under expenditure is mainly due to timing of operational expenditure on STV Calculator and STV Public Information campaign amounting to \$0.770 million, for which an expense transfer in principle up to a maximum of \$0.610 million to 2004/05 was approved in MBU.

Vote Ministerial Services

D1 Support Services to Ministers (\$1.674 million)

Under spend is mainly due to gain on sale of a ministerial property (\$0.202 million), revaluation gain on buildings (\$0.728 million), and delays in recruitment of staff in the Ministers' Offices (\$0.595 million).

Vote Racing

D1 Policy Advice – Racing (\$0.014 million)

Under spend due to attendance at only one Australasian Racing Ministers' conference during the year as opposed to two planned conferences, and lower consultants costs.

Vote Community and Voluntary Sector

D1 Policy Advice – Community (\$0.061 million)

Under spend mainly relates to the business services review, for which an expense transfer in principle up to a maximum of \$0.043 million to 2004/05 was approved in the MBU.

Note 19: Reconciliation Between Total Operating Expenses And Total Appropriations

The financial information shown for each Output Class on the Statement of Service Performance and in the Statement of Departmental Appropriations and Expenditure includes revenue earned from other business units within the Department. The intra-entity charging reported at output class level has been eliminated from the other departmental financial statements.

	Actual 2003/04 \$000	Actual 2002/03 \$000
Total Operating Expenses in Statement of Financial Performance	138,402	113,662
Revaluation Gain	(728)	0
Intra-entity Expenditure	523	283
GST on Revenue Crown	8,598	6,670
GST on Revenue Third Parties	8,794	8,097
GST on Intra-entity Revenue	65	35
Total Appropriations in Statement of Departmental Appropriations and Expenditure	155,654	128,747

Note 20: Related Parties

The Department of Internal Affairs is a government department and wholly owned and controlled by the Crown. The Department undertakes a number of trading activities with the Crown, other departments, Crown entities and State Owned Enterprises who are related parties as they are similarly related to the Crown.

All material transactions are on an arms' length basis, with the interests of each party being completely independent.

Departmental Financial Results

Summary of Departmental Financial Results

For the year ended 30 June 2004

	Unit	Actual 2003/04	Actual 2002/03	Actual 2001/02	Actual 2000/01	Actual 1999/00
Operating Results						
Revenue: Third Parties	\$000	70,347	64,762	65,205	62,644	63,550
Revenue: Interest	\$000	0	0	376	1,300	1,066
Total Operating Expenses	\$000	138,402	113,662	104,495	105,391	116,134
Operating Surplus before Capital Charge	\$000	3,781	6,435	11,506	14,771	16,078
Net Surplus/(Deficit)	\$000	1,460	4,459	9,790	12,379	11,846
Working Capital						
Liquid Ratio		1.97:1	1.77:1	1.54:1	1.28:1	1.31:1
Current Ratio		1.15:1	1.36:1	1.21:1	1.12:1	1.13:1
Average Debtors Outstanding	days	8	10	11	13	14
Average Creditors Outstanding	days	27	23	22	34	37
Resource Utilisation						
Physical Assets:						
Physical Assets as % of Total Assets	%	47.00	40.03	38.13	30.85	54.73
Additions as % of Physical Assets	%	34.89	26.18	34.73	39.75	13.10
<i>Taxpayers' Funds:</i>						
Level at year-end	\$000	28,542	27,302	23,247	19,077	48,224
Taxpayers' Funds as % of Total Assets	%	52.22	54.61	47.73	37.34	59.32
Net Cash Flows						
Surplus/(Deficit) from Operating Activities	\$000	11,182	9,588	9,570	16,062	16,245
Surplus/(Deficit) from Investing Activities	\$000	(7,475)	(4,833)	(4,973)	(5,679)	(3,783)
Net Increase/(Decrease) in Cash Held	\$000	(752)	(164)	(4,560)	(56)	4,588

Non-Departmental Statement of Accounting Policies

Non-Departmental Statement of Accounting Policies

For the year ended 30 June 2004

Measurement and recognition rules applied in the preparation of these non-departmental financial statements and schedules are consistent with generally accepted accounting practice and Crown Accounting Policies.

Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

Budget Figures

The budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates (Supp Estimates).

Revenues and Receipts

Revenues and Receipts are recognised when earned and are reported in the financial period to which they relate.

Goods and Services Tax (GST)

All Crown items are inclusive of GST.

Assets and Liabilities

All Assets and Liabilities are recognised at fair value.

These non-departmental balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for 2003/04.

Non-Departmental Financial Statements and Schedules

Non-Departmental Financial Statements and Schedules

For the year ended 30 June 2004

The following non-departmental statements and schedules record the revenue and receipts, expenses, assets and liabilities that the Department manages on behalf of the Crown.

	ACTUAL 2003/04 \$000	MAIN ESTIMATES 2003/04 \$000	SUPP. ESTIMATES 2003/04 \$000	ACTUAL 2002/03 \$000
Revenues and Receipts	39	10	10	213
Expenses	46,130	37,779	52,877	35,203
Assets	23,111	12,895	15,804	15,180
Liabilities	2,254	1,636	1,686	1,710

The Department administered \$0.039 million of non-departmental revenue and receipts, \$46.130 million of non-departmental payments (consists of non-departmental expenses for all votes of \$47.868 million less revaluation gain of \$1.723 million less debt write-off of \$0.015 million), \$23.111 million of assets and \$2.254 million of liabilities on behalf of the Crown for the year ended 30 June 2004. Further details of the Department's management of these Crown assets and liabilities are provided in the Output Performance sections of this report.

Non-Departmental Schedule of Expenses

Non-Departmental Schedule of Expenses

For the year ended 30 June 2004

The Schedule of Expenses summarises non-departmental expenses that the Department administers on behalf of the Crown. Further details are provided in the Statement of Non-Departmental Expenditure and Appropriations on pages 124 to 125.

	ACTUAL 2003/04 \$000	MAIN ESTIMATES 2003/04 \$000	SUPP. ESTIMATES 2003/04 \$000	ACTUAL 2002/03 \$000
Vote Internal Affairs				
Non-Departmental Output Classes	2,205	2,205	2,205	2,205
Other Expenses to be Incurred by the Crown	76	49	5,232	1,188
Total Non-Departmental Expenses	2,281	2,254	7,437	3,393
Vote Emergency Management				
Other Expenses to be Incurred by the Crown	6,808	1,048	6,976	1,367
Total Non-Departmental Expenses	6,808	1,048	6,976	1,367
Vote Local Government				
Benefits and Other Unrequited Expenses	585	950	950	611
Other Expenses to be Incurred by the Crown	7,480	2,968	7,480	935
Purchase or Development of Capital Assets by the Crown	0	34	84	34
Depreciation	165	12	166	60
Total Non-Departmental Expenses	8,230	3,964	8,680	1,640
Vote Ministerial Services				
Benefits and Other Unrequited Expenses	296	291	297	291
Other Expenses to be Incurred by the Crown	15,021	14,973	15,433	14,666
Depreciation	92	84	92	77
Total Non-Departmental Expenses	15,409	15,348	15,822	15,034
Vote Community and Voluntary Sector				
Non-Departmental Output Classes	473	473	473	473
Other Expenses to be Incurred by the Crown	14,667	14,692	14,692	14,857
Total Non-Departmental Expenses	15,140	15,165	15,165	15,330
Total Non-Departmental Expenses	47,868	37,779	54,080	36,764

Schedule of Non-Departmental Expenditure and Appropriations

Schedule of Non-Departmental Expenditure and Appropriations For the year ended 30 June 2004

The Schedule of Non-Departmental Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Department administers these appropriations on behalf of the Crown.

(Figures are GST inclusive)	NOTE	ACTUAL 2003/04 \$000	MAIN ESTIMATES 2003/04 \$000	SUPP. ESTIMATES 2003/04 \$000	ACTUAL 2002/03 \$000
Vote Internal Affairs	21a,22a				
<i>Non-Departmental Output Classes</i>					
Classification of Films, Videos and Publications		2,205	2,205	2,205	2,205
<i>Benefits and Other Unrequited Expenses</i>					
<i>Other Expenses to be Incurred by the Crown</i>					
Miscellaneous Grants (Internal Affairs)		47	48	48	47
Commission of Inquiry into Police Conduct		28	0	183	0
Royal Life Saving Commonwealth Council		1	1	1	1
Outdoor Safety Organisations		0	0	0	1,140
Chinese Poll Tax Reconciliation		0	0	5,000	0
Total Appropriations		2,281	2,254	7,437	3,393
Vote Emergency Management	21b				
<i>Other Expenses to be Incurred by the Crown</i>					
Emergency Expenses		730	48	758	347
Subsidies to Local Government		1,000	1,000	1,000	1,000
Thames-Coromandel Mayoral Relief Fund		0	0	0	20
Manawatu Mayoral Relief Fund		120	0	120	0
Rangitikei Mayoral Relief Fund		120	0	120	0
South Taranaki Mayoral Relief Fund		20	0	20	0
Wanganui Mayoral Relief Fund		20	0	20	0
Horowhenua Mayoral Relief Fund		20	0	20	0
Hutt City Mayoral Relief Fund		20	0	20	0
Marlborough Mayoral Relief Fund		20	0	20	0
Kapiti Coast Mayoral Relief Fund		20	0	20	0
Contribution to Match Flood Relief Donations		4,718	0	4,858	0
Total Appropriations		6,808	1,048	6,976	1,367

Vote Local Government	21c,22b				
<i>Benefits and Other Unrequited Expenses</i>					
Rates Rebate Scheme		585	950	950	611
<i>Other Expenses to be Incurred by the Crown</i>					
Tuwharetoa Maori Trust Board		167	155	167	154
Waihi Subsidence – Community Solution		0	0	0	781
Grey District Council – Sewage Upgrade Assistance		2,813	2,813	2,813	0
Flood Compensation for Rates Remitted		4,500	0	4,500	0
<i>Purchase or Development of Capital Assets by the Crown</i>					
Capital Investments – Lake Taupo		0	34	84	34
Total Appropriations		8,065	3,952	8,514	1,580
Depreciation		165	12	166	60
Vote Ministerial Services	21d				
<i>Other Expenses to be Incurred by the Crown</i>					
Ministers' Internal and External Travel		8,981	9,500	9,343	9,191
Travel for Former Governors General and Prime Ministers		293	300	300	352
Executive Council and Ministers' Salaries and Allowances		5,729	5,153	5,770	5,105
Governors General Pension Arrangements		18	20	20	18
<i>Benefits and Other Unrequited Expenses</i>					
Annuities to Former Governors General, Prime Ministers and Spouses		296	291	297	291
Total Appropriations		15,317	15,264	15,730	14,957
Depreciation		92	84	92	77
Vote Community and Voluntary Sector	21e,22c				
<i>Non-Departmental Output Classes</i>					
Community Based Youth Development Fund		473	473	473	473
<i>Other Expenses to be Incurred by the Crown</i>					
Community Organisation Grants Scheme		12,352	12,355	12,355	12,354
Community Project Workers Scheme		1,187	1,187	1,187	1,187
Youth Workers Training Scheme		200	200	200	199
Maori Community Development Workers		200	200	200	200
Support for Volunteering		450	450	450	467
Community Internship Programme		278	300	300	450
Total Appropriations		15,140	15,165	15,165	15,330
Total Appropriations		47,611	37,683	53,822	36,627
Total Depreciation		257	96	258	137
Total Non-Departmental Expenses		47,868	37,779	54,080	36,764

The accompanying accounting policies on page 93 and 121 are an integral part of these financial statements and schedules.

Schedule of Non-Departmental Assets

Schedule of Non-Departmental Assets

As at 30 June 2004

The Schedule of Assets summarises the assets that the Department administers on behalf of the Crown.

	ACTUAL ESTIMATES 2003/04 \$000	MAIN ESTIMATES 2003/04 \$000	SUPP. ESTIMATES 2003/04 \$000	ACTUAL 2002/03 \$000
Vote Local Government				
Buildings	2,591	611	1,986	2,152
Plant & equipment	0	1	0	0
Total Non-Departmental Assets	2,591	612	1,986	2,152
Vote Ministerial Services				
Accounts Receivable	13	35	47	13
Land	5,700	5,350	5,700	5,350
Buildings	3,546	2,347	3,546	2,435
Total Non-Departmental Assets	9,259	7,732	9,293	7,798
Other Votes (see note below)				
Cash	11,261	4,551	4,525	5,230
Total Assets	23,111	12,895	15,804	15,180

Note: These assets as at 30 June 2004 relate to Votes Internal Affairs, Community and Voluntary Sector, and Emergency Management.

The accompanying accounting policies on page 93 and 121 are an integral part of these financial statements and schedules.

Non-Departmental Liabilities Non-Department Commitments Non-Departmental Contingent Assets and Liabilities

Schedule of Non-Departmental Liabilities

As at 30 June 2004

The Schedule of Liabilities summarises the liabilities that the Department incurs on behalf of the Crown.

	ACTUAL 2003/04 \$000	MAIN ESTIMATES 2003/04 \$000	SUPP. ESTIMATES 2003/04 \$000	ACTUAL 2002/03 \$000
Vote Ministerial Services				
Payables	1,090	791	815	827
Total Liabilities	1,090	791	815	827
Vote Community and Voluntary Sector				
Payables	1,164	845	871	883
Total Liabilities	1,164	845	871	883
Total Liabilities	2,254	1,636	1,686	1,710

The accompanying accounting policies on page 93 and 121 are an integral part of these statements and schedules.

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Statement of Non-Departmental Commitments

For the year ended 30 June 2004

	Actual 2003/04 \$000	Actual 2002/03 \$000
Operating Commitments		
Non-Cancellable Contracts for Goods and Services		
Less than one year	2	2
Total Goods and Services Commitments	2	2
Total Commitments	2	2

Statement of Non-Departmental Contingent Assets and Liabilities

For the year ended 30 June 2004

There were no Contingent Assets or Liabilities for the year ended 30 June 2004 or the previous financial year.

Notes to the Non-Departmental Financial Statements

Notes to the Non-Departmental Financial Statements

For the year ended 30 June 2004

Note 21: Explanation of Significant Budget Changes

Refer to "The Supplementary Estimates of Appropriations for the year ended 30 June 2004" for an explanation of significant budget changes between the 2003/04 Main Estimates and 2003/04 Supplementary Estimates as set out below:

a) **Vote Internal Affairs**

Supplementary Estimates of Appropriations, B7 Vol 1 – Pages 290 and 291.

b) **Vote Emergency Management**

Supplementary Estimates of Appropriations, B7 Vol 1 – Pages 184 and 185.

c) **Vote Local Government**

Supplementary Estimates of Appropriations, B7 Vol 1 – Page 327.

d) **Vote Ministerial Services**

Supplementary Estimates of Appropriations, B7 Vol 1 – Page 343.

e) **Vote Community and Voluntary Sector**

Supplementary Estimates of Appropriations, B7 Vol 1 – Pages 82 and 83.

Note 22: Explanation of Significant Actual Variances

The following notes explain the significant variances between the Supplementary Estimates and Actuals. Explanations are provided for variances greater than 5%. Variances are the bracketed figures.

Statement of Non-Departmental Appropriations and Expenditure (page 124)

a) **Vote Internal Affairs**

Commission of Inquiry into Police Conduct (\$0.155 million)

Due to delay in recruiting personnel and the need to address some legal issues prior to the commencement of proceedings.

Chinese Poll Tax Reconciliation (\$5.000 million)

The registering of a Trust Deed was not finalised by 30 June 2004 delayed through extended consultation, for which an expense transfer in principle up to a maximum of \$5.000 million to 2004/05 was approved in June 2004.

b) **Vote Local Government**

Rates Rebate Scheme (\$0.365 million)

A lower number of claims than budgeted were received during the 2003/04 year.

c) **Vote Community and Voluntary Sector**

Community Internship Programme (\$0.022 million)

One of the six grant recipients was unable to proceed with the intended programme.

Trust Money Administered on behalf of the Crown

Statement of Trust Money Administered on behalf of the Crown For the year ended 30 June 2004

The following trust money was administered on behalf of the Crown under Part VII of the Public Finance Act 1989.

The statement shows the opening and closing trust balances including bank and investments at cost, and the movements during the year.

Under the Public Finance Act 1989 and by delegation from the Secretary to The Treasury, trust money can only be invested on deposit with New Zealand registered banks or in New Zealand government stock. Trust money is also managed so there is no significant concentration of credit risk. Interest rate risk is managed by investing across a wide range of maturity dates, but subject to liquidity requirements.

	Opening Balance 2003/04 \$000	Contributions \$000	Distributions \$000	Revenue \$000	Expenses \$000	Closing Balance 2003/04 \$000
Vogel House	1	3	(4)	0	0	0
NZ 1990 Scholarships	386	0	(20)	25	0	391
Problem Gambling	0	8,087	(8,087)	28	0	28
Total	387	8,090	(8,111)	53	0	419



ANNUAL REPORT 2003-2004

THE DEPARTMENT OF INTERNAL AFFAIRS TE TARI TAIWHENUA



Te Tari Taiwhenua

