

Our vision

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

Our purpose

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

Outcomes we contribute to

STRONG, SUSTAINABLE COMMUNITIES/HAPŪ/IWI

SAFER COMMUNITIES

NEW ZEALAND AND INTERNATIONAL COMMUNITIES TRUST THE INTEGRITY OF NEW ZEALAND'S RECORDS OF IDENTITY

We also have a key Departmental objective

EXECUTIVE GOVERNMENT IS WELL SUPPORTED

Our workplace principles

- We value people.
- We act with integrity.
- We provide outstanding service.

The Department of Internal Affairs

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The Department of Internal Affairs • Te Tari Taiwhenua

Annual Report

for the year ended 30 June 2005



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SECTION 1

Chief Executive's Overview

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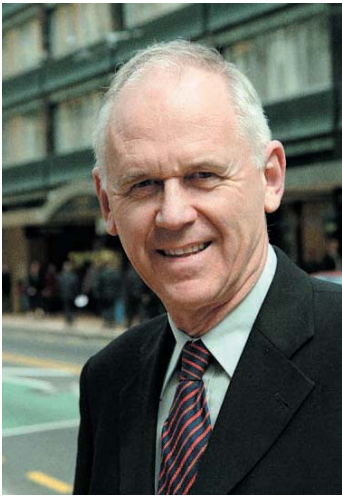
Chief Executive's Overview

The Department of Internal Affairs in 2004/05 continued to deliver a high standard of service and support to Ministers, Parliament, communities, customers and stakeholders, and to operate its enforcement activities effectively and fairly.

At the same time, the Department looked to the future, building a more cohesive organisation so that we can achieve our vision of being "a recognised leader in public service – known for innovation, essential to New Zealand, and trusted to deliver".

We have a strong focus on managing for outcomes, contributing to:

- strong, sustainable communities/hapū/iwi
- safer communities
- New Zealand and international communities trusting the integrity of New Zealand's records of identity
- the Executive Government being well supported.



*Christopher Blake
Chief Executive*

PROVIDING LEADERSHIP

In managing for outcomes, the Department has identified a number of areas where the Government can look to the Department for leadership within the public service and where we make a significant contribution to outcomes for the community. I would like to highlight progress in these areas.

Managing the Central Government/Local Government Interface

The Department has a central role in facilitating effective relationships between central government, local government and communities.

The new local government legislative regimes, particularly the Local Government Act 2002, have brought about changes in the range of activities that local authorities are likely to undertake and the way they go about their business. The Act also places a premium on coordination and collaboration between local authorities and other agencies. Support is required to assist building relationships, particularly at the interface between central and local government, to ensure that agencies are able to work effectively together on issues affecting local and national communities.

During 2004/05 the Department actively promoted central government involvement with the community outcome process. It also continued to support broadly focused collaborative initiatives at the local level.

Our effectiveness in connecting central government with the local government and community sectors is based on our experience in the provision of advice to, and on behalf of, the Minister of Local Government as well as our experience in community development and funding.

Both central and local government have concerns about the ability of local authorities to provide needed infrastructure and meet other community and Government expectations. The Department leads a central/local government working group investigating funding issues. This work resulted in a report to the Central/Local Government Forum in July 2005 on the nature and size of the problem. We expect to report back on options in December 2005.

Supporting Ethnic Diversity

The Department of Internal Affairs takes a leadership role across government in ethnic affairs. It is anticipated that ethnic* people will comprise 18% of the New Zealand population by 2021, and already one in eight Auckland families are of Asian ethnicity. The Office of Ethnic Affairs was established within the Department in recognition of this changing demographic and its importance to New Zealand. The Office is continuing to develop "Strength in Diversity" as its strategic direction, to help recognise and respond to the issues and opportunities arising from New Zealand's increasing ethnic diversity.

* In government usage, "ethnic" covers all those whose ethnicity is not Anglo-Saxon, Celtic, Māori or Pacific.

The Office has been active in officials' groups working on the Government's National Settlement Strategy and the development of regional strategies for Auckland and Wellington. The aim is to enhance social inclusion so that best use is made of the diverse talents of migrants and refugees. The Office also aims to address settlement outcomes by changing broader attitudes to ethnic communities in New Zealand. One major initiative is developing intercultural skills within the public sector to better deal with diverse staff and to improve policy analysis through enhanced understanding. During 2004/05 we worked with various government agencies to improve their responsiveness to ethnic diversity in policy and service delivery.

Reviewing the Nature and Value of New Zealand Citizenship

The Department administers citizenship processes for New Zealand, and is taking the lead in developing understanding of the nature and value of New Zealand citizenship.

During 2004/05 the Department completed initial research into New Zealand citizenship and its regional and international context. It is apparent that this links into other important considerations of identity, both cultural and national, as well as the constitutional aspects of what being a New Zealander means. This will be an ongoing area of work over the next 12 months.

Identity Management

The Department provides leadership in identity management across the public service.

The rising rate and the increasing impact of identity fraud cause problems for government agencies, ranging from international security breaches to financial fraud through to loss of trust when a genuine customer's identity is stolen by a fraudster. At the same time, identity verification is more challenging than ever as government agencies seek to offer more services via the Internet.

During 2004/05 the Department led inter-agency work to develop a draft Evidence of Identity (EOI) framework to promote a consistent and robust approach across government to verifying the identity of applicants for services and benefits. Further work has developed the framework into a draft EOI standard.

Civil Defence and Emergency Management

The floods in New Zealand in 2004, the Boxing Day tsunami and Hurricane Katrina have all highlighted the importance of civil defence and emergency management (CDEM). Under the Civil Defence Emergency Management Act 2002, the Department has a leadership role in developing structures and processes for supporting individuals and communities to manage the impacts of major and overwhelming disasters. Reviews of CDEM operations, and of the February 2004 flood event, identified capability and capacity issues for the management of CDEM events. In Budget 2005, the Government agreed to invest \$6.1 million over four years for public education and \$12.9 million over five years for the Ministry's capacity and capability development. A development programme for the Ministry of Civil Defence and Emergency Management is under way.

The first proposed National CDEM Plan, developed under the Civil Defence Emergency Management Act 2002, was prepared in 2004/05, and presented to the House of Representatives and publicly notified in August 2005. The Plan sets out how government will manage a national emergency and support CDEM groups in managing local events.

THE YEAR AHEAD

The Department enters 2005/06 with a sense of achievement and direction. It has been a busy year with high levels of demand for our services, and there are fresh challenges ahead as we implement new legislation, take on new responsibilities and deliver the benefits expected from the investment being made in the Department. I think we are well placed to deliver on the priorities in our Statement of Intent for 2005/06 and respond to changes in our environment and the needs of government.

The Department is confident that it will successfully manage the new responsibilities we have been given by the Government.



The most substantial of these are the Community Partnership Fund of the Digital Strategy, the Significant Community-Based Project Fund and administration of the Charities Act 2005. Implementing these new responsibilities is a current priority for the Department.

By implementing recommendations from a series of organisational reviews, we have succeeded in moving the Department towards a more integrated single organisation using common systems and processes to capture the benefits of scale and deliver better results. The Government has also invested significant new funds to enhance the Department's capacity and capability. The investment will improve personnel capacity and capability and upgrade the Department's information technology. A key focus for capability improvement in the year ahead will be Vote Emergency Management.

The Department ultimately depends for success on the dedication of skilled staff. I would like to thank our people for continuing to provide high-quality work during a period of significant organisational change. We are gradually improving our systems and processes, and existing staff have been joined by new colleagues attracted by the Department's commitment to its vision and the role it intends to play in future.

Christopher Blake
Chief Executive



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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 1,100 staff providing a range of services supporting government, communities and citizenship. We are committed to providing high-quality policy advice and services in support of the Government’s key goals for the public sector, including strengthening national identity and upholding the principles of the Treaty of Waitangi, growing an inclusive, innovative economy for the benefit of all, restoring trust in government, providing strong social services, and protecting and enhancing the environment.

The Department works towards three outcomes:

- strong, sustainable communities/hapū/iwi
- safer communities
- New Zealand and international communities trust the integrity of New Zealand’s records of identity.

We also have a key Departmental objective:

- Executive Government is well supported.

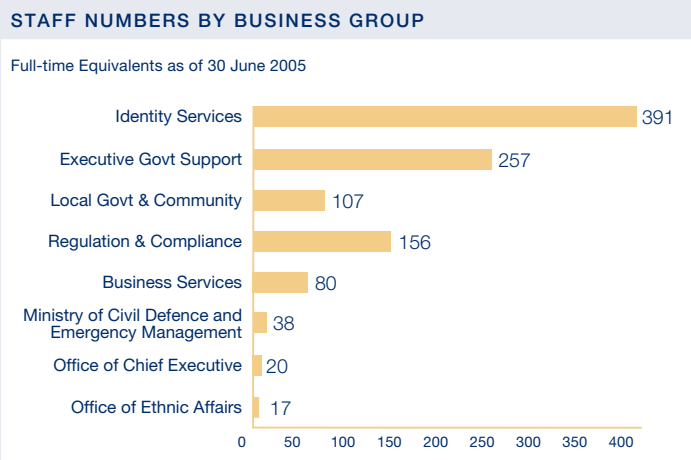
There are interdependencies across the Department and, to maximise our outcome contribution and overall performance, we must work together as one organisation.

The Department provides policy advice to its Ministers in the areas of local government, community and voluntary sector issues, ethnic affairs, civil defence and emergency management, gambling, racing, fire, citizenship, identity and censorship. It also advises a number of other Ministers and Associate Ministers as the need arises. We administer around 80 Acts and sets of Regulations. The Department monitors the performance of a range of Crown entities and has developed and implemented a Crown entity governance framework.

The **Identity Services Group** is the primary source of information on personal identity and key life events. It registers birth, death, civil union and marriage details, issues passports and manages citizenship applications.

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.

The **Local Government and Community Branch** promotes the building of strong communities by providing advisory services, information, Lottery Grants, Community Organisation Grant Schemes (COGS) and other grants, which develop community capacity to address local issues. It supports the local government system through administration of aspects of the statutory framework and provision of information; provides policy advice on local government, community and voluntary sector issues; and administers CommunityNet Aotearoa, which aims to improve on-line access to government by community groups and citizens.



The **Regulation and Compliance Branch** ensures that gaming is fair, honest and lawful, and upholds community standards of censorship. It licenses gaming activities, inspects and monitors gambling, and regulates the possession and supply of objectionable material and the public display of publications through its Censorship Compliance Unit. The Branch is responsible for policy advice on gambling, racing, identity, fire and censorship issues.¹

The **Ministry of Civil Defence and Emergency Management** (MCDEM) provides policy advice to the Government on emergency management and civil defence. It provides leadership through the development of an integrated risk-based approach to civil defence and emergency management (CDEM) in New Zealand, including CDEM groups at local authority level.

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 Department of Internal Affairs provides a range of corporate services and support to the business groups enabling them to excel in their areas of expertise. These are delivered from two business groups: the **Office of the Chief Executive**, which includes strategic development and planning, risk and audit, legal services and effectiveness for Maori; and the **Business Services Branch**, which includes finance, strategic human resources, strategic communications, information and technology, facilities management and research and evaluation.



We deliver services from 17 locations throughout New Zealand, plus small offices in Sydney and London. Operationally, we are committed to providing high-quality, cost-effective services to citizens, including innovative means of improving access through electronic government while maintaining face to face services.

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 workforce 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.

In 2004/05 the Department had revenues of \$150 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.

¹ From 1 July 2005, responsibility for the Weathertight Homes Resolution Service transferred from the Department of Internal Affairs to the Department of Building and Housing.



Governance

During 2004/05 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 two Crown entities under the Internal Affairs portfolio.

Hon George Hawkins	Votes: Internal Affairs; Emergency Management
<i>Portfolios</i>	Minister of Internal Affairs ² Minister of Civil Defence Minister Responsible for the Department of Internal Affairs
<i>Crown entities</i>	New Zealand Fire Service Commission Office of Film and Literature Classification
Rt Hon Helen Clark	Vote: Ministerial Services
<i>Portfolio</i>	Minister Responsible for Ministerial Services
Hon Chris Carter	Vote: Local Government
<i>Portfolios</i>	Minister of Local Government Minister for Ethnic Affairs ³
Hon Rick Barker	Vote: Community and Voluntary Sector
<i>Portfolio</i>	Minister for the Community and Voluntary Sector
Hon Damien O'Connor	Vote: Racing
<i>Portfolio</i>	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 appointments process 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).

² From 1 July 2005, responsibility for the Weathertight Homes Resolution Service transferred from the Minister of Internal Affairs to the Minister for Building Issues.

³ Funded through Vote Internal Affairs.



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
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
Civil Union (Prescribed Information, Fees and Forms) Regulations 2005
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
Dog Control Act 1996
Dog Control (Prescribed Forms) Regulations 1996
Fencing of Swimming Pools Act 1987
Films, Videos, and Publications Classification (Fees) Regulations 1994
Films, Videos, and Publications Classification Regulations 1994
Fire Safety and Evacuation of Buildings Regulations 1992
Fire Service Act 1975
Fire Service Regulations 2003
Forest and Rural Fires Act 1977
Forest and Rural Fires Regulations 1979
Gambling Act 2003
Gambling (Class 4 Net Proceeds) Regulations 2004
Gambling (Fees and Revocations) Regulations 2004
Gambling (Forms) Regulations 2004
Gambling (Harm Prevention and Minimisation) Regulations 2004
Gambling (Infringement Notices) Regulations 2004
Gambling (Problem Gambling Levy) Regulations 2004
Gaming and Lotteries (Licensed Promoters) Regulations 1978
Gaming and Lotteries Prizes Notice 1993
Impounding Act 1955
Lake Taupo (Crown Facilities, Permits and Fees) Regulations 2004
Land Drainage Act 1908
Libraries and Mechanics Institutes Act 1908
Litter Act 1979





Local Authorities (Members' Interests) Act 1968
Local Authority Reorganisation (Property Transfers) Act 1990
Local Electoral Act 2001
Local Electoral Regulations 2001
Local Government Act 1974
Local Government Act 2002
Local Government (Museum of Transport and Technology Board) Exemption Order 2005
Local Government Official Information and Meetings Act 1987
Local Government (Otago Museum Trust Board) Exemption Order 2005
Local Government (Rating) Act 2002
Local Legislation Acts 1926-1992
Marriage (Fees) Regulations 1995
Marriage (Forms) Regulations 1995
Municipal Insurance Act 1960
New Zealand Daylight Time Order 1990
New Zealand Fire Brigades Long Service and Good Conduct Medal (1976) (Royal Warrant)
Official Appointments and Documents Act 1919
Passports Act 1992
Passport (Fees) Regulations 1996
Public Authorities (Party Wall) Empowering Act 1919
Public Bodies Contracts Act 1959
Public Bodies Leases Act 1969
Queen's Fire Service Medal Regulations 1955
Racing Act 2003
Racing (Harm Prevention and Minimisation) Regulations 2004
Rangitaiki Land Drainage Act 1956
Rates Rebate Act 1973
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
Waimakariri-Ashley Water Supply Act 1961
Weathertight Homes Resolution Services Act 2002⁴
Winston Churchill Memorial Trust Act 1965

⁴ From 1 July 2005, responsibility for administering the Weathertight Homes Resolution Services Act 2002 transferred from the Department of Internal Affairs to the Department of Building and Housing.



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Introduction

The Department of Internal Affairs contributes to the following key Government goals for the public sector:

- 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.

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

Towards this purpose, we focus on the following outcomes (states or conditions of New Zealand society that we are able to influence to varying degrees).

STRONG, SUSTAINABLE COMMUNITIES/HAPŪ/IWI

SAFER COMMUNITIES

NEW ZEALAND AND INTERNATIONAL COMMUNITIES TRUST THE INTEGRITY OF NEW ZEALAND'S RECORDS OF IDENTITY

We also have a key Departmental objective:

EXECUTIVE GOVERNMENT IS WELL SUPPORTED

The following sections outline how we have worked towards this objective and these outcomes during 2004/05. The Year in Review section also includes details of how we have contributed to the Government's goal of reducing inequalities and concludes with a section on managing capability.



Strong, sustainable communities/hapū/iwi

The Department of Internal Affairs contributes to building strong, sustainable communities. We work with central government, local government and communities, hapū and iwi to identify, plan for and realise their futures.

Our interventions focus on:

- strengthening capability building
- addressing barriers and enhancing social inclusion
- influencing the regulatory environment in which institutions and communities operate
- providing assistance and resources.

We have a range of skills, knowledge, relationships and responsibilities through which we can achieve this. Our strong networks of community and ethnic advisors work with community groups to help them set their own priorities and develop their own resources.

Various initiatives have been pursued during 2004/05 to enhance the Department's services and contribute to this outcome, as outlined below.

STRENGTHENING CAPABILITY BUILDING

During the year we continued to implement Te Whakamotuhaketanga Hapū, our Māori community development framework. The framework aligns with our "sustainable communities" development work, and emphasises an approach where the strengths of the particular whānau, hapū, iwi and Māori organisation are used as the catalyst for ongoing development.

Part of that framework is Te Kete Āwhina, a toolkit developed to provide advisors with a practical means to achieve the outcomes of Te Whakamotuhaketanga Hapū. It contains a collection of kaupapa Māori knowledge, understandings and methods drawn from experience of best practice in working with whānau, hapū, iwi and Māori. Te Kete Āwhina was launched in June 2005, and a series of regional workshops are planned in 2005/06 to train advisors in the use of the kete.

One of the ways we are encouraging sustainable community development is by implementing community-specific initiatives. Projects in Waitakere, Kaikohe, Papakura and Raetihi are using creative ways to get people in touch with their local communities, deal with community issues and develop community outcomes.

CONTRIBUTING TO A STRONG SELF-DIRECTED ETHNIC SECTOR

For New Zealand to have thriving, safe and sustainable communities, ethnic communities must settle well, feel included and contribute to the prosperity of the country as a whole. The Office of Ethnic Affairs builds community development support for ethnic communities to help them set their own priorities and develop their own resources.

The Office contributed to the development and subsequent implementation of the Government's National Settlement Strategy. The Strategy addresses the issues that many people face when settling in New Zealand. These include access to education, language services, health, housing and employment, as well as cultural integration and community involvement. The Strategy also aims to improve coordination among government agencies.

The Office has continued to work with government agencies to develop and promote ways they can improve their responsiveness to ethnic diversity in policy and services delivery, based on the Government strategy Ethnic Perspectives in Policy. Examples include:

- working with New Zealand Police, who launched their strategy Working Together with Ethnic Communities in February 2005
- supporting consultative forums on key government issues such as the Mental Health Strategy, the Housing Strategy and the review of the Residential Tenancies Act
- working with officials to identify ways to provide better information about ethnic groups, particularly those who may be at risk of disadvantage
- developing a training programme to promote intercultural awareness and communications within the public sector.



“Portraits” is aimed at all people in New Zealand, to raise awareness about the various ethnic communities living in New Zealand and what these communities contribute to New Zealand.

The Office held two further Ethnic Listening Forums in Manukau and Palmerston North, enabling people from ethnic communities to speak directly to the Minister for Ethnic Affairs and other government representatives. Over 1,000 people have now attended forums held around New Zealand. A publication will report the issues raised, which will be promoted to government agencies that work with ethnic communities.

To help raise the visibility of ethnic communities, the Office:

- marked Race Relations Day on 21 March 2005 by hosting a special evening event in Wellington in conjunction with the Human Rights Commission
- published a poster to promote strength in diversity, and the first in a series of profiles – Portraits: Youth – aimed at host communities.

The Chinese Poll Tax Heritage Trust was established and the trustees met for the first time in January 2005. The Trust was established as part of the Chinese poll tax descendants’ reconciliation package and is administered by the Department.

REVIEWING THE CONCEPT OF CITIZENSHIP

The concept of citizenship is dynamic and must respond to both national and international developments. As part of an ongoing work programme into 2005/06, the Department launched a major review of the concept of citizenship. As well as the principles underpinning New Zealand citizenship policy and legislation, the review will address:

- the relevance of the concept of citizenship in today’s world
- the rights and responsibilities of citizens
- the distinction between citizens and residents
- whether there is a need in New Zealand for promotion of citizenship
- whether citizenship is a measure of successful migrant settlement.

DEVELOPING EFFECTIVE AND ACCOUNTABLE LOCAL GOVERNMENT INSTITUTIONS

The Department advises Ministers, government agencies and local government on appropriate legislation and monitors the local government system. We also work in partnership with local government to implement new legislation and to develop tools and knowledge for effective local government performance.

Influencing the regulatory environment

During the year we participated in a joint central/local government review of the ways in which local authorities implement and enforce government’s regulatory initiatives. We also completed the initial stages of a review into the funding needs and funding sources available to local authorities.

We have also completed a draft strategy for evaluating the impact of changes to local government legislation and assessing the extent to which the legislation is achieving its intended outcome – including the Local Electoral Act 2001, the Local Government Act 2002 and the Local Government (Rating) Act 2002.

Supporting community participation and best practice

In the 2004 local authority elections, single transferable voting (STV) was introduced for the election of all District Health Boards and 10 councils. The Department supported local authorities, providing a certified calculator to count STV votes and a public education exercise to tell voters how to cast a single transferable vote. Post-election evidence showed that the overwhelming majority of voters were in fact able to cast a vote effectively.

Difficulty in the counting of STV votes in a majority of elections was outside the direct responsibility of the Department because local elections are operated locally. However, the Department took a leadership communications role in explaining the situation to the public and issued regular updates on the situation based on reports from electoral officers, local authorities and the companies contracted to do the counting.

The Department of Internal Affairs' Effectiveness for Māori Strategy 2004/05 priority actions signalled the intent to work with local government. A key focus was to assist in the successful implementation of the provisions of the local government legislation in respect of Māori. During 2004/05 we:

- presented to Māori local authority employees on the Local Government Act 2002 in workshops at Taranaki and Rotorua
- consulted with Māori community representatives on the district plan for Motiti Island.

Local authorities are required to develop Long-Term Council Community Plans, based on community outcomes processes¹ (COPs), and the Department supports central/local government interaction in these COPs. During the year, we provided information and support to territorial authorities and regional councils on COPs, including participating in, and facilitation of, meetings and workshops. We led a regular central government forum where Departments could discuss common issues and themes developing around COPs, and we ran a workshop for central/local government to share best practice.

The Department will coordinate the organisational arrangements for New Zealand's hosting of the Commonwealth Local Government Forum in 2007 – an opportunity for local government to share best practice internationally.



SeniorNet throughout New Zealand has received Lottery Grants totalling \$13,520 to assist older people access information technology.

PROVIDING ACCESS TO INFORMATION AND ASSISTANCE

The Department provides information and assistance to local government, communities and individuals. During the year, this included developing accessible information about the local government sector and local authorities to:

- improve public awareness of local government issues
- encourage public participation in local government decision-making processes
- act as a resource for local authorities.

This work culminated in a dedicated website, with this information being launched by the Minister of Local Government in August 2005.

From 1 July 2005 the Department has been responsible for the Connecting Communities Strategy (part of the Government's Digital Strategy), aimed at increasing the uptake of information and communications technology (ICT) within communities, hapū and iwi. We are responsible for the Community Partnership Fund, to fund initiatives that improve people's capability and skills to use ICT and develop digital content.

¹ The community outcomes processes, due to be reported by local authorities in 2006, require local authorities to consult widely with their communities.



Through our Office of Ethnic Affairs we manage Language Line, a telephone interpreting service for clients with limited English who are seeking advice and services from participating agencies. The service operates in 37 languages, and has handled 30,000 calls since its inception in 2003.

Preparatory work was undertaken for the transfer of the Charities Commission to the Department from the Ministry of Economic Development. From 1 July 2005, the Commission has been responsible for registering and monitoring charities. The Department will administer the Charities Act and monitor the Commission's performance. The transfer acknowledges the Department's experience in the community and voluntary sector.

PROVIDING ACCESS TO RESOURCES THROUGH GRANTS TO COMMUNITY GROUPS

The Department helps communities access resources through our administration of, and support for, the mechanisms by which grants are made to community groups.

For example, we supported the implementation of a new committee structure for the Lottery Grants Board, designed to bring decision making closer to the community and to introduce an outcomes approach to grant funding.

We also implemented enhancements to the Community Organisation Grants Scheme (COGS). The election process for new COGS Local Distribution Committees was completed during 2004/05, with 37 new committees established. Committee members received training on their roles, application assessment, codes of conduct and managing conflicts of interest.

We began establishment of the Significant Community-Based Project Fund, which will distribute grants to community projects of national significance.



Safer communities – reduced vulnerability of communities to hazards and their risks

Consistent with this “safer communities” outcome, the Government’s vision for civil defence and emergency management (CDEM) is “Resilient New Zealand” – achieved when New Zealanders understand and routinely act to reduce and avoid the adverse effects of hazards.

A key mechanism for achieving a “Resilient New Zealand” is the framework established under the Civil Defence Emergency Management Act 2002.

The February 2004 storms and Lower North Island floods created the largest emergency management event in the last 20 years, and was the first major event since the 2002 Act was passed. There was further flooding in the Bay of Plenty in July 2004 and again in May 2005.

These flood events shaped the work of the Ministry of Civil Defence and Emergency Management (MCDEM). Ministry staff were also involved in international response efforts following the South East Asian tsunami on Boxing Day 2004.

Our interventions focus on:

- increasing community awareness, understanding and participation in CDEM
- reducing the risks from hazards in New Zealand
- enhancing New Zealand’s capability to manage emergencies
- enhancing New Zealand’s capability to recover from disasters.

EVALUATING CAPABILITY NEEDS

Given the significance and timing of the February 2004 floods, the Department commissioned a review of the management of the response and initial recovery efforts at local, regional and national levels. In addition to the review of this specific event, the State Services Commission, at the request of the Ministers of State Services and Civil Defence, led a review of MCDEM.

These reviews concluded that the Act provided an appropriate structure and methodology for dealing with large-scale emergency events and that good progress was being made towards implementation. There was concern about sector capability and a need was identified in some areas for additional support. There was also concern about a lack of public understanding of the new civil defence environment and the public’s role in it.

Also, there was concern about the capacity and capability of MCDEM. The reviews identified the need to:

- enhance MCDEM’s capability and capacity to develop its role as the sector leader, capable of developing and maintaining strong relationships
- strengthen MCDEM’s national coordination role during events, including the management of the National Crisis Management Centre.

In response to these issues the Department prepared a resource bid for additional resources and for a comprehensive public education programme for the 2005/06 year and beyond. In response to our resource bid, the Government has agreed to:

- increase the permanent staffing of MCDEM by 70% over the next two years
- provide a further \$6.1 million over the next four years for national public education programmes, to increase awareness and preparedness among individuals and communities.



THE 4 RS

The new approach, embedded in the Civil Defence Emergency Management Act 2002, can be broken down into four areas of activity, known as the “4 Rs”:

Reduction: Identifying and analysing long-term risks to human life and property from natural or man-made hazards; taking steps to eliminate these risks where practicable, and, where not, reducing the likelihood and magnitude of their impact.

Readiness: Developing operational systems and capabilities before an emergency happens. These include self-help and response programmes for the general public, and establishing structures, arrangements and relationships between the key agencies with disaster management roles.

Response: Taking actions immediately before, during or directly after an emergency to save lives and property, as well as helping communities to recover.

Recovery: The activities required to regenerate communities following a disaster.

INCREASING COMMUNITY AWARENESS, UNDERSTANDING AND PARTICIPATION

In 2003 MCDEM worked with stakeholders to develop the National Public Education Strategy. The Strategy envisages resilient communities that are aware of, and acknowledge, the hazards they face and take action to be prepared to look after themselves.

In support of this strategy during the year, MCDEM began a “CDEM in Schools” package, encouraging children to deliver the CDEM preparedness message into homes. The resources will be produced in phases over the next few years.

Work has also started on developing a New Zealand version of the international *Talking about Disasters* guide. This guide will provide a standard language to ensure that consistent messages are being delivered within the CDEM sector to promote awareness and preparedness.

REDUCING THE RISKS FROM HAZARDS IN NEW ZEALAND

It is impossible to completely remove the risks from all hazards. Communities and government must therefore manage a host of variables that affect the acceptability of risk, from economic costs to the country’s international reputation.

While a comprehensive framework for government’s involvement in risk reduction is still being developed, MCDEM supported a number of risk mitigation initiatives for the Government.

The Government contributed a multimillion dollar package to an integrated flood management plan for the Thames Coast, bringing local and central government agencies together for the first time in an integrated approach to flood management in New Zealand.

A science report and a preparedness report are being developed by MCDEM and the Institute of Geological and Nuclear Sciences to provide a single integrated view of the risk of tsunami in New Zealand. The reports will provide the basis for significant local, regional and national planning.

ENHANCING NEW ZEALAND’S CAPABILITY TO MANAGE EMERGENCIES

The various agencies with statutory responsibilities must plan an integrated and cooperative approach to responding to emergencies.

The year has seen significant planning activity occur at both the local and national level. All CDEM groups have completed their first group plan, a requirement of the Civil Defence Emergency Management Act 2002. All groups have gone through a detailed process to develop the plans, including consultation with their local communities and other stakeholders. The development of the plans has enabled CDEM stakeholders to better understand what is required to more effectively manage emergencies.



Flooding in May 2005 left Matata, in the Bay of Plenty, with millions of dollars worth of damage and a long clean up ahead.



Flood barriers being tested as part of a RAPID flood training course.

MCDEM led the development of the Proposed National Civil Defence Emergency Management Plan, which was presented to the House of Representatives and publicly notified in August 2005. The Plan sets out how government will manage a national emergency and how it will support CDEM groups in their management of local events. MCDEM also supported a series of initiatives to improve training and professional development opportunities for the sector:

- redeveloping national courses, unit standards, and the Certificate in Emergency Management run through the Auckland University of Technology
- assisting in a number of regional initiatives for emergency management controllers
- developing, with the Local Authority Industry Training Organisation, Project RAPID (Response and Preparedness in Disasters) – a comprehensive training programme to enhance emergency response capability of communities.

ENHANCING NEW ZEALAND'S CAPABILITY TO RECOVER FROM DISASTERS

Good recovery planning increases the speed at which communities can resume normal activities – and its importance cannot be overstated.

We issued a *Director's Guideline on Recovery Management* in May 2005. The Guideline is the first time a comprehensive attempt has been made to identify the various components of recovery to provide a basis for recovery planning at the national, CDEM group and local level.

We also published an information series document, *Focus on Recovery, a Holistic Framework for Recovery in New Zealand*, in March 2005.

These documents were developed following the successful International Recovery Symposium held in July 2004 and four regional recovery workshops undertaken in October and November 2004.

REVIEWING THE PROVISION AND FUNDING OF FIRE SERVICES IN NEW ZEALAND

The Department is undertaking a major review of the provision and funding of fire services in New Zealand.

The overall objective of the review is the development of comprehensive new legislation to replace the Fire Service Act 1975 and the Forest and Rural Fires Act 1977. We have released the first of two public discussion documents for the review, generating a great deal of interest in the fire sector. A second public discussion document is planned for release in late 2005.



Safer communities – gambling activities are fair and lawful, and harm has been prevented and minimised

Over the last 12 months the Department has continued to focus on ensuring that the Gambling Act 2003 is successfully implemented.

Regulations were introduced during the year covering:

- harm prevention
- licensed promoters
- the net proceeds of Class 4 (gaming machines in pubs and clubs) gambling
- infringement notices.

Game rules for Class 4 gambling and limits on Class 4 venue expenses were also introduced during the year.

From March 2005 no venues, other than the six licensed casinos, can brand themselves as casinos.

Our goal over the next three to five years is for the gambling sector to achieve a significant level of voluntary compliance as it understands the rules, recognises the risks of not complying, and sees the Department as a strong and effective regulator capable of dealing with any issue as it arises.

In support of this goal we are pursuing the following key objectives:

- increasing compliance in the non-casino gaming sector
- increasing returns to the community from non-casino gaming machines
- preventing and minimising the harm caused by gambling.

Non-casino gaming machines are allowed in pubs and clubs as a form of community fundraising only, and at 30 June 2005 there were more than 22,000 such machines at more than 1,800 separate venues around New Zealand. In New Zealand, non-casino gaming machine operations last year made a profit of \$1.035 billion from a turnover of more than \$8.6 billion.

Since the Gambling Act 2003 was passed, the number of both venues and machines in use has gone down. From June 2003 to June 2004 machine numbers went down by 11%, but the amount players spent on those machines went up by 10%.

During the year we worked towards the implementation of an Electronic Monitoring System (EMS). Electronic monitoring of gaming machines is standard practice throughout the world because of the large cash turnovers. EMS will allow the Department to monitor how much money is gambled on each machine, how much each machine pays out to gamblers and how much money should be banked. We are on track for all machines to be connected by the statutory deadline of March 2007.

We have continued to develop our working relationship with the Ministry of Health. The Department and the Ministry recognise that a “whole-of-government approach” to preventing harm is required. We have progressed a number of joint initiatives during the year. In particular, the Department and the Ministry have been working together to establish an Expert Advisory Group on Preventing and Minimising Gambling Harm. This Group will consist of expert stakeholders from a variety of backgrounds including problem gambling services, research and gambling operations.

WHAT IS PROBLEM GAMBLING?

Problem gambling is gambling that causes or may cause harm. Gambling can, and does, hurt people close to the gambler (friends, family, whānau), as well as the gamblers themselves.

SIGNS OF PROBLEM GAMBLING

- Does your gambling stress you out?
- Are you spending more time gambling than you mean to?
- Are you gambling with more money than you can afford to spend?
- Do you gamble as a way of escaping problems?
- Do you lie to family or whānau and friends to hide your gambling?
- Would you, or do you, steal to get money for your gambling?
- Do you ever feel guilty or depressed about the way you gamble?
- Do you gamble to try to win back past losses?
- Do your friends, family or whānau have concerns about your gambling?



Safer communities – harm from restricted and objectionable material has been minimised

The Department's censorship interventions are focused on:

- achieving full compliance with censorship laws
- monitoring, investigating, and prosecution of offences involving, objectionable material
- promoting consumer awareness.

Besides its regulatory and enforcement role, the Department also contributes towards safer communities by facilitating the operation of the publications and classifications decision-making regime.

Recent changes to the Films, Videos, and Publications Classification Act 1993 gave the Department broader investigative powers and increased penalties for objectionable publication offences. The Courts have also handed out tougher sentences.

Until 2002, the Department's cases brought before the courts resulted in, on average, 22 convictions a year. Of those, only five in total resulted in jail terms. In 2003 there were 26 convictions with eight offenders being jailed, and in 2004 there were 24 convictions with seven jail terms imposed.

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. In 2004/05 the percentage found to be non-compliant was 10%, in comparison with the initial standard set of 15%, and 12% for 2003/04.

The major risk to the achievement of the outcome of minimising harm is child pornography over the Internet, and this area continued to receive considerable focus from the Department. We continue to work closely, and share information, with many overseas jurisdictions, as well as nationally with the Police and New Zealand Customs. We research developments in technology, including forensic investigation techniques, and maintain direct relationships with key sector groups such as Internet service providers and the computer game industry.

In 2004/05 the Department continued its research to establish profiles of censorship offenders, in order to improve the way in which offenders are identified, processed and treated, and gain insights into preventing offences of this nature.

The Department and the Office of Film and Literature Classification have jointly commissioned research, by way of a youth-based survey, on the effectiveness of the classification regime with respect to the current age restrictions on computer games. Anecdotal information suggests that young people are playing restricted games and, in many cases, obtaining such games from their parents or other adults.

The Department will use the information gained from the survey, which will be available in 2005/06, to review the enforcement approach to such activities. The survey will also indicate whether additional focus is required on promoting community awareness by education, and communicating the purpose and nature of the classification regime as it applies to computer games.



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.

Safeguarding the integrity of identity products remained a key priority for the Department over the year in the face of rising international security issues, organised crime threats and increasingly complex operational issues.

There were three areas of focus for Identity Services in 2004/05:

- enhancement of security and integrity of identity data, systems and documents
- leadership in identity management
- supporting service delivery in a changing society.

MEETING PERFORMANCE STANDARDS DESPITE HIGH DEMAND

Passport application volumes have been at a record high for much of last year, with more than 400,000 passports issued – a first for New Zealand.

Citizenship demand was also very high over several months, as changes to the citizenship qualifying conditions were initially expected to come into effect from 1 January 2006 and many people were keen to apply for citizenship before then. Despite this increase in demand, the Department has continued to meet performance standards.

ENHANCING THE SECURITY AND INTEGRITY OF IDENTITY DATA, SYSTEMS AND DOCUMENTS

This year has seen significant developments in the security of New Zealand's passport.

International travel document security standards have been raised, as a result of heightened international focus on security. New Zealand passports must meet certain requirements set by the International Civil Aviation Organisation (ICAO) and the United States Visa Waiver Programme (USVWP). From 26 October 2006, this will include a requirement for all USVWP countries, including New Zealand, to issue "e-passports". The e-passport incorporates biometric information in an embedded chip.

Development of New Zealand's e-passport has continued throughout 2004/05, including completion of design of the e-passport book and system. The Department is currently participating in live trials in the United States and expects to introduce the e-passport in 2005/06. We are also involved in the development of international standards for travel documents within ICAO.

In October 2004, the Department launched the Emergency Travel Document (ETD), replacing lower-security manual passports previously issued from Ministry of Foreign Affairs and Trade posts overseas. The ETD incorporates a number of modern security features, is machine readable and is valid for a maximum of 12 months. It enables New Zealanders overseas who do not have a valid passport to travel in urgent circumstances.

In April 2005 the Passports Amendment Act was passed. This Act reduced the validity of the New Zealand passport to five years, helping New Zealand retain a technological edge over fraudsters.

The Passports Amendment Act also allowed for the disclosure of New Zealand travel document information for the Advanced Passenger Processing system, which was launched in June 2005. This system prevents unauthorised people from entering New Zealand, by enabling airlines to check the validity of passengers' travel document details against passport and visa

DURING 2004/05:

- 411,986 passports and travel documents were issued
- 111,242 births, deaths and marriages were registered
- 241,097 birth, death and marriage certificates and printouts were issued
- 23,251 applications for grant of citizenship to foreign nationals were recommended to the Minister.

Eight out of 10 surveyed customers were satisfied with the products and service they received from Identity Services in 2004/05, with five out of 10 customers saying they were "very pleased".



information before their departure on a flight bound for New Zealand. The new system effectively extends New Zealand's ability to manage its border security offshore.

Since September 2001 the New Zealand government, along with a number of other western democratic governments, has moved to tighten border controls. Within this context, Parliament has exercised its sovereign right to determine who may have access to the benefits that accompany citizenship. The Citizenship Amendment Act 2005 came into force on 21 April 2005, giving effect to very significant shifts in policy.

- The requirements for the grant of citizenship, most notably the residence requirements, have been made more difficult to meet.
- The provision for differential treatment of applications on the basis of marital status has been repealed.
- New provisions have been introduced for dealing with applications from people with criminal convictions.

The Citizenship Amendment Act 2005 also increases the qualifying period of entitlement to New Zealand citizenship to five years. This, combined with the Passports Act amendments, tightens the security of the New Zealand passport, as New Zealand citizenship is required before a New Zealand passport can be issued.

Parliament has also amended the long-standing provision for citizenship by birth in New Zealand. From 1 January 2006, a child born in New Zealand will be a New Zealand citizen only if at least one of his or her parents is a New Zealand citizen or is entitled, in terms of the Immigration Act 1987, to be in New Zealand indefinitely. From that date, a New Zealand-born child who is not a citizen will be deemed to have at birth the same immigration status as the mother or father, whichever is the most favourable for the child.

PROVIDING LEADERSHIP IN IDENTITY MANAGEMENT

We have continued to take a leadership role on cross-government initiatives relating to identity verification, with the aim of encouraging better understanding and processes across the public sector. During 2004/05 we worked closely with the State Services Commission to design solutions for the all-of-government Identity Authentication Programme.

One of two projects we are responsible for within the Programme is the development of an Evidence of Identity standard. The standard will provide greater detail about good practice processes for agencies to establish the identity of customers. Consultation and release of the standard will take place in 2005/06.

As custodians of the largest and most complete record of New Zealanders' identity, we have provided authorised government agencies with information-matching services. Benefits include reduced public compliance costs, improved integrity of agency databases, and fraud reduction.

For example, since September 2004 we have provided weekly data on deaths to the Ministry of Social Development. This assists the Ministry to identify clients who have died, to help families of the deceased with necessary processes, and to identify cases of fraud where benefits were being claimed in the name of people who have died.

Other agencies receiving data for matching or test purposes this year have included the Ministry of Education (births data) and the Department of Labour (citizenship data). Agreements have been progressed to establish matches with two more agencies.

SUPPORTING SERVICE DELIVERY IN A CHANGING SOCIETY

Over 2004/05 a number of other legislative changes have had significant impacts on our business processes and service delivery.

The Civil Union Act was passed in December 2004 and came into force at the end of April 2005. We successfully developed the systems and processes to provide civil union services, ensuring that licences, registration services, appointment of civil union celebrants and registry ceremonies were in place when the Act came into force.

Proposals to enhance and modernise the operational provisions of the Births, Deaths, and Marriages Registration Act 1995



have been incorporated into an Amendment Bill, which is almost ready for introduction. Among the changes envisaged by the Bill is an enabling framework for online access to certain registration information.

A pilot for online notification of deaths was ready for implementation as the year ended. This is Identity Services' first fully transactional service on the Internet, and development of this service has triggered further hardening of system security to ensure safety of all Identity Services data and systems.

The Department has continued to collaborate with the Department of Labour on developing a "single customer view" to better integrate immigration and citizenship processes. Both agencies have jointly developed a high-level strategic framework that encompasses a range of current and future initiatives, such as the Regional Movement Alert List which will provide regional alert information about lost and stolen passports.

BECOMING NEW ZEALAND CITIZENS



In April 2005, Identity Services facilitated citizenship ceremonies for the Tampa refugees, a group of Afghani refugees rescued in 2001 from a sinking Indonesian fishing boat. The Prime Minister spoke at the Manukau ceremony, where 76 Tampa refugees became New Zealand citizens. Another 56 Tampa refugees became citizens over a week later in a Christchurch ceremony. The Minister of Internal Affairs attended both ceremonies, along with the mayor of each city. These events attracted both national and international media attention.

Executive Government is well supported

“Good government” depends on the effective functioning of Executive Government processes. We provide the Executive Government with the environment, support and advice to carry out its duties effectively.

ENABLING MINISTERS TO WORK EFFECTIVELY

During 2004/05 we completed initial work to improve the delivery of information technology services to our clients and staff and thus enable Ministers to work more efficiently. This included a Department-wide Information Systems Strategic Plan which sets the basis for more robust systems within Executive Government Support, and an information strategy developed jointly with the other parliamentary agencies.

We commenced a programme of upgrading security for Ministers’ residences and our transport services. A review of the property portfolio has resulted in a long-term maintenance plan for each property.

In the second half of the year, most parts of Executive Government Support were involved in planning to ensure they could respond quickly and efficiently to any changes to the Executive arising from the 2005 General Election.



The funeral procession with the Unknown Warrior on the gun carriage passes DIA Head Office enroute to the National War Memorial, Thursday 11 November 2004.

HELPING TO MAINTAIN NEW ZEALAND’S INTERNATIONAL REPUTATION

We contributed to helping maintain New Zealand’s international reputation by arranging and supporting visits by overseas dignitaries and ceremonial events. Working in close cooperation with the Ministry of Foreign Affairs and Trade and the Department of the Prime Minister and Cabinet, the Visits and Ceremonials Office of the Department arranged 90 such events in 2004/05. These included visits by the Prince of Wales and HRH Prince William, and three Presidential and nine Prime Ministerial visits.

Ceremonial events included the programme related to the return of the Unknown Warrior, the 60th anniversary of VE Day and the 50th anniversary of the end of the Korean War. These events were organised in close cooperation with the Ministry for Culture and Heritage.

FACILITATING INTERACTION BETWEEN NEW ZEALANDERS AND THE EXECUTIVE

A significant focus for us during the year was the support we gave to the Commission into Police Conduct, the Confidential Forum for Former In-Patients of Psychiatric Hospitals and the Ministerial Review into Allegations of Abuse at the Waiouru Cadet School.

We also provided a series of ancillary services:

- publishing the *New Zealand Gazette*, the official newsletter of the Government of New Zealand
- providing translation services in more than 70 languages to Ministers and third parties
- authenticating New Zealand documents for use overseas.



Reducing Inequalities

The Department of Internal Affairs contributes to the Government's goal of reducing inequalities for disadvantaged people.

We do this through developing community capability and through efficiently and effectively delivering community funding.

We concentrate on interventions that support the Departmental outcome of strong, sustainable communities/hapū/iwi, and allow disadvantaged communities to identify, plan for and realise their futures.

The Office of Ethnic Affairs contributes to reducing inequalities for ethnic communities through its advisory and information functions. It provides capacity building both for communities (enabling them to participate more effectively) and for departments (enabling them to better identify and respond to ethnic communities' needs). The Office does this through:

- promoting ethnic perspectives in policy advice and service delivery
- working with ethnic communities and community forums
- operating Language Line
- developing a programme to promote intercultural awareness, for delivery in 2005/06.

The Department, through the Local Government and Community Branch, administers the following schemes that contribute directly to the Government's goal of reducing inequalities.

COMMUNITY ORGANISATION GRANTS SCHEME (COGS)

COGS is a community-based scheme providing grants to community organisations that deliver social services to people from one or more of the COGS priority sectors, namely people with disabilities, Māori, Pacific, other ethnic and migrant communities, rurally isolated communities, older people (seniors), youth and children, families/whānau and unemployed people.

To Māori community groups or projects, 373 grants totalling \$1.981 million were made (16% of the total funds granted).

To community organisations identified as Pacific community groups, 111 grants totalling \$559,703 were made (4% of the total funds granted).

To community organisations with the major purpose of supporting women, 184 grants totalling \$883,754 were made (7% of the total funding). This excludes a large number of grants for "parent" and "family" support, where women may be major beneficiaries as well.

LOTTERY GRANTS BOARD: LOTTERY MARAE HERITAGE AND FACILITIES COMMITTEE

The 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 communities' spiritual, cultural, physical and social well-being.

Applicants are whānau, hapū, iwi and Māori organisations. The \$5.528 million available to this Committee was allocated in 2004/05.

LOTTERY GRANTS BOARD: PACIFIC PROVIDER DEVELOPMENT FUND SUBCOMMITTEE

The Pacific Provider Development Fund Subcommittee distributes funding to assist the development and strengthening of Pacific community groups and social service providers to Pacific people in New Zealand.

The Pacific Provider Development Fund was reviewed in 2004/05. During this period no funds were distributed. It has been undergoing modifications to strengthen the support and advice it offers applicants and will be relaunched in November 2005.

Other Lottery distribution committees fund Māori and Pacific community organisations. However, the above are the only two committees dedicated to Māori and Pacific groups.

MĀORI COMMUNITY DEVELOPMENT WORKER SCHEME

A government capacity-building initiative, this Scheme was designed to transfer skills to enable Māori communities to solve their own problems and thus increase self-reliance. The Department currently funds three community organisations to employ Māori community development workers to trial the effectiveness of this approach, in Muriwai, Taumarunui and Moerewa.

COMMUNITY PROJECT WORKER: COMMUNITY DEVELOPMENT SCHEME

This 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. Twenty-four workers are funded under this Scheme, nine of whom are Māori and one Pacific.

COMMUNITY INTERNSHIP PROGRAMME

The Community Internship Programme builds organisational capacity through placing experienced people from the public, private and community sectors with host community organisations. Internships range from three to six months. Each host agency receives a contribution towards salaries and resource costs associated with the placement: \$23,000 for a six-month internship and \$11,500 for a three-month internship.

Of the 13 internship placements available in 2004/05, six were with Māori organisations and two were with mental health and special needs organisations.

COMMUNITY PROJECT WORKER SCHEME: CRIME PREVENTION

This Scheme provides three-year to five-year salary and programme funding to support youth development projects aimed at reducing youth offending.

The projects funded use a community development approach to strengthen community support and services for youth. Funding is targeted to areas of high youth crime and youth aged 14 to 20 years.

Two of four projects are in areas of high Māori youth population, working mainly with Māori. A Māori provider is also managing a third project. In each case, services will be accessible to youth from all cultures.

There were no applications from Pacific youth project providers this year. Therefore, local community development advisers will target Pacific providers with the potential to apply for funding in future.

COMMUNITY-BASED YOUTH DEVELOPMENT FUND

This Fund contributes to the New Zealand Youth Suicide Prevention Strategy, focusing on providing youth development opportunities to lessen risks of self-harm. Of the six projects funded, three are Māori, two are Pacific and one is gay/lesbian.

SUPPORT FOR VOLUNTEERING FUND

This Fund reflects the diversity of volunteering approaches and the distinct needs of the various sectors. There are Māori, Pacific and ethnic funding streams, as well as support for Volunteering New Zealand and nine regional volunteer centres.

For 2004/05, one “for Māori, by Māori” recruitment and training project for volunteers has been approved. Two further projects are under development.

Five Pacific youth volunteering and volunteer training projects are under way. Stage two of a national capability-building volunteer training project through regional ethnic council networks has commenced.

OUTCOME EVALUATION

The outcome of strong, sustainable communities/hapū/iwi is broad, and is one that the Department is not able to achieve by itself. Indeed, our role is often to enable communities, hapū and iwi to identify and work towards their own well-being themselves.

The Department has implemented a research and evaluation framework for 2005/06. The framework will make sure that our outcomes and strategic direction determine our research and evaluation programme and provide a growing evidence base for reviewing the effectiveness of our interventions.

We expect that this evidence base will allow us to make more informed decisions about the cost-effectiveness of our interventions and schemes. A research and evaluation work plan and timetable are being developed. Some of this research and evaluation work will be conducted within the Department and some will be undertaken by independent researchers.



Capability

To maximise our outcome contribution and continue to improve services to our customers and clients, we are continually seeking to enhance the capability of the Department.

MANAGING ORGANISATIONAL CHANGE

In 2003/04 we reviewed our policy functions and established a new branch structure, designed to reflect key areas of strategic focus for the Department. During 2004/05, we continued implementing the recommendations of the review:

- investing in our policy capability and capacity to ensure we have the right people, systems and processes, and training to improve the quality of policy advice
- developing a policy-focused evaluation and research function to support an evidence-based approach to managing for outcomes.

During 2004 we reviewed our corporate functions, recognising that excellent business services are essential to the success of the Department's policy and service delivery outcomes. As a result of this review, in April 2005 two new corporate groups were established. The Office of the Chief Executive provides key advice and support to the Chief Executive and to the Department in the areas of strategic planning, legal, risk management and effectiveness for Māori. The Business Services Branch provides professional support to business groups in the areas of finance, human resources, communications, information management and technology services, property management, and research and evaluation services.

During 2004/05 we gained additional funding through Budget 2005 to enhance the capability and capacity of the Department in future years.

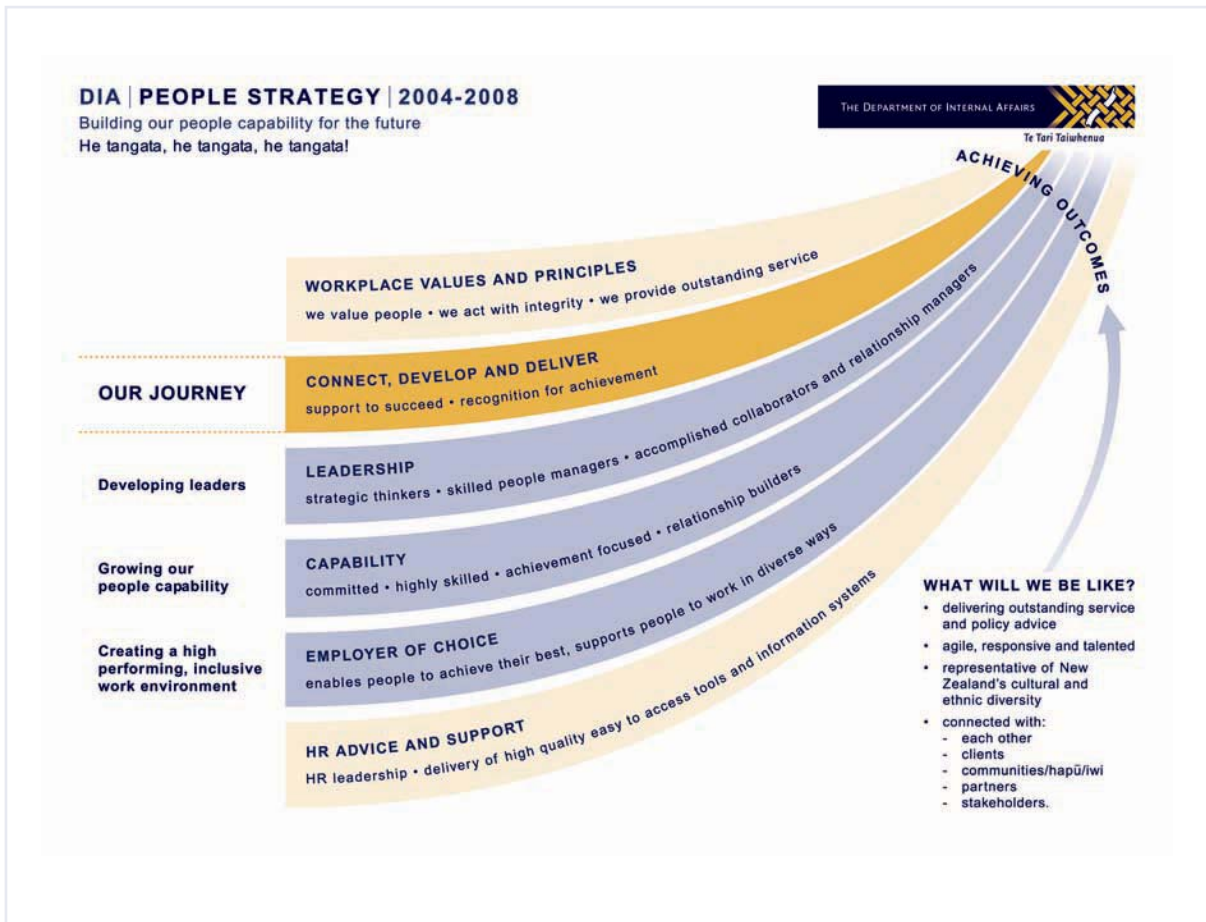
- We received funding to complete projects flowing out of the review of policy and corporate functions. The investment is being used to improve personnel capacity and capability and to upgrade the Department's information technology infrastructure.
- The Government provided funding for the next five years to enhance capability in Vote Emergency Management work.
- Funding was provided to enhance services provided by the Office of Ethnic Affairs.

During 2004/05 the Department acquired a number of new responsibilities. The most substantial of these are the Community Partnership Fund of the Digital Strategy, the Significant Community-Based Project Fund and administration of the Charities Act 2005. Implementing these new responsibilities is a current priority for the Department.

DEVELOPING OUR PEOPLE

Our success depends on maintaining and developing a talented workforce and making full use of their experience and expertise. Our People Strategy outlines the people capability we need to be a high-performing organisation, what we will do to develop this capability, and the infrastructure and mechanisms we will put in place to support it. We are focusing on three areas:

- developing leaders
- building our people capability
- creating a high-performing, inclusive work environment.



Developing leaders

The Department continues to invest time and resources to develop a pool of people with the leadership/management competencies required now and in the future.

In February 2005 we launched a new development programme for all Departmental managers and team leaders. One of the foundation tools for the programme is a 360° feedback process for managers and team leaders to identify their strengths and areas for development. To enhance their skills as coaches and make best use of the feedback process, managers and team leaders also participate in coaching skills workshops. This new development programme will assist managers and team leaders to manage their own growth, and will equip them to develop their staff to contribute effectively.

Nominated managers have participated in activities run by the Leadership Development Centre (LDC). A number of managers have also been encouraged to participate in government-wide capability development initiatives such as the LDC Leadership Development Programme and the Australia and New Zealand School of Government's Executive Master of Public Administration Programme.

We also held a series of in-house leadership forums for senior managers, where invited guests talked about issues such as strategy and managing for outcomes.

Building our people capability

We have continued to provide learning and development opportunities for our staff.

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. We value and facilitate these efforts where we can through the provision of study



leave and support. We also provided targeted training to support the needs of our various business units, such as training about integrity and security issues for our Identify Services staff.

The Chief Executive Awards provide opportunities for further work-related study, and staff from across the organisation are encouraged to apply. Twelve awards were offered in 2004, which supported a wide range of study options.

A LEARNING EXPERIENCE

Being awarded a Chief Executive's Award for 2004 provided a unique opportunity for learning, with benefits for the individual and the Department.

- The award helped David Kingi to complete a Professional Legal Studies course, enabling him to obtain admission to the bar after many years of hard work studying part-time for his law degree. "Successful completion of the course consolidated my knowledge and experience and makes it possible for me to practice as a barrister and solicitor."
- Gena Moses, a Community Development Advisor in our Hamilton office, received the award to undertake a Diploma in Facilitation and Coaching. "I have expanded my understanding of tikanga Māori and facilitation, which I use nearly every day in my work with Māori communities. I am also coaching people to grow their leadership potential within their communities."
- For Craig Nicholson, an Ethnic Advisor in Wellington, it was an opportunity to attend the Summer Institute of Intercultural Communications in the United States and discuss the challenges of intercultural and diversity training with world leaders in the field and professional cross-cultural trainers. "It was a great privilege to attend and learn about the latest training methodologies, tools and resources". It enabled Craig and the Office of Ethnic Affairs team to develop an expanded 'toolkit' comprising a CD, to promote awareness about cultural and linguistic diversity, and an Intercultural Awareness and Communication Training Programme for government officials.

During 2004/05, we implemented a set of Departmental competencies for use in recruitment, training and development, and performance management that support achievement of the Department's Statement of Intent (SOI). A comprehensive Department-wide induction process was introduced during the year, which supports our focus on developing a more integrated single organisation.

To help ensure that we can maintain our people capability for the medium term, preliminary work has commenced on developing a workforce-planning tool that will enable us to forecast capability and capacity requirements in the medium and long term.

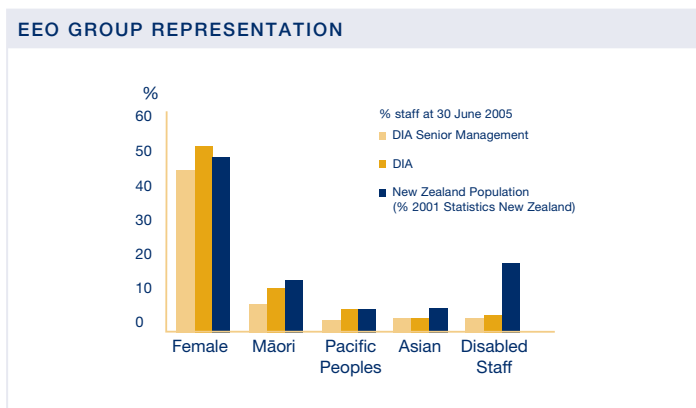
At the business unit level, managers have been reviewing capability needs over the medium term and putting in place strategies to address those needs. Some examples include: recruiting and developing specialist professional staff to support the organisation; training staff to deliver grants online; building expertise to work with Māori, Pacific Island and ethnic communities; recruiting the skills necessary to implement new legislation; and developing specialist skills in emergency management.

Creating a high-performing, inclusive work environment

Our aim is to provide a work environment that attracts the capability needed, that supports people to contribute their best, and that recognises and makes the best use of a diverse range of skills, knowledge and talents. Achieving this means focusing not just on leaders and staff individually but also on the broader work environment.

As part of being a good employer we continue to promote diversity/equal employment opportunities (EEO). During 2004/05, we developed a Diversity/EEO Plan to 2010. The Plan aims to increase and support a diverse workforce so that we can meet the needs of the people we serve. As part of this Plan we will be reviewing EEO expectations of our business groups.

While Departmental staff are reasonably representative of the New Zealand population as illustrated in the graph, progress towards the employment of EEO target groups has been mixed. A positive result is the increased proportion of Māori in senior management roles, from 7% in June 2004 to 8% in June 2005 (2005 target 12%). However, over the last two years the overall proportion of Māori in our workforce has remained static at 13% (2005 target 16%).



The Department of Internal Affairs' Effectiveness for Māori Strategy identified as a priority for 2004/05 building our staff capability to contribute to the key Government goal on the principles of the Treaty of Waitangi. During 2004/05 the Department made significant progress through training achievements in te reo, tikanga and Treaty of Waitangi relevant to job requirements.

We have continued to support and fund five EEO network groups which are operating effectively. Highlights in 2004/05 included holding a fono for Pacific Island staff and a national hui for Māori staff.

We have continued our investment in health and safety. For the ACC's Workplace Safety Management Practices Programme, we achieved ACC primary status and we are near to completing the requirements for achieving tertiary status.

ENHANCING OUR INFORMATION AND TECHNOLOGY CAPABILITY

Information and technology (I&T) is integral to the Department's operations. Arising from the Business Services Review was a separate review of the Department's I&T capability. It found that a number of the Department's long-serving I&T systems needed modernising, and that delivery of the Department's outcomes could be enhanced through upgrading our technological infrastructure. During 2004/05 we gathered information on organisational needs and technology options, and then developed strategies and priorities based on stakeholder needs and the state of the existing system. This resulted in the development of a new Information Systems Strategic Plan that will:

- support the Department's "one organisation" ideal
- take advantage of technology-based opportunities to improve business performance and services to stakeholders.

The Department has now commenced a major work programme to implement the Information Systems Strategic Plan. This will involve significant investment to deliver new corporate technologies over the next two to three years and give Departmental staff access to state-of-the-art systems. It will also involve organisational change as we expand the corporate I&T group to support the new systems.

IMPROVING ACCESS TO INFORMATION

The Department's Internet website continues to be a source of information for people in New Zealand and around the world seeking information on New Zealand identity information, passports and other services. The section of the website devoted to civil defence and emergency management (CDEM) information was renewed and upgraded, and support continued for specialist websites such as the Office of Ethnic Affairs, CommunityNet Aotearoa and the dog safety campaign site. The usefulness of the Department's website to those seeking information about grants has been enhanced.

Building on the success of our dog safety website www.dogsafety.co.nz, a resource including an animated video, a game and print material was prepared for distribution to schools. Work also progressed during the year on a public education campaign on CDEM awareness, to be commenced in 2005/06.



The effectiveness of our external electronic communications began to be matched during the year by improvements in our internal electronic communications, including the development of an extensive Intranet linking information, data, workplace and public service news, and personal staff and management information.

To improve trust and access, the Office of Ethnic Affairs Language Line has recently produced a compact disc and enhanced its website www.languageline.govt.nz with accurate up-to-date information for people from non-English-speaking backgrounds.

MANAGING STAKEHOLDER RELATIONSHIPS

To be effective in its varied responsibilities, the Department requires strong relationships with stakeholders and the ability to exercise strategic and operational leadership with other departments and agencies where there are overlapping or related responsibilities.

We have continued to build strong links with local communities, including ethnic communities and iwi/hapū, and to develop relationships of trust and respect among the stakeholders in central and local government on whose cooperation the Department's success depends.

The six-monthly Te Atamira Taiwhenua national hui were a chance to update everyone on the work of the Department, and an opportunity for ongoing dialogue and discussion. Te Atamira Taiwhenua is made up of kaumātua and representatives nominated by hapū, iwi and Māori organisations from those areas around the country where our regional offices are located.

We have worked more closely with other agencies, particularly where there are opportunities for integrated government service delivery.

- In June 2005 we signed a significant Memorandum of Understanding with the Department of Labour to provide the New Zealand Immigration Service with access to New Zealand travel document data. This means that all New Zealand travel documentation can be screened prior to an overseas traveller's departure, thereby preventing unauthorised people from entering New Zealand.
- The Office of Ethnic Affairs continues to work collaboratively with agencies with a similar purpose, such as the Human Rights Commission.
- Our Ministry of Civil Defence and Emergency Management has an ongoing role in helping promote understanding and cooperation by central and local government agencies in the area of CDEM.
- The Executive Government Support Group continues to develop its relationship with other agencies, including the Ministry of Foreign Affairs and Trade and the Ministry of Culture and Heritage, to ensure the success of guest-of-government visits and commemorative events.

We have continued to develop effective international networks.

- As a member of the International Association of Gambling Regulators, the Department hosted a meeting of international casino and other gambling regulators in April 2005.
- The Department has a strong presence in the international development of best practice for travel documentation, participating in Five Nations passport and International Civil Aviation Organisation group meetings during the year. We are preparing for a meeting of the Five Nations Anti-Fraud Working Group, which New Zealand is hosting in November 2005.
- The Office of Ethnic Affairs has begun to develop networks in Australia with similar agencies in New South Wales and Queensland.

MANAGING FOR OUTCOMES

The Department has a strong commitment to managing for outcomes. This involves a sustained and critical focus on what we do, why, how well and with what results. It requires a high level of understanding among managers and staff about the nature of the problems to be addressed, the merits of our actions to address them and the value created as a result. Through a number of initiatives, we have been making sure that staff understand the importance of managing for outcomes and that our business processes are well integrated with this approach.

The Public Finance Amendment Act 2004 recognises that not all department functions are to achieve outcomes as they are not directly targeting societal, economic or environmental effects. In light of this new definition we reclassified one of our outcomes, "Executive Government is well supported", to become a key Departmental objective.

In 2004/05, we focused on developing a consistent approach for managing our outcomes and measuring the progress we are making. Our SOI for 2005/06 shows our approach. The approach identifies the "outcome enablers", which are the mechanisms that help outcomes occur. Our main influence is at the enablers level, and by measuring "enabler indicators" we can build an evidence base to assess the effectiveness of our actions.

In 2004/05 we developed a comprehensive indicator measurement framework for our "strong, sustainable communities/hapū/iwi" outcome, and similar frameworks are under development for our other outcomes. In 2004/05 we also began to align our evaluative activity with our enabler indicators. For example, evaluations of Crown-funded grant schemes are helping us to understand to what extent this assistance to communities is enhancing the enablers of sustainable community development. Other examples of this work are in our SOI for 2005/06, and we will be continuing this approach and reporting progress in our next SOI.

We continue to seek feedback from Ministers on their level of satisfaction with the quality of policy advice provided. During the year we introduced a new process for the Chief Executive to obtain feedback from Ministers on our performance.

RISK MANAGEMENT

The Department continued to enhance risk management capability during 2004/05. In addition to implementing a comprehensive set of risk management policies and guidance material across the Department, which helps business groups identify and manage operational risks, we introduced additional components to improve risk management in the information and technology (I&T) area. For example, in order to support and extend project management capability we established an I&T Project Office with a cross-Departmental role in supporting and advising business groups on standards and methodologies for best practice I&T project management. We also introduced a new governance mechanism, an I&T Governance Committee, to provide further assurance that risks and uncertainties arising in the strategic, project and operational areas of I&T are recognised and responded to in a timely and effective manner.

SECTION 4

Performance Information

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Statement of Responsibility

As Secretary for Internal Affairs I am responsible, under 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 Financials Statements (pages 43 to 111) fairly reflects the financial position and operations of the Department of Internal Affairs for the year ended 30 June 2005.

Christopher Blake
Secretary for Internal Affairs

Shirley Smith
Chief Financial Officer

30 September 2005

TO THE READERS OF THE DEPARTMENT OF INTERNAL AFFAIRS' FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of the Department of Internal Affairs (the Department). The Auditor-General has appointed me, JR 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 2005.

Unqualified opinion

In our opinion the financial statements of the Department on pages 43 to 111:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Department's financial position as at 30 June 2005;
 - 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 2005.

The audit was completed on 30 September 2005, and is the date at which our opinion is expressed.

The basis of our 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 the 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 our opinion.

The 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 our 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 2005. 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 2005. 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 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.

During the year we provided assurance services over the audit risk profiling model and tender selection to the Department. Other than these assignments, we have no relationship with or interests in the Department.

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

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Department of Internal Affairs (the Department) for the year ended 30 June 2005 included on the Department's website. The Department's Chief Executive is responsible for the maintenance and integrity of the Department's website. We have not been engaged to report on the integrity of the Department's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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 30 September 2005 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 a community, whānau, hapū, iwi development perspective. 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	2004/05 ACTUAL	2003/04 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
Through regular feedback process, the Minister will indicate his/her level of satisfaction with the quality of policy advice. ²	Satisfied or better	Good/very good	5 ³	Achieved. A rating of ‘good/very good’ meets the performance standard of ‘satisfied or better’.
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%	93%	Achieved
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.

² Ministers are asked to assess the Department’s performance as: very good, good, satisfactory, poor or very poor

³ In 2003/04, Ministerial satisfaction was measured on a 5-point scale, with the performance standard being 3 or above.



ACTIVITY INFORMATION*	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	30-80	382	44	Higher than estimated number of parliamentary questions received.

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	1,161	1,114	1,161	735
Third Parties	13	4	14	0
Total Revenue	1,174	1,118	1,175	735
Expenses	1,126	1,119	1,176	673
Net Surplus/(Deficit)	48	(1)	(1)	62
Total Appropriation (GST Incl)*	1,273	1,259	1,323	765

*The change in the budget between Main Estimates and Supp. Estimates was to provide resources to improve policy capability and capacity.

⁴ Activity information relates to output volume measures that are demand-driven and therefore outside of the Department's control.



Vote Community and Voluntary Sector

D2 ADMINISTRATION OF GRANTS

DESCRIPTION

This output class involves:

- providing 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	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
The percentage of grant disbursements completed accurately is no less than:	95%	99%	99.91%	Achieved
The percentage of respondents to a survey of Lottery 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%	97%	98%	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%	100%	Achieved
On receipt of committee approval and completed client documentation, payment is made to 99% of grant recipients within 10 working days.	99%	99%	95.29%	Achieved
The percentage of respondents to a survey of Lottery 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 Lottery 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	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Number of applications received	8,000-10,000	8,637	9,912	
Number of grants disbursed	6,500-8,500	7,413	8,484	Fewer, but larger Lottery grants were made in 2004/05, compared to 2003/04

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	3,242	3,221	3,242	3,165
Third Parties	6,584	6,626	6,797	6,998
Total Revenue	9,826	9,847	10,039	10,163
Expenses	9,957	9,845	10,037	10,074
Net Surplus/(Deficit)	(131)	2	2	89
Total Appropriation (GST Incl)*	11,185	11,076	11,292	11,344

*The change in the budget between Main Estimates and Supp. Estimates mainly relates to funding for the Lottery Grants Board of \$101,000 and the administration of trust funds.



Vote Community and Voluntary Sector

D3 COMMUNITY ADVISORY SERVICES

DESCRIPTION

This output class involves the provision of a community development service operating from a national office and 16 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	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
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%	98%	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%	96%	97%	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%	96%	97%	Achieved

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	4,488	4,484	4,488	4,403
Third Parties	27	36	43	13
Total Revenue	4,515	4,520	4,531	4,416
Expenses	4,352	4,520	4,532	4,409
Net Surplus/(Deficit)	163	0	(1)	7
Total Appropriation (GST Incl)	4,916	5,085	5,098	4,961

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	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Policy advice will be delivered according to the policy work programme (and any subsequent amendments) 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
Through regular feedback processes, the Minister will indicate his/her level of satisfaction with the quality of policy advice. ⁵	Satisfied or better	Satisfactory	Good	Achieved. A rating of 'satisfactory' meets the performance standard of 'satisfied or better'.
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%	97%	98%	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%	89%	100%	Not achieved. The number of responses to Ministerial correspondence was more than double the estimate demand.

⁵ Ministers are asked to assess the Department's performance as: very good, good, satisfactory, poor or very poor.



RESULTS INFORMATION	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
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	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	0-65	161	85	The larger than expected volume is related to the flood events of 2004.

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	1,080	658	1,080	696
Third Parties	5	6	10	2
Total Revenue	1,085	664	1,090	698
Expenses	1,089	665	1,092	694
Net Surplus/(Deficit)	(4)	(1)	(2)	4
Total Appropriation (GST Incl)*	1,225	748	1,228	781

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to additional funding of \$225,000 for capability to meet statutory responsibilities under the Civil Defence and Emergency Management Act 2002, funding of \$150,000 to improve New Zealand's Tsunami Preparedness and a transfer of \$97,000 due to reallocation of resources from Output Class: Support Services, Information and Education for costs associated with a review of the February 2004 floods.

Vote Emergency Management

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	2004/05 ACTUAL	2003/04 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%	86%	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%	97%	96%	Achieved
The percentage of nationally directed 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%	97%	96%	Achieved
The percentage of Civil Defence Emergency Management Groups (CDEM) 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 no less than:	75%	100%	85%	Achieved
The percentage of CDEM Groups who rate their satisfaction with the quality of the participation and/or evaluation provided by the Ministry for readiness and response exercises at 3 or above on a scale of 1 to 5 is no less than:	75%	Not measured	New measure	It was found to be unfeasible to include the measure in the annual stakeholder survey and it could not be measured retrospectively.
Training modules developed in consultation with CDEM Groups and piloted prior to delivery.	100%	100%	New measure	Achieved
Guidelines are developed in consultation with emergency management sector and other relevant agencies or organisations.	100%	100%	New measure	Achieved
Draft National CDEM Plan submitted to the Minister of Civil Defence by 30 June 2005.		Not achieved	New measure	Not achieved. Draft CDEM Plan was submitted to the Minister of Civil Defence in July 2005.



ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL
Visits and meetings to provide advice and assistance on civil defence and emergency management to stakeholders.	800-1000	1,583	1,423
Participation in and/or evaluation of local government civil defence readiness and response exercises. A minimum of 6 exercises.	6	11	8
Research, production and distribution of stakeholder resource items. A minimum of 9.	9	14	9
Delivery of nationally directed education and training programmes.	4 programmes	4	3
Assistance with regional professional development initiatives.	6 initiatives	6	7
Develop training modules to support CDEM Groups operational response requirements.	3 training modules	7	New measure
Development of guidelines/best practice statements for CDEM Groups. A minimum of 3.	3	5	4

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	3,154	3,431	3,154	3,427
Third Parties	15	15	13	3
Total Revenue	3,169	3,446	3,167	3,430
Expenses	3,161	3,446	3,167	3,413
Net Surplus/(Deficit)	8	0	0	17
Total Appropriation (GST Incl)*	3,557	3,877	3,563	3,842

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to reallocation of resources to other output classes within Vote Emergency Management for the response and recovery phases of the 2004 flood events in the Lower North Island and Bay of Plenty, and costs associated with a review of the February 2004 floods.

Vote Emergency Management

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 co-ordination 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 (NCMC) and a national capability for response and rescue.

PERFORMANCE INFORMATION

RESULTS INFORMATION	STANDARD	2004/05 ACTUAL	2003/04 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%	89%	81%	Achieved
The percentage of national 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	No alerts
Structure and infrastructure changes in the NCMC implemented in accordance with the NCMC project plan.		Implemented	Implemented	Achieved
Percentage of responses to declared civil defence emergencies managed in accordance with criteria outline in the current National Civil Defence Plan is:	100%	100%	100%	Achieved
Percentage of preliminary briefings provided to the Minister within 24 hours after the declaration of a civil defence emergency is:	100%	100%	100%	Achieved
Percentage of recovery processes managed in accordance with criteria and principles set out in the current National Civil Defence Plans is:	100%	100%	100%	Achieved
Recovery management framework reflects outcomes from the National Recovery Symposium.		Completed	New measure	Achieved



ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL
Monitoring of events and incidents that have the potential to lead to civil defence emergency declarations.	200-300	490	479
Number of declared and non-declared civil defence emergencies requiring co-ordination and/or management of a Central Government response.	0-10	8	6
Number of emergency events requiring management of Central Government activity in regard to recovery support.	0-10	6	1

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	1,785	1,490	1,785	1,434
Third Parties	7	6	6	1
Total Revenue	1,792	1,496	1,791	1,435
Expenses	1,780	1,496	1,792	1,419
Net Surplus/(Deficit)	12	0	(1)	16
Total Appropriation (GST Incl)*	2,004	1,683	2,016	1,598

* The change in budget between Main Estimates and Supp. Estimates was mainly due to a reallocation of resources of \$221,000 from Output Class: Support Services, Information and Education for the response and recovery phases of the 2004 flood events in the Lower North Island and Bay of Plenty and additional funding of \$107,000 for facilitation of the Bay of Plenty flood recovery.

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; the performance of and appointments to Crown entities; and appointments to 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	2004/05 ACTUAL	2003/04 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
Through regular feedback processes, the Minister will indicate his/her level of satisfaction with the quality of policy advice. ⁶	Satisfied or better	Good	Good to very good	Achieved. A rating of 'good' meets the performance stand of 'satisfied or better'.
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%	99.5%	99.9%	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%	99.8%	99.9%	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 timeframe specified by the Minister.	100%	95.7%	100%	Not achieved. During 2004/05 seven out of 162 draft responses to parliamentary questions did not meet the Minister's timeframes.

⁶ Ministers are asked to assess the Department's performance as: very good, good, satisfactory, poor or very poor



ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions	500-700	728	685

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	4,106	3,464	4,106	5,109
Third Parties	38	12	30	4
Total Revenue	4,144	3,476	4,136	5,023
Expenses	3,590	3,476	4,136	4,217
Net Surplus/(Deficit)	554	0	0	806
Total Appropriation (GST Incl)*	4,108	3,911	4,653	4,845

*The change in budget between Main Estimates and Supp. Estimates was mainly due to an expense transfer from 2003/04 for \$705,000 for policy capability and capacity.

The variance between actual and Supp. Estimates primarily relates to the building of policy capability and capacity occurring later than planned due to the timing of recruitment (\$321,000) and the cost of reviewing the Fire legislation being lower than budgeted (\$150,000).

Vote Internal Affairs

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	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Number of complaints concerning typesetting errors where published text is inconsistent with text supplied by client. On average no more than one complaint per month.	1 complaint per month	9 complaints in 12 months	7 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	3.9	4.5	Achieved
Commissioners' rating of the timeliness of services provided is 3 or above on a scale of 1 to 5	3	4.1	5	Achieved

ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL
Number of editions of the New Zealand Gazette published:	100	102	103

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	1,849	1,158	1,849	1,212
Third Parties	1,622	1,543	1,561	1,590
Total Revenue	3,471	2,701	3,410	2,802
Expenses	3,364	2,700	3,510	2,303
Net Surplus/(Deficit)	107	1	(100)	499
Total Appropriation (GST Incl)*	3,798	3,038	3,936	2,653

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to funding for a Confidential Forum for Former In Patients of Psychiatric Hospitals of \$215,000, the Ministerial Inquiry into Waiouru Regular Force Cadet School of \$563,000 and an increase in cost for New Zealand Gazette of \$100,000.



Vote Internal Affairs

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 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
- 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).

PERFORMANCE INFORMATION

Increase in Compliance in the Gaming Sector

RESULTS INFORMATION	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Information will be gathered on the extent of non-compliance by gaming sector organisations in 2004/05 and compared with benchmark information obtained in the base year 2003/04.		Information gathered	Benchmark completed	Information gathered indicates further refinement of this measure is required.
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	100% within 3 months	99.6% within 3 months 0.4% within 12 months	Achieved
A survey of gaming sector organisations and operators will show 75% are satisfied or very satisfied with how information services provided by the Department support their ability to comply with relevant laws, conditions and rules.	75%	91%	93% ⁷	Achieved

⁷ In 2003/04 the performance standard was 50% of survey respondents satisfied or very satisfied with how information services provided by the Department support their ability to comply with relevant laws, conditions and rules. The standard was raised to 75% for 2004/05.

Increase in Compliance in the Gaming Sector

RESULTS INFORMATION CONT...	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
The Gambling Commission will make no adverse comment on the Department's regulatory activities.	No adverse comment	No adverse comment	New measure	Achieved. The Gambling Commission heard two appeals.
The Gambling Commission's satisfaction with the services provided by the secretariat is 3 or above on a scale of 1 to 5.	3	4.8	4.3	Achieved

Increase in Compliance with Censorship Laws

RESULTS INFORMATION	STANDARD	2004/05 ACTUAL	2003/04 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%	10%	12%	Achieved. Non-compliance data based on 914 completed inspections.
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	87% within 3 months 13% within 12 months	81% within 3 months 19% within 12 months	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	No cases	Achieved. No cases receive adverse judicial comments.

Increase the Return to the Community from Non-Casino Gaming Machine Operations

RESULTS INFORMATION CONT	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Information will be gathered on the percentage of return to the community from non-casino gaming machine operations and compared with benchmark information obtained in the base year 2003/04.		Information gathered	Benchmark completed	Information gathered indicates further refinement of this measure is required.



Gaming and Censorship Regulatory Services

ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Percentage of audits of gaming machine societies identified as high risk.	100%	96%	New measure	78 high-risk society audits completed. Three further audits not completed within timeframe.
Percentage of audits of gaming machine societies identified as low risk.	Minimum of 10%	11.5%	New measure	68 low-risk society audits completed.
Audits of other gambling activities.	As determined by assessment of risk	Nil	New measure	Other gaming activities assessed as low risk with no audits required.
Number of casino audits.	72	72	New measure	
Investigation of all gaming machine societies where serious non-compliance is identified.	As required	233	New measure	
Number of casino investigations.	280-380	172	241	Lower than forecast, but a demand-driven activity.
Number of formal presentations and educative site visits to the gaming sector.	200	529	581	Continued high level of activity to support introduction of new gaming regulations, etc.
Number of inspections at outlets for publications/videos/films	1,200	1,508	1,356	
Respond to censorship complaints for publications/videos/films and on the internet (including proactive detection).	250	836	514	Increased volume related to investigations on the TradeMe and similar sites, which have generated a large number of complaints.
Censorship prosecutions completed.	15-30	36	28	

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	1,772	1,766	1,772	1,450
Third Parties	13,665	13,626	13,666	9,602
Total Revenue	15,437	15,392	15,438	11,052
Expenses	16,442	15,277	16,446	13,691
Net Surplus/(Deficit)	(1,005)	115	(1,008)	(2,639)
Total Appropriation (GST Incl)*	18,372	17,202	18,376	15,073

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to funding for implementation of the Gambling Act 2003 of \$1.072 million.

Vote Internal Affairs

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	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Percentage of applications for grant of citizenship recommended to the Minister within 8 months of receipt of a completed application.	80%	95.2%	92.7%	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%	99.9%	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%	99.7% (standard) 99.8% (urgent)	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%	99.6%	99.7%	Achieved
Percentage of certificates from registrations that are partially computerised issued within 8 working days of receipt of a completed application.	95%	99.7%	97.0%	Achieved
Percentage of birth, death and marriage printouts issued within 8 working days of request.	95%	99.4%	98.8%	Achieved



ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Number of applications for grant of citizenship to foreign nationals recommended to the Minister.	18,000-22,000	23,251	21,072	Higher than estimated volumes resulted from publicity about changes to the citizenship eligibility period.
Number of registrations of citizenship by descent for New Zealanders born abroad.	5,000-6,000	6,360	6,485	
Number of certificates of citizenship status issued.	3,500-4,000	4,039	3,729	
Number of passports and travel documents issued.	315,000-387,000	411,986	390,419	Higher than estimated volumes reflect airline competition on Trans-Tasman routes, and publicity about reduced passport life from 10 to 5 years.
Number of birth, death and marriage registrations.	102,000-116,000	111,242	110,910	
Number of birth, death and marriage certificates and printouts issued.	200,000-250,000	241,097	241,211	

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	2,581	2,574	2,581	2,576
Third Parties	48,777	42,025	51,445	45,247
Total Revenue	51,358	44,599	54,026	47,823
Expenses	53,556	48,455	57,811	50,363
Net Surplus/(Deficit)	(2,198)	(3,856)	(3,785)	(2,540)
Total Appropriation (GST Incl)*	59,976	54,030	64,564	56,341

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to a forecast increase in demand for Identity Services products.

The variance between actual and Supp. Estimates primarily relates to Passport and Citizenship volumes being below budget. Budgeted levels are based on forecast volumes with an in-built contingency to ensure appropriations are not exceeded where volumes fluctuate.

Vote Internal Affairs

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	2004/05 ACTUAL	2003/04 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
Through regular feedback processes, the Minister will indicate his/her level of satisfaction with the quality of policy advice. ⁸	Satisfied or better	Satisfactory/good	Satisfactory	Achieved. A rating of 'satisfactory/good' meets the performance standard of 'satisfied or better'.
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

⁸ Ministers are asked to assess the Department's performance as: very good, good, satisfactory, poor or very poor



RESULTS INFORMATION	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
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%	99%	100%	Achieved
Feedback from key stakeholders to assess the quality and effectiveness of the advisory services to ethnic communities. Percentage of respondents who rate the quality of the services at 3 or above on a scale of 1-5 is no less than:	75%	89%	Feedback received	Achieved. 68% of respondents rated the advisory services as 'very good'.
The contract with the supplier of the telephone interpreting service (Language Line) will specify the nature and level of services to be provided, price, duration, monitoring arrangements, scope for variation and mechanisms for dispute resolution.		Standards as specified in contract with Language Line provider	New measure	Achieved.
Reports will be provided regularly to the Minister on the Language Line provider's performance against service standards.		Regular reports provided to the Minister for Ethnic Affairs	New measure	Achieved.

ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	30-90	86	36
Number of requests from ethnic communities for information or advice.	2,000-3,000	3,409	3,785

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	2,457	2,309	2,458	1,895
Third Parties	10	6	12	64
Total Revenue	2,467	2,315	2,470	1,959
Expenses	2,469	2,317	2,472	1,848
Net Surplus/(Deficit)	(2)	(2)	(2)	111
Total Appropriation (GST Incl)*	2,777	2,606	2,781	2,093

*The change in the budget between Main Estimates and Supp. Estimates was due to an expense transfer from 2003/04 and a transfer from Vote Local Government due to a reallocation of overheads.

Vote Internal Affairs

D6 WEATHERTIGHT HOMES RESOLUTION SERVICE

DESCRIPTION

The purpose of the Weathertight Homes Resolution Services Act 2002 is to provide owners of dwelling houses 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 November 2002, provides 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.

PERFORMANCE INFORMATION

RESULTS INFORMATION	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
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%	100%	Achieved
Assessments of claims are completed within 12 months of receipt of their application.	85%	58%	New measure	Not achieved. Delays primarily due to applications from multi-apartment dwellings (which are processed as a 'group' action), and greater than estimated number of claims.
Percentage of mediation of claims completed within 6 months of the claimant electing mediation,	80%	50%	New measure	Not achieved. See footnote. ⁹
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).	100%	100%	100%	Achieved

⁹ There are a number of factors, which are outside the control of the WHRS, that impact significantly on the length of time to process claims through the mediation process. The main variables relate to the number of claims received, the number of parties that are joined to a claim; the difficulties associated with location and engagement of those parties; and the provision of dispute resolution services for large numbers of claimants who have chosen to "group" their claim together (e.g. multi apartment complexes).



ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL
Estimated number of assessments completed.	804	1,472	748
Number of claims for which mediation held.	611	199 ¹⁰	New measure

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	16,176	13,576	16,176	11,717
Third Parties	146	37	222	72
Total Revenue	16,322	13,613	16,398	11,789
Expenses	15,245	13,613	16,398	9,494
Net Surplus/(Deficit)	1,077	0	0	2,295
Total Appropriation (GST Incl)*	17,285	15,315	18,448	10,968

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to an expense transfer from 2003/04 of \$2.5 million and additional funding for the resolution of claims and fees for mediation and adjudication.

The variance between actual and Supp. Estimates primarily relates to delays in the resolution of claims.

¹⁰ There are a number of factors, which are outside the control of the WHRS, that impact significantly on the length of time to process claims through the mediation process, and therefore contribute to the lower than estimated number of claims for which mediation has been held.

Vote Internal Affairs

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	2004/05 ACTUAL	2003/04 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%	97.5%	100%	Achieved
Percentage of translations meeting timeframes agreed with customers.	98%	99%	99%	Achieved. 8,286 translation jobs registered in 2004/05.

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	0	0	0	0
Third Parties	1,534	832	1,497	1,209
Total Revenue	1,534	832	1,497	1,209
Expenses	1,520	832	1,497	1,204
Net Surplus/(Deficit)	14	0	0	5
Total Appropriation (GST Incl)*	1,712	936	1,684	1,355

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to an increase in the level of support services provided to other government departments of \$722,000.

The variance between actual and Supp. Estimates relates to Information and Technology services provided to other government departments, which is matched by higher revenue. Expenditure above budget is permitted for this Mode B output class under the Public Finance Act 1989.



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	2004/05 ACTUAL	2003/04 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
Through regular feedback processes, the Minister will indicate his/her level of satisfaction with the quality of policy advice. ¹¹	Satisfied or better	Good/very good	Very good	Achieved. A rating of ‘good/very good’ meets the performance standard or ‘satisfied or better’.
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%	99.1%	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%	96%	98.9%	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%	92%	94.4%	Not achieved. One draft response to an Official Information Act request did not meet the Minister’s deadline.
Percentage of draft replies to parliamentary questions completed within the timeframes specified by the Minister.	100%	100%	100%	Achieved

¹¹ Ministers are asked to assess the Department’s performance as: very good, good, satisfactory, poor or very poor



ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	835-1,370	667	929	Volume of Ministerial correspondence can be volatile, linked to high-profile local government issues of public interest, e.g. dog control.

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	4,569	4,467	4,569	3,449
Third Parties	27	14	28	2
Total Revenue	4,596	4,481	4,597	3,451
Expenses	4,052	4,482	4,598	3,146
Net Surplus/(Deficit)	544	(1)	(1)	305
Total Appropriation (GST Incl)*	4,627	5,042	5,173	3,577

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to funding for hosting the Commonwealth Local Government Forum Conference of \$100,000.

The variance between actual and Supp. Estimates primarily relates to:

- later than planned expenditure for the local/central government interface facilitation project, which will continue in 2005/06.
- the building of policy capability and capacity occurring later than planned, due to the timing of recruitment,



Vote Local Government

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 Local Government and servicing of ministerial review authorities when required.
- Administration of the Local Electoral Act 2001, including the approval of voting documents, administrative matters relating to 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

RESULTS INFORMATION	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Local Government Commission's satisfaction with the quality of advice and support services will be surveyed annually. Satisfaction will be rated on a scale of 1 to 5.	3 or above	4	4	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%	100%	Achieved
All responses to requests for information from the public will be easy to comprehend and 100% accurate.	100%	100%	100%	Achieved
All rates rebates claims will be processed accurately.	100%	100%	100%	Achieved
Percentage of requests for information from the public responded to within 15 working days.	95%	100%	100%	Achieved
Percentage of claims for rates rebates processed within 20 working days.	98%	100%	100%	Achieved
The Lake Taupo Harbourmaster will implement a programme of facilities inspections and maintenance.	Facilities managed in accordance with programme and standards	Achieved	Achieved	Achieved
All boating facilities will be maintained to an appropriate level of safety and usability.	Facilities maintained to specified standards	Achieved	Achieved	Achieved

RESULTS INFORMATION CONT...	STANDARD	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
Percentage of respondents to a survey of key stakeholders who rate their satisfaction with the quality of Lake Taupo regulatory services at 3 or above on a scale of 1 to 5.	75%	100%	100%	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	No cases	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.	Managed in accordance with Reserve Management Plan	Achieved	Achieved	Achieved
A public education campaign will be conducted for electors in District Health Board and local authority elections, to raise awareness of STV and how to vote.	The STV public education campaign will be completed on time	Achieved	New measure	Achieved. The STV campaign was completed on time.

ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL
Estimated number of requests for information from the public.	100-500	288	383
Estimated number of rates rebates claims received for processing.	3,000-4,000	2,987	3,529

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	4,494	3,595	4,494	3,090
Third Parties	318	381	374	306
Total Revenue	4,812	3,976	4,868	3,396
Expenses	3,963	3,975	4,870	2,692
Net Surplus/(Deficit)	849	1	(2)	704
Total Appropriation (GST Incl)*	4,565	4,472	5,479	3,117

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to an expense transfer from 2003/04 of \$591,000 for the Single Transferable Vote (STV) Public Education Campaign, implementation of the national dog control database of \$414,000 and fees for use of Lake Taupo facilities of \$62,000.

The variance between actual and Supp. Estimates is primarily related to Law Reform, Dog Safety Education and Local Government Projects that will transfer with funding to 2005/06, and completion of the STV Project, which provided the STV calculator and public education campaign at a cost lower than budget.



Vote Ministerial Services

D1 SUPPORT SERVICES TO MINISTERS

DESCRIPTION

This output class involves the provision of:

- A range of support services for Ministers, including office 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	2004/05 ACTUAL	2003/04 ACTUAL	COMMENT
The percentage of Ministers responding to the annual satisfaction survey who assess the quality of support services provided at satisfactory or better.	75%	100%	100%	Achieved
The Minister responsible for Ministerial Services views on the level of support services provided to the Executive will be sought through a formal feedback process.	Satisfied or better	Good	5 ¹²	Achieved. A rating of 'good' meets the performance standard of 'satisfactory or better'.
The percentage of Ministers responding to the annual satisfaction survey who rate their satisfaction with the timeliness of services provided to them at satisfactory or better.	75%	100%	100%	Achieved

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	21,953	21,938	21,953	21,938
Third Parties	140	169	189	16
Total Revenue	22,093	22,107	22,142	21,954
Expenses	21,845	22,107	22,142	20,352
Net Surplus/(Deficit)	248	0	0	1,602
Total Appropriation (GST Incl)*	24,607	24,870	24,910	23,096

*The variance between actual and Supp. Estimates primarily relates to demand driven support services to Ministers. The Minister Responsible for Ministerial Services approved a transfer of \$119,000 to Output Class: Visits and Official Events Co-ordination under section 5 of the Public Finance Act 1989 to meet the cost of official visitors as guests of government.

¹² In 2003/04 Ministerial satisfaction was measured on a 5-point scale. The performance standard was a rating of no less than 3.

Vote Ministerial Services

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	2004/05 ACTUAL	2003/04 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 as satisfied or better. (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 as satisfactory or better. (Only Ministers with responsibility for hosting events are surveyed).	75%	100%	100%	Achieved

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	2,802	2,108	2,802	2,391
Third Parties	8	13	11	4
Total Revenue	2,810	2,121	2,813	2,395
Expenses	2,902	2,121	2,813	2,389
Net Surplus/(Deficit)	(92)	0	0	6
Total Appropriation (GST Incl)*	3,253	2,386	3,165	2,688

*The change in the budget between Main Estimates and Supp. Estimates was due to an increase in the number of official visitors as guests of government.

The variance between actual and Supp. Estimates primarily relates to unanticipated visits in addition to those forecast for the Supplementary Estimates. The Minister Responsible for Ministerial Services approved a transfer of \$119,000 from Output Class: Support Services to Ministers under section 5 of the Public Finance Act 1989 to meet the additional expenditure.



Vote Ministerial Services

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	2004/05 ACTUAL	2003/04 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	0.1 per 1,500	0.2 per 1,500	Achieved. Two complaints were received in 28,167 hires.
The percentage of Ministers who rate their satisfaction with the transport services provided to them as satisfactory or better.	75%	100%	100%	Achieved

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	0	0	0	0
Third Parties	5,679	5,416	5,677	5,737
Total Revenue	5,679	5,416	5,677	5,737
Expenses	5,658	5,416	5,677	5,640
Net Surplus/(Deficit)	21	0	0	97
Total Appropriation (GST Incl)*	6,368	6,093	6,387	6,357

*The change in the budget between Main Estimates and Supp. Estimates was mainly due to the increase in demand for services.

Vote Racing

D1 POLICY ADVICE – RACING

DESCRIPTION

This output class involves the provision of:

- Policy advice and information on matters relating to racing 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	2004/05 ACTUAL	2003/04 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
Through regular feedback processes, the Minister will indicate his/her level of satisfaction with the quality of policy advice. ¹³	Satisfied or better	Very good	4.5 ¹⁴	Achieved. A rating of 'very good' meets performance standard of 'satisfied or better'.
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

¹³ Ministers are asked to assess the Department's performance as: very good, good, satisfactory, poor or very poor.

¹⁴ In 2003/04, Ministerial satisfaction was measured on a 5-point scale, with the performance standard being 3 or above.



ACTIVITY INFORMATION	ESTIMATED VOLUME	2004/05 ACTUAL	2003/04 ACTUAL
Number of replies to Ministerial correspondence, Official Information Act requests and Ombudsman's enquiries and answers to parliamentary questions.	50-100	50	25

REVENUE AND EXPENSES

	ACTUAL 2004/05	MAIN ESTIMATES 2004/05	SUPP. ESTIMATES 2004/05	ACTUAL 2003/04
Revenue				
Crown	191	190	191	190
Third Parties	2	2	2	0
Total Revenue	193	192	193	190
Expenses	188	192	193	176
Net Surplus/(Deficit)	5	0	0	14
Total Appropriation (GST Incl)	212	216	217	200



SECTION 5

Financial Information

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Accounting Policies

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2005

Reporting Entity

The Department of Internal Affairs is a Government Department as defined by the Public Finance Act 1989. These financial statements have been prepared in accordance with 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.

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 lives are as follows:

– Buildings	33 years
– Plant and Equipment	5 - 20 years
– Furniture and Fittings	5 - 10 years
– Office Equipment	5 - 10 years
– Motor Vehicles	4 - 6 years
– IT Equipment and Software	3 - 5 years
– Births, Deaths and Marriages Historical Records Database	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 2005, direct costs accounted for 86% of the Department’s costs (2003/04 85%). 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.

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, excluding foreign currency exchange contracts, are recognised in the Statement of Financial Position.

All revenue and expenses relating 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 2005

	NOTE	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
	18a				
REVENUE					
Crown		77,860	71,543	77,861	68,787
Third Parties	1	78,033	70,769	81,597	70,347
Revaluation Gain		0	0	0	728
Total Revenue		155,893	142,312	159,458	139,862
EXPENSES					
Personnel		81,965	76,432	84,640	74,716
Operating	2	66,409	62,156	72,103	57,502
Depreciation	3	5,019	5,282	5,333	3,863
Capital Charge	4	2,283	2,184	2,283	2,321
Total Operating Expenses		155,676	146,054	164,359	138,402
Net Surplus/(Deficit)		217	(3,742)	(4,901)	1,460

The above statement is to be read in conjunction with the notes on pages 91 to 102.

Financial Position

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	NOTE	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
	18b				
ASSETS					
CURRENT ASSETS					
Cash and Bank Balances	5	31,839	5,855	14,220	25,335
Accounts Receivable	6	3,172	1,204	1,222	1,911
Inventories	7	2,001	3,998	611	1,531
Prepayments		162	11	67	192
Total Current Assets		37,174	11,068	16,120	28,969
NON CURRENT ASSETS					
Leased Assets	8	257	295	243	565
Property, Plant and Equipment		26,863	26,117	33,980	25,121
Total Non Current Assets		27,120	26,412	34,223	25,686
Total Assets		64,294	37,480	50,343	54,655
LIABILITIES AND TAXPAYERS' FUNDS					
CURRENT LIABILITIES					
Accounts Payable	10	8,603	2,653	2,723	6,039
Provisions	11	1,933	1,056	1,704	1,382
Revenue Received in Advance		11,519	4,336	8,485	6,408
Accrued Expenses	12	9,709	8,163	10,174	10,067
Finance Leases	9	217	230	202	322
Provision for Payment of Surplus	13a	217	0	0	870
Total Current Liabilities		32,198	16,438	23,288	25,088
TERM LIABILITIES					
Finance Leases	9	40	65	41	243
Employee Entitlements	14	874	623	782	782
Total Term Liabilities		914	688	823	1,025
Total Liabilities		33,112	17,126	24,111	26,113
TAXPAYERS' FUNDS					
General Funds	15	30,365	20,096	25,464	27,774
Revaluation Reserve		817	258	768	768
Total Taxpayers' Funds		31,182	20,354	26,232	28,542
Total Liabilities and Taxpayers' Funds		64,294	37,480	50,343	54,655

The above statement is to be read in conjunction with the notes on pages 91 to 102.



Cash Flows

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

NOTE	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
18c				
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH WAS PROVIDED FROM:				
Supply of Outputs to the Crown	77,860	71,543	77,861	68,787
Supply of Outputs to Third Parties	81,883	71,439	82,301	74,497
	159,743	142,982	160,162	143,284
CASH WAS DISBURSED TO:				
Costs of Producing Outputs	(145,738)	(140,513)	(156,252)	(129,781)
Capital Charge	(2,283)	(2,184)	(2,283)	(2,321)
	(148,021)	(142,697)	(158,535)	(132,102)
Net Cash Flows from Operating Activities	11,722	285	1,627	11,182
CASH FLOWS FROM INVESTING ACTIVITIES				
CASH WAS PROVIDED FROM:				
Sale of Property, Plant and Equipment	354	527	346	1,487
CASH WAS DISBURSED TO:				
Purchase of Property, Plant and Equipment	(7,293)	(6,425)	(14,947)	(8,962)
Net Cash Flows from Investing Activities	(6,939)	(5,898)	(14,601)	(7,475)
CASH FLOWS FROM FINANCING ACTIVITIES				
CASH WAS PROVIDED FROM:				
Capital Contribution	2,591	637	2,591	0
CASH WAS DISBURSED TO:				
Payment of Net Surplus	(870)	0	(730)	(4,459)
Net Cash Flows from Financing Activities	1,721	637	1,861	(4,459)
Net Increase/(Decrease) in Cash Held	6,504	(4,976)	(11,113)	(752)
Add Opening Cash	25,335	10,831	25,333	26,087
Closing Cash and Bank Balances	31,839	5,855	14,220	25,335

The above statement is to be read in conjunction with the notes on pages 91 to 102.

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 2005

	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
SURPLUS FROM STATEMENT OF FINANCIAL PERFORMANCE	217	(3,742)	(4,901)	1,460
ADD/(DEDUCT) NON CASH ITEMS				
Depreciation	5,019	5,282	5,333	3,863
Revaluation Gain on Properties	0	0	0	(728)
Increase/(Decrease) in Employee Entitlements	(132)	0	0	(1,256)
Unrealised Foreign Exchange (Gain)/Loss	0	0	0	0
	4,887	5,282	5,333	1,879
ADD/(DEDUCT) MOVEMENTS IN WORKING CAPITAL ITEMS				
(Increase)/Decrease in Accounts Receivable	(1,261)	679	814	(159)
(Increase)/Decrease in Inventories	(470)	(1,841)	920	317
(Increase)/Decrease in Prepayments	30	0	0	102
Increase/(Decrease) in Accounts Payable	2,765	(1,365)	(3,290)	917
Increase/(Decrease) in Revenue Received in Advance	5,111	0	0	3,788
Increase /(Decrease) in Accrued Expenses	(134)	1,272	2,750	2,672
Increase /(Decrease) in Provisions	551	0	0	891
Movement in Working Capital	6,592	(1,255)	1,194	8,528
ADD/(DEDUCT) ITEMS CLASSIFIED AS INVESTING ACTIVITIES				
Loss/(Gain) on Sale of Property, Plant and Equipment	31	0	1	(264)
(Increase)/Decrease in Accounts Payable for Property, Plant and Equipment	(5)	0	0	(421)
	26	0	1	(685)
Net Cash Flows From Operating Activities	11,722	285	1,627	11,182

The above statement is to be read in conjunction with the notes on pages 91 to 102.



Movements in Taxpayers' Funds

STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
Net Surplus/(Deficit) for the year	13a	217	(3,742)	(4,901)	1,460
Net transfers from Revaluation Reserve		0	0	0	140
Increase/(decrease) in Revaluation Reserve		49	0	0	510
Total Recognised Revenue and Expenses		266	(3,742)	(4,901)	2,110
Capital Contribution	13b	2,591	637	2,591	0
Provision for Payment of Surplus	13a	(217)	0	0	(870)
Movement in Taxpayers' Funds for the year		2,640	(3,105)	(2,310)	1,240
Taxpayers' Funds as at 1 July		28,542	23,459	28,542	27,302
Taxpayers' Funds as at 30 June		31,182	20,354	26,232	28,542

The above statement is to be read in conjunction with the notes on pages 91 to 102.

Commitments

STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2005

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
OPERATING COMMITMENTS		
NON-CANCELLABLE ACCOMMODATION LEASES		
Less than one year	6,584	6,167
One to two years	5,899	5,374
Two to five years	7,211	10,183
Over five years	1,184	1,404
Total Accommodation Commitments	20,878	23,128
OTHER NON-CANCELLABLE LEASES		
Less than one year	555	234
One to two years	330	87
Two to five years	264	3
Total Other Lease Commitments	1,149	324
NON-CANCELLABLE CONTRACTS FOR GOODS AND SERVICES		
Less than one year	3,421	5,731
One to two years	0	3,090
Two to five years	0	13
Total Goods and Services Commitments	3,421	8,834
Total Commitments	25,448	32,286



Contingent Assets and Liabilities

STATEMENT OF CONTINGENT ASSETS AND LIABILITIES AS AT 30 JUNE 2005

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
LEGAL PROCEEDINGS AND DISPUTES		
Personnel Issues	0	20
Legal Disputes	69	197
Total Contingent Liabilities	69	217

UNQUANTIFIED CONTINGENT LIABILITIES

There are several personal grievance cases brought or pending against the Department which have not been quantified due to the nature of the issues and the uncertainty of the outcomes. While an estimate of the financial effect cannot be made, management believes the resolution of these cases will not have a materially adverse effect on the financial statements of the Department.

There were no Contingent Assets for the year ended 30 June 2005 or the previous financial year.

Unappropriated Expenditure

STATEMENT OF UNAPPROPRIATED EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

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

There was no departmental unappropriated expenditure for the year ended 30 June 2005 or the previous financial year.

Memorandum Accounts

MEMORANDUM ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2005

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 JUNE 04 \$000	MOVEMENT DURING 2004/2005 \$000	CLOSING BALANCE 30 JUNE 05 \$000
New Zealand Gazette	216	(163)	53
Use of facilities and access to Lake Taupo by boat users	25	7	32
Passport products	7,404	(3,843)	3,561
Citizenship products	(4,603)	695	(3,908)
Marriage products	216	193	409
Issue of Birth, Death and Marriage certifications and other products	(291)	974	683
Administration of non-casino gaming	(567)	(661)	(1,228)

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.

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 are reviewed regularly.

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 conditions.

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. The current fees schedule was approved with effect from 1 September 2003. The accumulated surplus is expected to continue to reduce in 2005/06 as the set-up costs of new systems are incurred.

Citizenship Products

The opening deficit in this account reflects the current level of citizenship fees that are not based on full cost recovery.

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 current fees schedule was approved with effect from 1 September 2003 to recover full costs. The trend of a reducing accumulated deficit is expected to continue.

Marriage 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 current fees schedule was approved with effect from 1 September 2003 to recover full costs.

Births, Deaths and Marriages Certificates and Other 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 includes the introduction of new technologies that allow greater access by applicants through the internet. The current fees schedule was approved with effect from 1 September 2003 to recover full costs.

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. The accumulated deficit is expected to reduce to zero over time. The current fees schedule was approved with effect from 1 July 2004.



Departmental Appropriations and Expenditure

STATEMENT OF DEPARTMENTAL APPROPRIATIONS AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
(FIGURES ARE GST INCLUSIVE)					
Appropriations for Classes of Outputs to be supplied by the Department					
VOTE INTERNAL AFFAIRS					
	17a				
D1	Policy Advice – Internal Affairs	4,108	3,911	4,653	4,845
D2	Information and Advisory Services	3,798	3,038	3,936	2,653
D3	Gaming and Censorship Regulatory Services	18,372	17,202	18,376	15,073
D4	Identity Services	59,976	54,030	64,564	56,341
D5	Services relating to Ethnic Affairs	2,777	2,606	2,781	2,093
D6	Weathertight Homes Resolution Service	17,285	15,315	18,448	10,968
D7	Contestable Services	1,712	936	1,684	1,355
VOTE EMERGENCY MANAGEMENT					
	17b				
D1	Policy Advice – Emergency Management	1,225	748	1,228	781
D2	Support Services, Information and Education	3,557	3,877	3,563	3,842
D3	Management of National Emergency Readiness, Response and Recovery	2,004	1,683	2,016	1,598
VOTE LOCAL GOVERNMENT					
	17c				
D1	Policy Advice – Local Government	4,627	5,042	5,173	3,577
D2	Information, Support and Regulatory Services – Local Government	4,565	4,472	5,479	3,117
VOTE MINISTERIAL SERVICES					
	17d				
D1	Support Services to Ministers	24,607	24,870	24,910	23,096
D2	Visits and Official Events Co-ordination	3,253	2,386	3,165	2,688
D3	VIP Transport	6,368	6,093	6,387	6,357
VOTE RACING					
	17f				
D1	Policy Advice – Racing	212	216	217	200
VOTE COMMUNITY AND VOLUNTARY SECTOR					
	17e				
D1	Policy Advice – Community	1,273	1,259	1,323	765
D2	Administration of Grants	11,185	11,076	11,292	11,344
D3	Community Advisory Services	4,916	5,085	5,098	4,961
Total Appropriations for Classes of Outputs to be supplied by the Department					
	19	175,820	163,845	184,293	155,654
Total Department Appropriations		175,820	163,845	184,293	155,654

Vote Internal Affairs – D7 Contestable Services

Expenditure above budget is permitted for this Mode B output class under the Public Finance Act 1989.

Vote Ministerial Services – D2 Visits and Official Events Co-ordination

Expenditure above budget was addressed through a fiscally neutral transfer which was approved after Supplementary Estimates. Details follow on page 90.



STATEMENT OF DEPARTMENTAL APPROPRIATIONS AND EXPENDITURE CONT...
FOR THE YEAR ENDED 30 JUNE 2005

FISCALLY NEUTRAL TRANSFERS UNDER THE PUBLIC FINANCE ACT 1989

	ACTUAL 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	TRANSFERS 2004/05 \$000	FINAL VOTED 2004/05 \$000
VOTE MINISTERIAL SERVICES				
D1 Support Services to Ministers	24,607	24,910	(119)	24,791
D2 Visits and Official Events Co-ordination	3,253	3,165	119	3,284

During the 2004/05 year there were a number of unanticipated guests of government visits. The programme was reviewed in April 2005 and an additional \$0.779m was approved in the Supplementary Estimates. This additional funding did not fully meet expenditure requirements. The Minister Responsible for Ministerial Services approved the transfer of funding from Output Class: Support Services to Ministers to Output Class: Visits and Official Events Co-ordination under the Public Finance Act 1989.



Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1

REVENUE THIRD PARTIES

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Passport Fees	28,103	26,986
Citizenship Fees	10,364	8,787
Birth, Death and Marriage Fees	9,558	9,473
Gaming Licences	9,432	1,609
Gaming Machine Fees*	70	5,255
Casino Operators' Levies	4,125	2,655
VIP Transport	5,670	5,737
Recovery from New Zealand Lottery Grants Board	6,443	6,885
New Zealand Gazette	846	844
Other	3,422	2,116
Total Revenue Third Parties	78,033	70,347

*In 2004/05 Gaming Machine Fees were included in the classification Gaming Licence Fees.

NOTE 2

OPERATING EXPENSES

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Rental and Leasing Costs	8,361	7,776
Fee for Audit of Financial Statements	167	151
Fees to Auditors for Other Services Provided	14	9
Increase/(Decrease) in Provision for Doubtful Debts	22	2
Loss on Sale of Property, Plant and Equipment	68	33
Increase Provision for Obsolete Inventory	553	0
Other Departmental Operating Costs	57,224	49,531
Total Operating Expenses	66,409	57,502

NOTE 3**DEPRECIATION**

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Buildings	76	68
Lease Improvements	549	393
Furniture and Fittings	29	29
Office Equipment	81	39
Motor Vehicles	675	684
Plant and Equipment	79	58
IT Equipment	3,236	2,592
Leased Assets	294	0
Total Depreciation	5,019	3,863

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 2004/05 was 8.0%. (2003/04, 8.5%)

NOTE 5**CASH AND BANK BALANCES**

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
New Zealand Bank Account	31,183	25,126
Overseas Bank Accounts		
Sydney	566	82
London	90	127
Total Cash and Bank Balances	31,839	25,335

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

**NOTE 6****ACCOUNTS RECEIVABLE**

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Trade Receivables	3,209	1,926
less Provision for Doubtful Debts	(37)	(15)
Total Accounts Receivable	3,172	1,911

NOTE 7**INVENTORIES**

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Passports		
Stock on hand	76	0
Work in Progress	354	340
Visits and Ceremonials		
Liquor	116	118
Birth, Death and Marriage Certificates	15	13
Citizenship		
Stock on hand	113	44
Work in Progress	1,327	1,016
Total Inventories	2,001	1,531

NOTE 8

NON CURRENT ASSETS

	ACTUAL 2004/2005			ACTUAL 2003/2004		
	COST AND/OR VALUATION \$000	ACCUM. DEPREC. \$000	CARRYING AMOUNT \$000	COST AND/OR VALUATION \$000	ACCUM. DEPREC. \$000	CARRYING AMOUNT \$000
Land at valuation	3,930	0	3,930	3,930	0	3,930
Buildings						
Cost	22	1	21	0	0	0
Valuation	2,514	113	2,401	2,514	38	2,476
Lease Improvements	3,115	1,182	1,933	2,868	633	2,235
Antiques and Works of Art						
Cost	0	0	0	27	0	27
Valuation	412	0	412	341	0	341
Furniture and Fittings	542	355	187	558	361	197
Office Equipment	685	368	317	659	390	269
Motor Vehicles	3,925	1,554	2,371	3,988	1,329	2,659
Plant and Equipment	960	563	397	1,127	661	466
IT Equipment	25,095	14,643	10,452	24,623	12,617	12,006
Capital Work in Progress	4,442	0	4,442	515	0	515
Total Property, Plant & Equipment	45,642	18,779	26,863	41,150	16,029	25,121

LEASED ASSETS

	ACTUAL 2004/2005			ACTUAL 2003/2004		
	COST \$000	ACCUM. DEPREC. \$000	CARRYING AMOUNT \$000	COST \$000	ACCUM. DEPREC. \$000	CARRYING AMOUNT \$000
Leased Assets	456	199	257	565	0	565
Total Leased Assets	456	199	257	565	0	565

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, in May 2005.

**NOTE 9****LEASE LIABILITY**

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Finance Leases:		
Current	217	322
Non current	40	243
Total	257	565
Repayable as follows:		
One to two years (assume first year repayment)	239	348
Two to five years (assume second year onwards)	45	269
Beyond five years	0	0
Total	284	617
Future finance charges	(27)	(52)
Recognised as a liability	257	565

The effective interest rate on the finance leases over the lease period was 8.5%.

Ownership of leased assets remains with the lessor.

NOTE 10**ACCOUNTS PAYABLE**

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Accounts Payable	8,975	5,625
Accounts Payable for Property, Plant and Equipment	143	148
GST Payable	(515)	266
Total Accounts Payable	8,603	6,039

NOTE 11

PROVISIONS

	ACTUAL 2004/2005			ACTUAL 2003/2004		
	RE-ORGANISATION \$000	OTHER \$000	TOTAL \$000	RE-ORGANISATION \$000	OTHER \$000	TOTAL \$000
Opening Balance	549	833	1,382	0	1,056	1,056
Additional provisions made during the year	0	1,405	1,405	549	1,352	1,901
Charge against provision for the year	(424)	(430)	(854)	0	(1,575)	(1,575)
Closing Balance	125	1,808	1,933	549	833	1,382

The 'Re-organisation' provision (\$0.125m) is the residual balance of the policy project (review of the Department's policy capability and capacity) and business services review project. It is anticipated that the re-organisation will be fully completed by the end of 2005.

The 'Other' provision (\$1.808m) relates primarily to:

- The Chief Executive's Scholarship and Awards Programme
- Estimated cost of obsolete passport stock and
- Estimated cost of performance payments to staff.

The Chief Executive's Scholarship and Awards Programme is to fund study in New Zealand and overseas. The recipients of the scholarship and awards were approved by the Chief Executive on 28 June 2005 and the payments are expected to be made over the next 12 months.

NOTE 12

ACCRUED EXPENSES

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Annual Leave	3,725	3,444
Accrued Salaries	275	0
Long Service and Retirement Leave	528	502
Accrued Expenses for Property, Plant and Equipment	64	581
Audit Fees	70	55
Other	5,047	5,485
Total Accrued Expenses	9,709	10,067

**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 2004/05 \$000	ACTUAL 2003/04 \$000
Net Surplus as per Statement of Financial Performance	217	1,460
Realised Gain on Revaluation Reserve (Land)	0	140
Unrealised Gain on Revaluation of Buildings	0	(728)
Rounding Adjustment for Output Provision	0	(2)
Provision for Payment of Surplus	217	870

b) Capital Contribution

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
Weathertight Homes Resolution Service Database	600	0
Ruapehu Lahar Management	37	0
National Dog Control Database	1,314	0
Identity Set-up Costs for Civil Union Register	200	0
Identity Human Assisted Reproductive Technology Act 2004	200	0
Corporate IT Infrastructure	240	0
Total Capital Contribution	2,591	0

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 current portion is included in Accrued Expenses (Note 12). The assessment was undertaken for each employee as at 31 March 2005. 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 2004/05 \$000	ACTUAL 2003/04 \$000
General Funds as at 1 July	27,774	27,044
Net Surplus	217	1,460
Capital Contribution	2,591	0
Net transfers from Revaluation Reserve	0	140
Provision for Payment of Surplus to the Crown	(217)	(870)
General Funds as at 30 June	30,365	27,774

Revaluation Reserve

	ACTUAL 2004/2005			ACTUAL 2003/2004		
	OPENING BALANCE \$000	REVALUATION MOVEMENT \$000	CLOSING BALANCE \$000	OPENING BALANCE \$000	REVALUATION MOVEMENT \$000	CLOSING BALANCE \$000
Land	627	0	627	117	510	627
Antiques and Works of Art	141	49	190	141	0	141
Total Revaluation Reserve	768	49	817	258	510	768

**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 Contracts. The Department has received the Minister of Finance 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 2004/05 \$000	ACTUAL 2003/04 \$000
Cash and bank balances	31,839	25,335
Accounts Receivable	3,172	1,911
Total	35,011	27,246

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 2003/04 and 2004/05.

NOTE 17**DEPARTMENTAL APPROPRIATIONS AND EXPENDITURE – EXPLANATION OF VARIANCES**

Details of Appropriation and Expenditure variances greater than 5% for both actuals versus supplementary budget and supplementary budget versus main budget are included in Part 4 – Performance Information of this Annual Report.

In addition, “*The Supplementary Estimates of Appropriations for the year ending 30 June 2005*” contains an explanation of significant budget changes between the 2004/05 Main Estimates and 2004/05 Supplementary Estimates as set out below:

a) Vote Internal Affairs

Supplementary Estimates of Appropriations, B7 – Pages 310 to 311.

b) Vote Emergency Management

Supplementary Estimates of Appropriations, B7 – Page 186.

c) Vote Local Government

Supplementary Estimates of Appropriations, B7 – Page 348.

d) Vote Ministerial Services

Supplementary Estimates of Appropriations, B7 – Page 362.

e) Vote Community and Voluntary Sector

Supplementary Estimates of Appropriations, B7 – Page 88.

f) Vote Racing

Supplementary Estimates of Appropriations, B7 – Page 425.

NOTE 18a**EXPLANATION OF SIGNIFICANT VARIANCE BETWEEN ACTUAL AND SUPPLEMENTARY ESTIMATES – STATEMENT OF FINANCIAL PERFORMANCE**

Categories of Revenue and Expenditure with variance greater than 5% are Operating Expenses and Depreciation.

	ACTUAL 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	VARIANCE 2004/05 \$000	VARIANCE 2004/05 %
Operating Expenses	66,409	72,103	5,694	8%
Depreciation	5,019	5,333	314	6%

OPERATING EXPENSES**Identity Services:**

Passport and Citizenship volumes were below budget. Budgeted levels are based on forecast volumes with an in-built contingency to ensure appropriations are not exceeded where volumes fluctuate.

Weathertight Homes Resolution Service:

Actual Professional Fees were lower than budget primarily due to delays in the resolution of claims.

Policy Advice – Local Government:

Operating Expenses were lower than budget due to:

- Later than planned expenditure for local/central government interface facilitation project which will continue in 2005/06 and
- Building of policy capability and capacity occurring later than planned due to the timing of recruitment.

**Information, Support and Regulation Services – Local Government:**

Operating Expenses were lower than budget primarily due to:

- Operational activity on Law Reform, Dog Safety Education and Local Government Projects being later than planned. The funding for these activities will transfer to 2005/06 and
- Completion of the Single Transferable Vote (STV) Project, which provided the STV calculator and public education campaign at a cost lower than budget.

DEPRECIATION

This is due to delays in the timing of capital projects, see note 18b Property, Plant and Equipment

NOTE 18b**EXPLANATION OF SIGNIFICANT VARIANCE BETWEEN ACTUAL AND SUPPLEMENTARY ESTIMATES – STATEMENT OF FINANCIAL POSITION**

Explanations are provided for variances in excess of \$1million and greater than 5% of the Supplementary Estimates.

Cash and Bank Balances (\$17.619 million)

Cash and bank balances were directly impacted by lower than budgeted Property, Plant and Equipment (\$7.117m) and higher than budgeted Accounts Payable (\$5.880m), and Revenue Received in Advance (\$3.034m).

Accounts Receivable (\$1.950 million)

Accounts receivable is significantly higher than budget due to the New Zealand Lottery Grants Board June receivable. This is an annual trend not reflected in the budget.

Inventories (\$1.390 million)

Work in progress passport stock was increased to meet increased demand. This increased demand is also reflected in the Revenue Received in Advance provision noted below.

Property, Plant and Equipment (\$7.117 million)

The variance is mainly due to the timing of IT expenditure for:

- Passport systems that will continue in 2005/06
- The development of a National Dog Control Database that has an extended completion date of September 2005 and
- Relocation and Fit-out costs for the Department's Christchurch offices that began in July 2005

Accounts Payable (\$5.880 million)

Budgeted Accounts Payables was artificially low due to the treatment of a forecast deficit of \$4.901m included in the Supplementary Estimates, see notes on General Fund below.

Revenue Received in Advance (\$3.034 million)

Revenue Received in Advance variance was primarily due to increased demand for passports. This increased demand is reflected in Inventories (Work in Progress) noted above.

General Fund (\$4.901 million)

This variance relates primarily to the forecast budget deficit of \$4.901m. When the Supplementary Estimates budgets were completed, it was forecast that Information and Advisory Services (\$0.100m), Gaming and Censorship Regulatory Services (\$1.008m) and Identity Services (\$3.785m) would run deficits and require a capital contribution by drawing down from the Memorandum Accounts.

NOTE 18c**EXPLANATION OF SIGNIFICANT ACTUAL VARIANCES – STATEMENT OF CASH FLOWS****Purchases of Property, Plant and Equipment (\$7.654 million)**

The variance is mainly delays to the timing of IT expenditure. See note 18b, Property, Plant and Equipment.

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 2004/05 \$000	ACTUAL 2003/04 \$000
Total Operating Expenses in Statement of Financial Performance	155,676	138,402
Revaluation Gain	0	(728)
Intra-entity Expenditure	587	523
GST on Revenue Crown	9,730	8,598
GST on Revenue Third Parties	9,754	8,794
GST on Intra-entity Revenue	73	65
Total Appropriations in Statement of Departmental Appropriations and Expenditure	175,820	155,654

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 AS AT 30 JUNE 2005

	UNIT	ACTUAL 2004/05	ACTUAL 2003/04
OPERATING RESULTS			
Revenue: Third Parties	\$000	78,033	70,347
Revenue: Interest	\$000	0	0
Total Operating Expenses	\$000	155,676	138,402
Operating Surplus before Capital Charge	\$000	2,500	3,781
Net Surplus/(Deficit)	\$000	217	1,460
WORKING CAPITAL			
Liquid Ratio		2.23:1	1.97:1
Current Ratio		1.15:1	1.15:1
Average Debtors Outstanding	days	11	8
Average Creditors Outstanding	days	32	27
RESOURCE UTILISATION			
Physical Assets:			
Physical Assets as % of Total Assets	%	42.18	47.00
Additions as % of Physical Assets	%	11.34	34.89
Taxpayers' Funds:			
Level at year-end	\$000	31,182	28,542
Taxpayers' Funds as % of Total Assets	%	48.50	52.22
NET CASH FLOWS			
Surplus/(Deficit) from Operating Activities	\$000	11,722	11,182
Surplus/(Deficit) from Investing Activities	\$000	(6,939)	(7,475)
Net Increase/(Decrease) in Cash Held	\$000	6,504	(752)

Non-Departmental Statement of Accounting Policies

NON-DEPARTMENTAL STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2005

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 2004/05.

Non-Departmental Financial Statements and Schedules

NON-DEPARTMENTAL FINANCIAL STATEMENTS AND SCHEDULES

FOR THE YEAR ENDED 30 JUNE 2005

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 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
Revenues and Receipts	339	10	10	39
Expenses	73,612	43,353	74,847	46,130
Assets	18,838	15,538	16,316	23,111
Liabilities	2,943	1,686	1,846	2,254

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 2005

The Schedule of Expenses summarises non-departmental expenses that the Department administers on behalf of the Crown. A detailed breakdown is provided in the Statement of Non-Departmental Expenditure and Appropriations on pages 106 to 107 and the Statement of Non-Departmental Unappropriated Expenditure on page 108.

	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
VOTE INTERNAL AFFAIRS				
Non-Departmental Output Classes	2,205	2,205	2,205	2,205
Other Expenses to be Incurred by the Crown	5,068	232	5,232	76
Total Non-Departmental Expenses	7,273	2,437	7,437	2,281
VOTE EMERGENCY MANAGEMENT				
Other Expenses to be Incurred by the Crown	20,121	1,112	19,872	6,808
Total Non-Departmental Expenses	20,121	1,112	19,872	6,808
VOTE LOCAL GOVERNMENT				
Benefits and Other Unrequited Expenses	498	950	950	585
Other Expenses to be Incurred by the Crown	14,029	6,917	14,036	7,480
Purchase or Development of Capital Assets by the Crown	34	34	334	0
Depreciation	171	165	165	165
Total Non-Departmental Expenses	14,732	8,066	15,485	8,230
VOTE MINISTERIAL SERVICES				
Benefits and Other Unrequited Expenses	317	297	327	296
Other Expenses to be Incurred by the Crown	15,588	15,625	15,760	15,021
Depreciation	108	111	111	92
Total Non-Departmental Expenses	16,013	16,033	16,198	15,409
VOTE COMMUNITY AND VOLUNTARY SECTOR				
Non-Departmental Output Classes	401	473	473	473
Other Expenses to be Incurred by the Crown	15,072	15,232	15,382	14,667
Total Non-Departmental Expenses	15,473	15,705	15,855	15,140
Total Non-Departmental Expenses	73,612	43,353	74,847	47,868

Schedule of Non-Departmental Expenditure and Appropriations

SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2005

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.

	NOTE	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
(FIGURES ARE GST INCLUSIVE)					
VOTE INTERNAL AFFAIRS	21a				
Non-Departmental Output Classes					
Classification of Films, Videos and Publications		2,205	2,205	2,205	2,205
Other Expenses to be Incurred by the Crown					
Miscellaneous Grants (Internal Affairs)	22a	26	48	48	47
Commission of Inquiry into Police Conduct	22b	41	183	183	28
Royal Life Saving Commonwealth Council		1	1	1	1
Chinese Poll Tax Reconciliation		5,000	0	5,000	0
Total Appropriations		7,273	2,437	7,437	2,281
VOTE EMERGENCY MANAGEMENT	21b				
Other Expenses to be Incurred by the Crown					
Emergency Expenses		11,469	48	11,469	730
Subsidies to Local Government		1,000	1,000	1,000	1,000
Manawatu Mayoral Relief Fund		0	0	0	120
Rangitikei Mayoral Relief Fund		0	0	0	120
South Taranaki Mayoral Relief Fund		0	0	0	20
Wanganui Mayoral Relief Fund		0	0	0	20
Horowhenua Mayoral Relief Fund		0	0	0	20
Hutt City Mayoral Relief Fund		0	0	0	20
Marlborough Mayoral Relief Fund		0	0	0	20
Kapiti Coast Mayoral Relief Fund		0	0	0	20
Donations Relief Fund		2,805	0	2,805	4,718
RDC Lahar Monitoring		64	64	64	0
Opotiki Mayoral Relief		20	0	20	0
Thames Coast Properties		690	0	690	0
Floodway Works		890	0	890	0
Flood Relief Donation BoP		2,037	0	2,038	0
Kiwitea Catchment Scheme		826	0	826	0
Greymouth Mayoral Relief		50	0	50	0
Whakatane Mayoral Relief		45	0	20	0
Tauranga Mayoral Relief Fund		25	0	0	0
Western Bay of Plenty Mayoral Relief Fund		25	0	0	0
Joint Mayoral Relief Fund		175	0	0	0
Total Appropriations		20,121	1,112	19,872	6,808



	NOTE	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
(FIGURES ARE GST INCLUSIVE)					
VOTE LOCAL GOVERNMENT	21c				
Benefits and Other Unrequited Expenses					
Rates Rebate Scheme	22c	498	950	950	585
Other Expenses to be Incurred by the Crown					
Tuwharetoa Maori Trust Board		160	167	167	167
Grey District Council – Sewage Upgrade Assistance		0	0	0	2,813
Flood Compensation for Rates Remitted		6,750	6,750	6,750	4,500
BoP Rates Remitted		3,375	0	3,375	0
Chatham Islands Council		3,744	0	3,744	0
Purchase or Development of Capital Assets by the Crown					
Capital Investments – Lake Taupo	22d	34	34	334	0
Total Appropriations		14,561	7,901	15,320	8,065
Total Depreciation		171	165	165	165
VOTE MINISTERIAL SERVICES	21d				
Other Expenses to be Incurred by the Crown					
Ministers' Internal and External Travel		9,210	9,235	9,235	8,981
Travel for Former Governors General and Prime Ministers		312	300	325	293
Executive Council and Ministers' Salaries and Allowances		6,048	6,070	6,180	5,729
Governors General Pension Arrangements	22e	18	20	20	18
Benefits and Other Unrequited Expenses					
Annuities to Former Governors General, Prime Ministers and Spouses		317	297	327	296
Total Appropriations		15,905	15,922	16,087	15,317
Total Depreciation		108	111	111	92
VOTE COMMUNITY AND VOLUNTARY SECTOR	21e				
Non-Departmental Output Classes					
Community Based Youth Development Fund	22f	401	473	473	473
Other Expenses to be Incurred by the Crown					
Community Organisation Grants Scheme		12,326	12,355	12,355	12,352
Community Project Workers Scheme	22g	1,487	1,727	1,727	1,187
Youth Workers Training Scheme		193	200	200	200
Maori Community Development Workers		200	200	200	200
Support for Volunteering		439	450	450	450
Community Internship Programme	22h	277	300	300	278
Disarmament Education		150	0	150	0
Total Appropriations		15,473	15,705	15,855	15,140
Total Appropriations		73,333	43,077	74,571	47,611
Total Depreciation		279	276	276	257
Total Non-Departmental Expenses		73,612	43,353	74,847	47,868

The accompanying accounting policies on page 104 are an integral part of these financial statements and schedules.

Statement of Non-Departmental Unappropriated Expenditure

STATEMENT OF NON-DEPARTMENTAL UNAPPROPRIATED EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

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

(FIGURES ARE GST INCLUSIVE)	NOTE	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$000
VOTE EMERGENCY MANAGEMENT	21b		
Whakatane Mayoral Relief		25	0
Tauranga Mayoral Relief Fund		25	0
Western Bay of Plenty Mayoral Relief Fund		25	0
Joint Mayoral Relief Fund		175	0
Total Appropriations		250	0

Government Assistance Package [CAB Min (05) 19/1C]

In May 2005 flooding and landslips occurred in the Bay of Plenty Area. On 30th May 2005, subsequent to finalisation of the Supplementary Estimates, Cabinet approved a government assistance package of \$0.250m for the Bay of Plenty. The expenditure was approved by the Minister of Finance under the Public Finance Act 1989.

Schedule of Non-Departmental Assets

SCHEDULE OF NON-DEPARTMENTAL ASSETS AS AT 30 JUNE 2005

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

	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
VOTE LOCAL GOVERNMENT				
Buildings	2,415	1,821	2,421	2,591
Total Non-Departmental Assets	2,415	1,821	2,421	2,591
VOTE MINISTERIAL SERVICES				
Accounts Receivable	173	46	32	13
Land	5,700	5,700	5,700	5,700
Buildings	3,444	3,435	3,435	3,546
Total Non-Departmental Assets	9,317	9,181	9,167	9,259
OTHER VOTES				
Cash	7,106	4,536	4,728	11,261
Total Assets	18,838	15,538	16,316	23,111

The accompanying accounting policies on page 104 are an integral part of these financial statements and schedules.



Schedule of Non-Departmental Liabilities

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

AS AT 30 JUNE 2005

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

	ACTUAL 2004/05 \$000	MAIN ESTIMATES 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	ACTUAL 2003/04 \$000
VOTE MINISTERIAL SERVICES				
Payables	1,413	809	886	1,090
Total Liabilities	1,413	809	886	1,090
VOTE COMMUNITY AND VOLUNTARY SECTOR				
Payables	1,530	877	960	1,164
Total Liabilities	1,530	877	960	1,164
Total Liabilities	2,943	1,686	1,846	2,254

Statement of Non-Departmental Commitments

STATEMENT OF NON-DEPARTMENTAL COMMITMENTS

AS AT 30 JUNE 2005

	ACTUAL 2004/05 \$000	ACTUAL 2003/04 \$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

STATEMENT OF NON-DEPARTMENTAL CONTINGENT ASSETS AND LIABILITIES

AS AT 30 JUNE 2005

There were no Contingent Assets or Liabilities for the year ended 30 June 2005 or the previous year.

The accompanying accounting policies on page 104 are an integral part of these financial statements and schedules.

Notes to the Non-Departmental Financial Statements

NOTE 21

EXPLANATION OF SIGNIFICANT BUDGET CHANGES

Refer to "The Supplementary Estimates of Appropriations for the year ended 30 June 2005" for an explanation of significant budget changes between the 2004/05 Main Estimates and 2004/05 Supplementary Estimates as set out below:

a) Vote Internal Affairs

Supplementary Estimates of Appropriations, B7 – Pages 312 and 313.

b) Vote Emergency Management

Supplementary Estimates of Appropriations, B7 – Page 187.

c) Vote Local Government

Supplementary Estimates of Appropriations, B7 – Page 349.

d) Vote Ministerial Services

Supplementary Estimates of Appropriations, B7 – Page 363.

e) Vote Community and Voluntary Sector

Supplementary Estimates of Appropriations, B7 – Pages 89.

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%.

	ACTUAL 2004/05 \$000	SUPP. ESTIMATES 2004/05 \$000	UNDERSPEND/ (OVERSPEND) 2004/05 \$000	UNDERSPEND/ (OVERSPEND) 2004/05 %
VOTE INTERNAL AFFAIRS				
a) Miscellaneous Grants (Internal Affairs)	26	48	22	45.83%
b) Commission of Inquiry into Police Conduct	41	183	142	77.60%
VOTE LOCAL GOVERNMENT				
c) Rates Rebate Scheme	498	950	452	47.58%
d) Capital Investments - Lake Taupo	34	334	300	89.82%
VOTE MINISTERIAL SERVICES				
e) Governors General Pension Arrangements	18	20	2	10.00%
VOTE COMMUNITY AND VOLUNTARY SECTOR				
f) Community Based Youth Development Fund	401	473	72	15.22%
g) Community Project Workers Scheme	1,487	1,727	240	13.90%
h) Community Internship Programme	277	300	23	7.67%



- a) Miscellaneous Grants (Internal Affairs) is demand driven.
- b) Delays in the Commission sitting have resulted in this surplus. The Commission is now proceeding with a new extension date of March 2006. Funding has been approved by Cabinet for the 2005/06 financial year.
- c) The Rates Rebate Scheme is demand driven. Fewer claims than budgeted were received during the 2004/05 year.
- d) The variance of \$0.300m for Lake Taupo Capital Investments relates to breastwork reparation for Taupo boat harbour. Funding will be transferred for completion of work in 2005/06.
- e) The underspend on Governors General Pension Arrangements relates to the pension of one ex Governor General.
- f) Community Based Youth Development Fund was underspent due to the late withdrawal of applications for grants. This left insufficient time to re-allocate the funds.
- g) Community Project Workers Scheme was underspent due to delays in establishing agreed contracts for new projects. This funding will transfer to 2005/06 for completion of the projects
- h) Community Internship Programme was underspent due to the late return of allocated grant money. This left insufficient time to re-allocate the funds.

Trust Money Administered on Behalf of the Crown

STATEMENT OF TRUST MONEY ADMINISTERED ON BEHALF OF THE CROWN

AS AT 30 JUNE 2005

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 2004/05 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	REVENUE \$000	EXPENSES \$000	CLOSING BALANCE 2004/05 \$000
Vogel House	0	1	(1)	0	0	0
NZ 1990 Scholarships	391	0	0	25	0	416
Problem Gambling	28	23	(53)	3	(1)	0
Total	419	24	(54)	28	(1)	416