



## Submission No. 5

# Office of the Clerk of the House of Representatives

Parliament House Wellington 1 New Zealand

11 September 2002

Judy Middlebrook  
Secretary  
Standing Committee on Procedure  
House of Representatives  
Parliament of Australia  
Parliament House  
Canberra  
ACT 2600  
AUSTRALIA



Dear Ms Middlebrook

### **Inquiry into the Adequacy of Procedures for Examining Estimates of Expenditure**

Thank for your letter dated 14 August 2002 inviting the Clerk of the House of Representatives to make a submission to the Standing Committee on Procedure about the adequacy of procedures for the House's examination of the estimates of proposed expenditure. He does not wish to make a submission but wishes to comment on the procedures used by the New Zealand House of Representatives.

The procedures used in the New Zealand House of Representatives involve a high level of participation from the Finance and Expenditure Committee primarily but also the other 12 subject committees. Some months before the main appropriation bill is read in the House the Finance and Expenditure Committee forwards a questionnaire (called the Standard Estimates Questionnaire) to all vote Ministers requesting responses to arrive on the day after the bill's second reading. I attach a copy of this questionnaire for the 2002/03 estimates of expenditure. The purpose of this questionnaire is to gain a high level view of the main features of each vote. Shortly after the bill's second reading the Finance and Expenditure Committee allocates the various votes to the subject committees for consideration and report to the House within two months. This allocation is determined by the subject area of each committee. However, the Finance and Expenditure Committee can retain any vote for its own consideration. When it communicates its decisions to the subject committees it uses a standard letter explaining how committees might consider the votes allocated. I attach a copy of the letter used for the 2002/03 financial year.

You may wish to note that, as indicated in this attached letter, when committees consider the votes they do not examine all their votes in detail each financial year. For those that are examined in detail it is common for committees to receive advice from the Audit Office and issues papers may be prepared by committee staff. I attach

two such documents from the 2001/2002 financial year to give you some idea of what these documents are like. Following the presentation of this advice to committees in private it is usual for committees to hear evidence in public from the Vote Minister and the Chief Executive Officer and senior officials from the vote's administering department. Some time after this the committee will consider a report drafted by committee staff which is then reported to the House. I attach several of these to show you what they are like.

Another two documents related to expenditure that the Finance and Expenditure Committee considers are Budget Policy Statements and Fiscal Strategy Reports and Economic and Fiscal Updates. These statements are required under the Fiscal Responsibility Act 1994. I attach two extracts from a publication setting out what the Act requires. I also attach copies from our Standing Orders setting out the procedures for consideration of these two documents; that is, standing orders 318 and 321.

In considering the adequacy of procedures for examining the estimates of expenditure you may also wish to note that the results of this expenditure are examined during the financial reviews of the performance and the current operations of government departments and Crown entities. The Finance and Expenditure Committee allocates the government departments and the related Crown entities to subject committees in the same way as the votes. The basis for these reviews is the annual report of each organisation. The procedure used is identical to that for estimates except that the Finance and Expenditure does not send out questionnaires and organisational chief executives and Crown entity board chairpersons, rather than ministers, are called to give evidence.

I trust that you find this information of assistance.

Yours sincerely



Andrew Beattie  
Clerk-Assistant (Select Committees)

## STANDARD ESTIMATES QUESTIONNAIRE 2002/2003

**Note: If any of the information sought in the questions below is fully provided in the 2002/2003 Estimates, Vote Ministers may wish to abbreviate their responses by simply cross-referencing to the relevant pages.**

1. ***Critical current issues:*** When preparing proposals for the 2002/2003 appropriations for this vote, what critical current issues were faced by the Government in relation to this vote and how were these critical issues reflected in the appropriations?
  
2. ***Significant changes affecting appropriations:*** Please identify in brief the major changes affecting this vote for 2002/2003, covering:
  - all new policies and significant changes to existing policies and a summary of the rationale for each. (Please explain the threshold used for deciding that a significant change to any one policy has occurred)
  - changes of more than plus or minus 10 percent in amounts appropriated, and the rationales for these changes
  - any major changes in underlying social or economic activity, and the impact (if any) these changes have had on the appropriations
  - accruals or funds carried forward from previous appropriations.
  
3. ***Effectiveness of expenditure:*** Please provide a brief statement on:
  - The output classes (and related Government policies) you regard to be critical to achieving the stated outcomes for this vote and why you regard those output classes to be critical.
  - Your basis for considering that the output classes above contribute to the outcomes to which they have been linked. Please answer explicitly, for example, by citing relevant studies.

4. **Linking outputs to outcomes:** What are the Government's desired outcomes for your vote? Please comment in detail on the links between vote outputs and policy outcomes (not limited to financial outcomes).
  - What impact evaluation has been done?<sup>1</sup>
  
5. **Reducing disparities:** How do the outputs purchased under this vote facilitate the outcomes of diminishing economic and social disparities for Maori and Pacific peoples?
  
6. **Monitoring of Crown entities:** What arrangements are or will be put in place to monitor the performance of the Crown entities that fall within the purview of the vote? Are there any difficulties or significant issues which arise in relation to the monitoring of the performance of Crown entities that fall within the purview of the vote?
  
7. **Review of legislation:** Is any review planned of the legislation for which the administering department of the vote is responsible to assess whether any legislation is no longer required?
  - Is any legislation in need of update or amendment?
  
8. **Funding within output classes:** Please provide an estimate of funding of each major activity within each output class.
  - Have there been any significant variations within output classes from last year?
  
9. **External advice:** Please provide details of estimated spending on external consultants, leased executives, advisers or contractors, including legal advice. Details should explain the purposes of any engagement and the reasons why departments do not intend to use their internal resources.
  
10. **Departmental Statements of Intent (SOIs):** What progress has been made in developing the key elements of a good SOI as outlined in the paper "Roll-out of new planning expectations and Statements of Intent: Guidance for Departments"?
  - Please provide a commentary of progress to date and a further indication of the roll out programme for your department, in particular the key elements as outlined in paragraph 14 of the above mentioned paper.

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<sup>1</sup> Please refer to the Third Report for 1999 and the First Report for 2000 of the Controller and Auditor General.

11. **Other information:** Are there any matters relevant to your Vote you wish to bring to the attention of the committee that have not been described in the Estimates documents, in your budget press statements or set out in responses to other questions in this questionnaire?

**Purchase agreements:** Please also provide 25 copies of each purchase agreement between yourself (or an agent) and departments and other parties for the supply of outputs for the 2002/2003 year related to this vote. Where purchase agreements have not yet been finalised, and you do not wish to provide draft agreements, please notify the timetable for finalisation, and provide 25 copies of each purchase agreement as it is finalised.

24 May 2002

«Name» MP  
Chairperson  
«Committee» Committee

Dear «Title»

### **Select committee examinations of 2002/2003 Estimates of Appropriations**

I am writing to inform you of the allocation of the 2002/2003 Estimates for select committee examination and to outline some important considerations relating to the process.

In summary please *note*:

1. Your committee must report to the House on your examinations within two months of the delivery of the Budget.
2. We strongly recommend that your committee consider *targeting your examination(s)*, rather than endeavouring to scrutinise all votes or all of a particular vote.
3. Estimates examinations should focus on spending plans (appropriations) and policy matters. Operational or departmental matters are properly examined during financial reviews.
4. Responses from Vote Ministers to the standard estimates questionnaire have been received and will be distributed to you.

### **Allocation**

The Finance and Expenditure Committee allocates the examination of Estimates to other select committees pursuant to Standing Order 322 (2).

The allocation for the 2002/2003 financial year, as resolved by the committee on **XX** May 2002, is attached as an Appendix.

## **Focus of examinations**

We draw to your attention that the Standing Orders Committee in the previous Parliament intended the focus of the Estimates examinations to be on votes rather than operational matters. Estimates is *an opportunity to examine spending plans for votes and policy matters*. The scope of financial reviews includes current as well as past departmental operations. Financial reviews, therefore, provide the principal opportunity to examine operational or departmental matters.

## **Standard estimates questionnaire**

Consistent with the emphasis being placed on appropriation matters, the standard estimates questionnaire focuses on high level issues relating to the vote. The questionnaire was sent to each Vote Minister, rather than to the department administering the vote. This approach reflects Ministers' accountability to Parliament for appropriation requests.

The objective of the questionnaire is to identify matters that Ministers might wish to elaborate on orally with the relevant committee and to provide pointers for the committee in targeting its examination of the vote with the administering department.

The standard estimates questionnaire also requests copies of the purchase agreement between the Minister and departments and other parties for the supply of outputs related to each vote. The purchase agreements provide considerable detail on outputs and specific performance measures. They are, therefore, most useful for in depth scrutiny of specific parts of a vote.

## **Arrangements for this year's examinations**

### **Examination of Ministers**

We strongly recommend that all committees invite Vote Ministers to a public hearing, to discuss policy matters, based on their written response to the standard estimates questionnaire and the stated objectives and trends for the vote. The Standing Orders Committee in the previous Parliament endorsed this practice and stated that it expects Ministers invited to appear before committees for Estimates examinations to attend.

Committees retain the opportunity to examine officials on the outputs they intend to deliver and on the appropriations they administer. Ministers may wish to be accompanied by the chief executive and other senior departmental staff when appearing before committees. Departmental staff may also be examined separately on matters of detail related to votes.

## **Targeting of examinations**

We strongly recommend that you explicitly target certain votes, or parts of votes, for in depth examination rather than covering everything. It would be difficult for most committees to undertake in depth examinations of all the votes allocated to them, given their other workloads and time constraints. To improve the effectiveness of their scrutiny, committees may wish to focus examinations on key votes or output classes. There may be no need, for example, to conduct in depth examinations of some smaller votes, or votes where there are no new or significant policy initiatives, or votes where there are no major issues. Where votes cover a wide range of substantial and complex activities or expenditure, there is merit in focusing on only some aspects of such votes.

In targeting an examination, committees may wish to discuss the policy issues with the Minister and then develop more detailed questions for the administering department on the vote or parts of the vote. The departmental officials could be examined on the details of the vote, on the basis of their responses to these supplementary questions. The Minister could be invited to a second hearing, if necessary.

Committees should also be mindful that the financial reviews of departments provide an opportunity to focus on operational and departmental performance. It may be more appropriate for some issues XXX targeted in Estimates examinations to be pursued in the financial reviews of departments. Committees have the further option of initiating inquiries into specific areas that may be identified during the Estimates examination as worthy of more detailed scrutiny.

## **Recommending a vote be amended**

Following its examination of a vote committees may choose to recommend a Vote changes of any size. Such a change would need to be moved by a member at the appropriate time but, pursuant to Standing Order 316(1), would not be subject to the usual 24 hour notice requirement.

A committee wishing to recommend a change to a vote needs to develop a credible basis for the recommendation. This can be difficult given the timeframe for Estimates examinations. However, if the committee formulates specific proposals it can invite officials to provide an estimate of what it might cost or seek information that would enable an estimation to be made. If a recommended change has a 'more than minor' impact on the fiscal aggregates it is likely to be vetoed by the Government.



## **Examination of Crown entities**

Committees may wish to examine officials from any Crown entities that are wholly or partly funded through a vote administered by a department. An example is the Commerce Commission, which receives funding through Vote Commerce. Committees should note, however, that financial reviews provide the opportunity to examine the performance and current operations of those Crown entities named in the Sixth Schedule of the Public Finance Act 1989.

Committees should also note that, under section 34 of the Public Finance Act 1989, chief executives of departments are not responsible for the production of the outputs to be purchased from Crown entities. Committees may wish to call officials from the Crown entity to answer for such issues. Chief executives of those entities should account for the use of the funds. Ministers should account for the decision to purchase outputs from those entities. The responsibility of departmental chief executives depends on what is specified in the purchase agreement with the entity. Question 5 of the standard estimates questionnaire elicits information on the monitoring of Crown entities by departments.

## **Assistance to committees**

The Audit Office is available to provide assistance with the examinations. We concur with the general nature and extent of the assistance for Estimates examinations set out in the code of practice for the provision of assistance by the Controller and Auditor-General, developed by the Officers of Parliament Committee. The support may include:

- written and oral advice to assist in determining lines of questioning
- review of evidence given during the committee's examination (including attendance during the examination of witnesses)
- support in compiling the committee's report.

The Audit Office may be a useful source of advice on those areas meriting targeted scrutiny. Committees could then receive a detailed briefing on the particular vote or output class at a subsequent meeting.

Should members wish to be briefed or updated on how to read and interpret the estimates documents the Audit Office and committee staff can assist. Members may wish to do this on an informal basis in order to maximise committee meeting time spent on considering the estimates. Committee staff are able to make the necessary arrangements.

## **Programming of examinations**

I emphasise that committees will need to make early decisions about how they conduct the examination of the Estimates that have been allocated, given the short time available. Standing Order 322 (3) requires each select committee to report to the House on their examinations of the Estimates allocated within two months of the delivery of the Budget. Your committee staff will assist with the programming of the examinations to ensure that the reporting deadline is able to be met.

Committees may wish to give priority to the examination of votes of senior Ministers because the order of the Estimates debate in the House tends to follow the seniority of Ministers. The purpose of the committees' reports is to inform this debate and the reports must be presented before votes can be debated. The chairperson may speak first in the debate on each vote.

I trust that this information and guidance will be of assistance to committees.

Yours sincerely

Mark Peck  
Chairperson  
Finance and Expenditure Committee

**2001/02 ESTIMATES  
EXAMINATIONS**



**AUDIT OFFICE BRIEFING  
TO THE  
SOCIAL SERVICES COMMITTEE  
VOTE: CHILD, YOUTH AND FAMILY  
SERVICES**

**13 June 2001**

## ***SUMMARY OF KEY ISSUES***

### ***Overview***

- ◆ Our report has been prepared in the context of two significant uncertainties. First, changes to the structure of output classes have made it difficult to make expenditure comparisons with previous years. Second, the response to the Ministerial Review (to be called *New Directions*) will not be announced until the morning of Wednesday 13 June.

### ***Trends in Appropriation***

- ◆ Overall, the appropriations for this Vote have increased. The appropriations for departmental output classes have increased by 8.4 % and the appropriations for non-departmental output classes have increased by 11.1 %.

### ***New Structure of Output Classes***

- ◆ A new structure of output classes has been established to correct certain perceived problems with the previous structure. We still see scope for some improvement. In addition, it may be that one consequence of *New Directions* is that further changes to the output class structure will be required.

### ***Ministerial Review***

- ◆ Retired Judge Michael Brown presented his Ministerial review in December 2000. *New Directions* is the Government's response. The Committee may wish to seek a detailed briefing on *New Directions*.

### ***CYRAS***

- ◆ The Budget provides for a capital contribution for the CYRAS computer system, which was supposed to have been completed and implemented in the current year. The Committee may wish to ask why further funding is required.

### ***Registration of Social Workers***

- ◆ The appropriations contain a provision to introduce a system of professional registration for social workers. There are a number of practical consequences to this that the Committee may wish to follow up.

### ***Management of Notifications***

- ◆ The Department has already received additional funding to help with the current volume of notifications. The Committee may wish to ask about the current level of unallocated cases and whether the Department is confident that the further funding now provided will be sufficient.

### ***Staff Recruitment and Retention***

- ◆ Historically, the Department and its predecessor Service have had major problems with recruitment and retention. The Committee may wish to ask the Department whether and why it concluded the \$5.3 million earmarked for recruitment and retention would correct the problem.

### ***Professional Quality Assurance***

- ◆ In times of work pressure, the quality of professional service can be compromised. As well, the Department's ability to operate processes of professional quality assessment is also placed at risk. We understand that in 2000/01 the Department did less work on PQA that had originally been planned. The Committee may ask about PQA plans and expectations for the current year.

### ***Children with High and Complex Needs***

- ◆ The Estimates contain specific provision for new services for children with high and complex needs. The Committee may wish to ask about how the Department estimated the funding for this initiative and whether any assessment has been made of the merits of early interventions in comparison with later, more complex interventions.

### ***Residential Services Strategy***

- ◆ The Estimates provide for a capital contribution for the Department's Residential Services Strategy. However, plans have recently changed with the abandonment of the proposed youth justice centre at Mandeville. The Committee may wish to ask about progress with the strategy and the funding implications, if any, of the change.

### ***Community and Voluntary Sector Working Party***

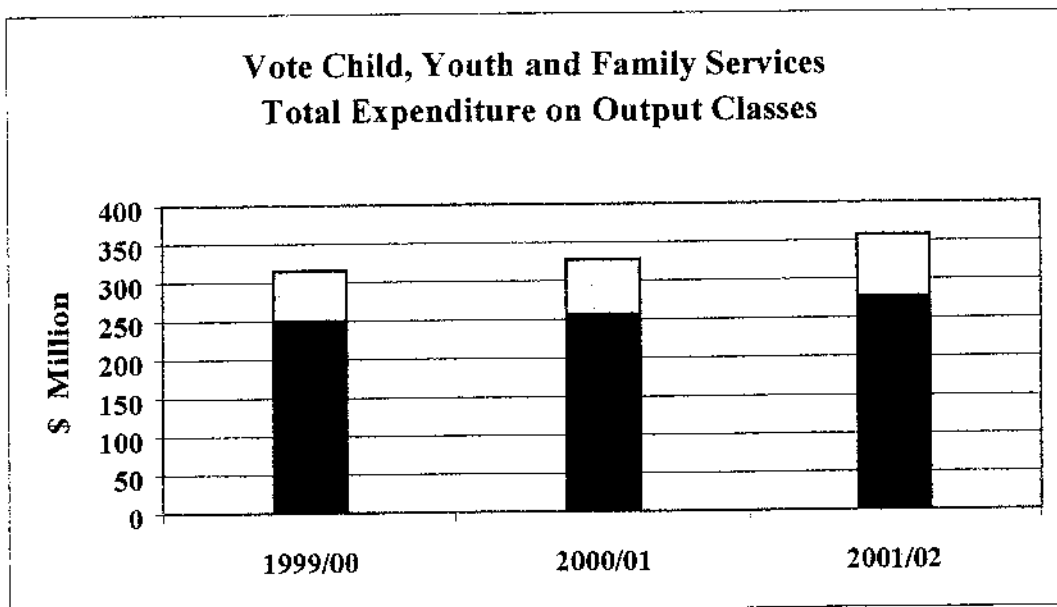
- ◆ The Working Party reported in April. Its report highlighted a measure of unhappiness within organisations in the sector about their dealings with Government agencies. From another perspective, the Ministerial review suggested that there should be one service group with the Department to achieve better integration of the departmental and non-departmental outputs. The Government is considering its response to the Working Party, but the Committee may wish to ask the Department about its intentions relating to the recommendation of the Ministerial Review.

## 1 Overview

- 1.1 Our report on the 2001/02 Estimates of Appropriation for Vote Child Youth and Family have been prepared in the context of two significant uncertainties. These are:
- ◆ Major changes to the structure of output classes, which makes it difficult to compare current appropriations with previous years; and
  - ◆ The Minister of Social Services and Employment is scheduled to launch the Department's *New Directions* strategy at a media conference in Wellington on Wednesday 13 June. The briefing is to be held at 9.45am in the Minister's office on the 6th floor of the Beehive – at about the same time that the Committee will be discussing this report.

## 2 Trends in Appropriation

- 2.1 Vote Child, Youth and Family Services is a new Vote, created in the 1999/00 Supplementary Estimates. The Estimates (B5 Vol I, p143) provide a table of "trend" data. However, because this is a new Vote, the data only cover two years. The short timespan and the changes to the structure of output classes make it difficult to draw inferences.
- 2.2 It is clear, however, that the appropriations for output classes have increased each year. The graph below shows the total appropriations for on all classes of outputs since the Department was established on 1 October 1999. (The data for 1999/00 are annualised.)



- 2.3 The Minister has indicated that the increase in 2001/02 represents the Government's response to the recommendations of the Ministerial Review:

“2.9 That adequate funding be provided to revamp the service, recognising that:

- (a) The Department needs adequate resources to provide the quality personnel required.
- (b) The Government should give a clear, unequivocal commitment for such funding.”

### 3 New Structure of Output Classes

3.1 As indicated in the Estimates (B5, Vol I, p128) the new structure of output classes followed a review in the 2000/01 year and reflects the major issues identified in the review, which were that:

- ◆ the previous output descriptions did not clearly describe what was being purchased by the Government;
- ◆ the old structure of departmental output classes was dominated by one class (Social Work Services);
- ◆ there was no recognition of the policy and ministerial services provided to government; and
- ◆ the non-departmental output class structure did not provide a logical grouping of community services.

3.2 In addition, the new structure sought to achieve a better alignment with the Government’s desired outcomes.

3.3 The extent to which the new structure actually meets these objectives is perhaps a matter of opinion. We still see scope for achieving a better alignment between outcomes, outputs and their associated performance measures.

3.4 We have no prior information on the details of the *New Directions* approach that the Minister will be announcing. However, we have had discussions with the Department about a possible new approach to client outcome practice and measurement. From the information to hand, this outcome-based approach seemed to us to be in good general accord with the recommendations we made in the Auditor-General’s second report to Parliament for 1998 on the information needs of the (then) Children, Young Persons and their Families Service.

3.5 The extent to which professional practice is being applied and the way in which notifications are being managed are still very live issues. In addition, the need for better certainty that the Department’s interventions are producing good outcomes for children and young people is exemplified by a recently-announced research finding that children involved with the Department are killing themselves at a rate 15 times higher than their peers – a result that reportedly astonished even the departmental researchers conducting the study.

3.6 It may be that one effect of *New Directions* will be further amendments to the structure of output classes.

## 4 Ministerial Review

4.1 In December 2000, Michael Brown completed a wide-ranging review of the Department. In his report, he invited the Department to acknowledge that it is under extreme pressure in many areas and that change is needed as a matter of urgency. He made a considerable number of strongly-worded recommendations which addressed the areas of:

- ◆ management, accountability and outcomes;
- ◆ the quality of social work in child, youth and family;
- ◆ referral and notification;
- ◆ placement and the care of children;
- ◆ services for and by Māori;
- ◆ inter-agency work; and
- ◆ child and adolescent mental health;

4.2 We anticipate that the Ministers *New Directions* announcements will spell out the way in which the Review's recommendations will be implemented. The Committee may wish to ask officials to:

- *Please provide a detailed briefing on "New Directions", indicating which recommendations of the Ministerial Review have been accepted and how and when the Department will implement its response.*

## 5 CYRAS

5.1 The 2001/02 appropriations provide for a capital contribution of \$16.945 million. This is stated to be a capital injection for CYRAS and the Residential Services Strategy.

5.2 The 1999/00 annual report (p16) stated that "CYRAS is expected to become fully operational during the 2000/01 year". This accords with our understanding – that CYRAS is now operational. It is therefore unclear why a further capital contribution is being made for CYRAS.

5.3 The Committee may wish to ask:

- *Is the CYRAS computer system now fully operational?*
- *Has the Department completed a post-implementation review of CYRAS and, if so, what did the review find?*
- *Why is a further capital contribution being made for CYRAS in the 2001/02 year? Does this imply further development beyond the originally-approved specifications or a redesign and rebuild on some existing components?*



## 6 Registration of Social Workers

6.1 The Ministerial Review made the following recommendations:

*"3.1 That all social work staff and managers be required to complete the full introductory training programme by the end of 2001 with the complete support of management; that exceptions to this can be made where prior learning can be proven; and that staff receive a certificate on completion which entitles them to participate in further advanced training programmes.*

*"3.2 That all new social workers and managers complete the full introductory training within their first year of employment, with the complete support of management.*

*3.5 That the introduction of social worker registration be given urgency."*

6.2 In the context of the Budget, the Minister of Social Services and Employment announced that the Government intends to legislate to introduce a system of professional registration for social workers. A Registration Board is to be set up this year to develop the registration process. It is expected that the Board will become self-funding from registration fees.

6.3 The Minister's announcement does not provide detailed information on structure, funding, registration requirements – or consequential staffing issues for the Department. In particular, there is a range of possible models for a registering body – for example, a stand-alone Crown entity, an independent professional registration body or a Registration Board acting within the corpus of the Department.

6.4 The Committee may wish to ask:

- *Have decisions yet been taken about what corporate form the proposed Registration Board for social workers will have?*
- *What are the current intentions about the level of professional qualifications and practical experience that social workers will be required to have before registration is permitted?*
- *Is it intended that the registration process will differentiate between categories of social workers – for example, between generic, statutory, medical, probation etc?*
- *Will the Department be employing unregistered social workers? If not, what are the implications for those currently employed by the Department who cannot meet registration requirements?*
- *What discussions has the Department held about the registration issue with the ANZASW and the PSA, and what attitude does each organisation have towards registration?*

## 7 Management of Notifications

- 7.1 The DFR (p29) states that, in 2001/02, the Department expects to receive between 26,000 and 29,000 notifications that children or young people may be in need of care or protection. We continue to have concern that reporting the number of notifications received is a very simplistic and partial measure of the Department's performance in managing notifications.
- 7.2 At the time of the 1999/00 financial review, 4,000 notifications were unallocated. Despite concerted efforts, including the secondment of staff from voluntary agencies such as *Parentline*, the position had not improved by the end of March 2001, when the number of unallocated cases was 4,061.
- 7.3 The Committee may wish to ask:
- *What is the currently monthly rate of notifications?*
  - *Is there any statistical evidence that the recent increase in the rate of notifications is abating?*
  - *As at 31 May, how many cases remained unallocated?*
  - *Is the Department confident that the \$184.590 million allocated to output class D4 "Care and Protection Services" will be sufficient to manage the forecast workload and reduce the level of unallocated cases?*

## 8 Staff Recruitment and Retention

- 8.1 In the context of the 1999/00 financial review, the Committee noted that the turnover of frontline staff was 14%, with some areas being as high as 20%. Of the social workers, 47% had between 0 and 2 years professional experience.
- 8.2 In his response to the Standard Estimates Questionnaire (p3), the Minister indicated that \$7.5 million of new money was directed to a "professionalisation package". A departmental publication entitles *Child Youth and Family Budget Overview* stated that, of this, \$1.0 million will be allocated to improving qualifications, \$5.3 million to recruitment and retention and \$1.2 million to the ongoing reduction of unallocated cases. No further information is provided on how the \$5.3 million for recruitment and retention will be used.
- 8.3 The Committee may wish to ask:
- *On what basis did the Department conclude that it required a further \$5.3 million to correct its recruitment and retention problems?*
  - *Exactly how will the \$5.3 million be used to improve recruitment and retention?*

## 9 Professional Quality Assurance

9.1 The primary tool by which the Department obtains and reports assurance about the professional standard of social work practice is professional quality assurance (PQA). We strongly endorsed the use of PQA when it was introduced.

9.2 However, we understand that in 2000/01 the actual level of professional quality assurance activity was below original expectations as a result of the pressure placed on the Department by the number of notifications. This is perfectly understandable, but it carries attendant risks. As noted in the Ministerial Review (p59):

*“It would seem, however, that the greatest risk to the quality and speed of the assessment process currently is the volume of notifications, which exceed the ability of staff and resources to respond in a timely manner. “The pressure for responding to the critical, very urgent and urgent categories remains high, as volumes for these three categories remain consistently above the levels set in the purchase agreement.”*

9.3 PQA itself is a relatively recent innovation and can probably be viewed as a project still in work. We understand that the Department has been developing two new initiatives to improve its PQA methods. First, it has been investigating ways of using its computer system to provide useful information for the assessment of the quality of professional practice. Secondly, it has been giving consideration to the establishment of a team of professional staff that will be dedicated to PQA assessment.

9.4 The Committee may wish to ask:

- *Given the current high workload and the level of unallocated cases, what assurance can the Department give that it will continue to maintain effective oversight of the standard of social work practice through Professional Quality Assurance?*
- *What steps, if any, is the Department taking to improve its methods of Professional Quality Assurance?*

## 10 Children with High and Complex Needs

10.1 The DFR (p3) states that \$5.565 million is to be allocated to an initiative aimed at dealing with children and young people with high and complex needs. The term “high and complex” refers to one, or any combination of the following ongoing needs, which cannot otherwise be managed within current resources in the health, education and welfare sectors:

- ◆ severe behavioural problems;
- ◆ mental health disorders;
- ◆ disabilities; and
- ◆ medical fragility.

- 10.2 The intention is that the new resources for joint work will seek to make the best use of existing resources, through integrated and holistic service delivery. The strategy will be based on the degree of need of an individual given their particular family and social circumstances, rather than solely on a diagnosis.
- 10.3 One consequence of directing social work services primarily to situations of crisis and high risk is that the interventions themselves are more complex and more costly. The Committee may wish to ask:
- *How did the Department estimate the funding it would require for the new initiative related to children and young people with high and complex needs?*
  - *Did the Department undertake any assessment of the relative merits – from the perspectives both of outcomes and cost – of intervening earlier in developing situations of deprivation and abuse? If so, what did it conclude?*

## 11 Residential Services Strategy

- 11.1 The Department's Residential Services Strategy involves "redesigning, relocating and developing notional residences to improve the quality of therapeutic programmes and to address the rehabilitation of young offenders and children and young people with severe behavioural problems" (1999/00 annual report, p23).
- 11.2 The Department manages 6 national residences, 60 family homes and more than 2,000 caregivers. The strategy has seen the establishment of two new facilities – Te Poutama Arihi Rangatahi in Christchurch (for adolescent sex offenders) and a Youth Justice facility in Palmerston North.
- 11.3 As indicated in paragraph 5.1 above, the 2001/02 appropriations provide for a capital contribution of \$16.945 million, part of which was for the Residential Services Strategy. However, a proposal to build a youth justice facility at Mandeville in North Canterbury has recently been abandoned and the Department is now looking for an alternative site. The cost implications arising from the change in plans are unclear.
- 11.4 The Committee may wish to ask:
- *What part of the capital contribution of \$16.945 million is to be applied to the Residential Services Strategy?*
  - *Given the recent change of plans relating to the youth justice facility at Mandeville, what are the capital expenditure and other cost implications?*
  - *What progress has been made with the remaining aspects of the Residential Services Strategy?*

## 12 Community and Voluntary Sector Working Party

12.1 In April 2001 the Community and Voluntary Sector Working Party, chaired by Dorothy Wilson, presented to the Minister a report entitled *Communities and Government: Potential for Partnership*. The report disclosed a measure of unhappiness in the community and voluntary sector about interactions and relationships with government agencies. A working party of officials is currently assisting the Government to formulate its response.

12.2 The potential benefits of co-ordination and integration between different government agencies and between government agencies and the community and voluntary sector seem to be generally acknowledged. However, there are fundamental trade-offs to be made and there does not appear to be a consensus on how to achieve the desired co-ordination.

12.3 The issue is of immediate relevance to the Department's response to the Ministerial Review. Among other things, the Review recommended:

*"That there should be one service group covering both DOC and NDOC to achieve greater integration between contracting and direct service delivery."*

This would appear to require some quite fundamental changes in approach.

12.4 The Committee may wish to ask:

- *Does the Department accept the recommendation of the Ministerial Review that there should be one service group covering both DOC and NDOC to achieve greater integration between contracting and direct service delivery?*
  - *If so, what structural changes will the Department be making to give effect to the recommendation?*
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11 June 2001

Members  
Social Services Committee

## **Estimates 2001/02: Vote Child, Youth and Family Services – Issues paper**

This paper sets out several issues that the committee may wish to consider as it examines Vote Child, Youth and Family Services. It also suggests some questions that may be adopted by the committee and sent to the Minister of Social Services and Employment or the Department of Child, Youth and Family Services for written answer.

### **Additional baseline funding**

In a press statement dated 24 May 2001 the Minister of Social Services and Employment states that CYFS will receive an additional \$184.4 million over the next four years [\$36.2 million in 2001-02] to implement the recommendations of Judge Brown's report, *Care and Protection is about Adult Behaviour*. The Department's change plan, *New Directions*, will be released in June (the statement noted) and it will set specific milestones for lifting the Department's performance, the Minister said. The response to question one in the Standard Estimates Questionnaire (the questionnaire) identified resourcing issues as a key element in improving the performance of the Department. Demand, according to the response, has been steadily increasing over the past four years without a commensurate increase in funding.

The Minister is also reported to have said that he wanted to see the Department transform from being a day-to-day crisis response agency to a problem-solving agency, working alongside community groups to reduce violence and family problems in the community (Evening Post, 25 May 2001).

When Judge Brown briefed the committee on his report he mentioned both the need for changes in the Department and the need for long term societal change in how children are raised. The additional amount allocated should certainly be beneficial in raising the performance of the department over the next four years. However, it might be useful to question the Minister about his plans for the long term (beyond the four year medium term) and how the Government might address the issues of societal change in relation to raising children.

### Suggested questions

1. *What views does the Government have on the long term performance of the Department beyond the next four years ?*
2. *What views does the Government have on the need for societal change in the way that children are raised ?*
3. *How will the \$184.4 million transform the department from a day- to-day crisis response agency to a problem-solving agency ?*

In his report Judge Brown noted in his recommendations on page 106:

- 3.4 That a system of demand-driven instead of capped funding be introduced for CYF client costs.
- 3.5 That there should be one service group covering both DOC (Departmental Output Classes) and NDOC (Non-Departmental Output Classes) to achieve greater integration between contracting and direct service delivery.

It is clear from the estimates documents that funding is capped (apart from requesting more funding via the supplementary estimates process) and that the DOCs and NDOCs have not been amalgamated either at the formal structural level or at some other informal level such as a “service group”. It could be worth questioning the Minister and officials about Judge Brown’s recommendations. The response to question 3 in the questionnaire notes that non-departmental output classes have been restructured to better align with the departmental output classes.

### Suggested questions

4. *How will the department be expected to meet a demand driven system for providing services when its vote is capped for practical purposes (except for requesting more funding via the supplementary estimates process).*
5. *Why have the DOCs and NDOCs not been amalgamated at the formal structural level or at some other informal level such as the “service group” suggested by Judge Brown.*

### **Judge Brown’s report**

As there are a large number of questions that could be put to the Minister and the Department about the implementation of this report, which may not be all strictly related to consideration of the vote, I suggest that it might be better to receive a separate briefing from the Minister and the Department on this topic once the Department’s change plan *New Directions* is available and the committee has finished consideration of the vote. This will mean that the committee may have more time to consider the implementation of the report in detail rather than attempt to do it as part of its consideration of the vote. The committee could report to the House on this briefing.

### **Staff turnover**

The committee stated in its report on the vote last year that it was concerned at the number of social workers resigning and was worried about the negative impact this may have on the service provided by the department. The national turnover rate for frontline staff for 1999/2000 was 14.63 percent. This was higher than the previous year and higher than the public service average. However, this rate was higher in some regions of the country; for instance, the Auckland rate was 33.96 percent.

#### Possible question

6. *What is the current turnover of social workers in the department and how is this affecting the provision of services currently ?*

### **Staff retention**

One of the prime purposes of this additional amount (mentioned in the response to question one in the standard estimates questionnaire) will be to attract and retain staff. Yet it is widely acknowledged that there is a national shortage of qualified social workers.

#### Suggested question

7. *How does the Minister and the department intend to use the additional amount to attract and retain qualified social workers when there is a national shortage of them ?*

### **Strategy for children and young people with high and complex needs**

The response to the second questionnaire question notes that a significant new policy initiative has been the development of a comprehensive strategy for children and young people with high and complex needs. The funding for the vote will include the establishment of a cross-sectoral unit within the Department to administer and an inter sectoral funding pool for children and young people with high and complex needs who require cross-sectoral services. The Ministries of Health and Education are sharing the contribution with the department with total funding for four years amounting to over \$32 million.

This description of the strategy and the unit within the Department that administers it is brief. It would be useful to get some more detail and some indication on how this strategy will be assessed both by the various departments individually and collectively.



Suggested question

8. *Please provide a description of the strategy with a particular focus on what it is designed to achieve and the role of the Department in the strategy.*
9. *How will the success of the strategy for children and young persons with high and complex needs be assessed both by the individual departments and collectively ?*

**Part A – Statement of Objectives and Trends**  
(page 128 of the *Estimates of Appropriation*)

The linkages to key Government Goals are explained in some cases but noted in some other cases. This means that in some cases the document states that there is a link between the departmental output classes and Government goals but does not explain how the outputs link to key Government goals.

The response to question 4 in the questionnaire notes that no impact evaluation has been undertaken, although consistent monitoring through measures of timeliness of response and quality assurance of the social work undertaken enable the impact of the department's performance to be assessed.

In the Purchase Agreement (page 9, section on reporting on outcomes at the bottom of the page) it is noted that the link to formal reporting on outcomes is an important medium term goal and milestone. Therefore, the department is proposing that outcome reporting be developed and enhanced systematically to the point where, within three to five years, elements of outcome reporting meet the criteria for inclusion in formal reports to the Government.

*The committee may wish to question the Minister and officials on why this linkage is not clear in all cases.*

Possible questions

10. *Why is impact evaluation not undertaken ?*
11. *Why will it take three to five years for outcome reporting to be developed and enhanced to the point where elements of outcome reporting meet the criteria for inclusion in formal performance reports to the Government ?*

**Re-organisation of output classes**

(page 129 of the *Estimates of Appropriation*)

The output classes have been re-organised from the last financial year. The reason for this is that the old departmental output class structure was dominated by one output class, namely Social Work Services (D3). However, the new class, Care and Protection Services (D4) is still a large item on the list of DOCs. It is \$184.590 million from the total of \$277.461 million. The real issue here is whether or not such a large output class covering a range of services should be further broken down so that

the output can be assessed and measured more accurately. It would seem that the provision of care (cited on page 139) would be a discrete activity that might be given a separate output class.

Possible question

12. *Why was output class Care and Protection Services (D4) not broken down into types of services and made into separate output classes rather than left as one output class ?*

**“Professionalised” service**

The Minister informed the committee during last year’s estimates that he was eager to see social work “professionalised” and intended to release a discussion paper on the registration of social workers. Legislation would follow later last year with the aim of establishing the registration of social workers by then end of 2001. The formal Government response said a Bill on social workers’s registration would be before Parliament in July 2001.

Possible question

13. *When does the Minister intend to introduce a Bill to “professionalise” social work ?*

**Caseloads**

The committee noted when considering the vote last year that, while it was concerned that managing the allocation of cases to frontline staff might begin to address the issue of pressure on social work caseloads, the question of how best to deal with the number of unallocated cases remains.

Possible question

14. *How will unallocated cases be addressed in the new financial year ?*

**Rejected funding proposals**

The committee may wish to note that the Minister did not respond in detail to question 10 of the standard estimates questionnaire and that parliamentary proceedings are not covered by the Official Information Act.



Graham Hill  
Clerk of the Committee  
Social Services Committee



Four main Acts govern the public sector financial management system; the State Sector Act 1988 includes definitions of the roles of Chief Executives of government departments, and gives them the authority to manage their departments; the Public Finance Act 1989 governs the use of public money; the State-Owned Enterprises Act 1986 allows Government to conduct some of its commercial activities like private sector businesses; and the Fiscal Responsibility Act 1994 charges Government with declaring its short- and long-term financial intentions.

### **State-Owned Enterprises Act 1986**

Where government services may be managed as commercial operations, the State-Owned Enterprises Act allows the Government to provide these services through a similar organisational form as private sector enterprises. State-owned enterprises (SOEs) have been established as Crown companies charged with achieving a commercial return on the Government's equity investment.

### **Fiscal Responsibility Act 1994**

The Fiscal Responsibility Act 1994 establishes the principles for formulating fiscal policy in New Zealand, and requires the Government to publish regularly its short-term and long-term fiscal intentions. It deals with financial aggregates rather than individual items of expenditure or revenue.

The Act requires publication of fiscal strategy reports and economic and fiscal updates. Minimum disclosure requirements for these reports are set out in the Act.

The Fiscal Responsibility Act establishes five principles of responsible financial management:

- reducing Crown debt to a prudent level
- maintaining Crown debt at a prudent level
- achieving and maintaining Crown net worth at a level that provides a buffer against adverse future events
- prudent management of fiscal risk
- reasonably predictable tax rates.

The Government is required to disclose any departures from these principles.

The Act does not define a "prudent level" of debt. Each Government must determine what it regards as "prudent". The legislation does not specify objectives for fiscal policy. However, the Act does require a Government to disclose publicly its overall approach, and the financial impact of its decisions.

#### **The Fiscal Responsibility Act:**

- requires the Government to be explicit about its objectives and to explain any changes to them
- ensures the provision of comprehensive financial information for informed and focused debate about fiscal policy
- requires the Government to specify its intentions for fiscal management beyond the next 12 months.

### **Conclusion**

This chapter outlined the purpose of the New Zealand public sector financial management system, the context in which it operates and its legislative framework. Chapter Two explains some of the key concepts that underlie the system.

### **Appendix B: Reporting required by the Fiscal Responsibility Act 1994**

The Fiscal Responsibility Act requires information about specific fiscal indicators and forecasts over a three-year planning period to be published and updated at regular intervals. The following reports are all required by the Act.

#### **Budget Policy Statement**

The Act provides for publication of a Budget Policy Statement no later than 31 March each year. This is required to set out:

- Government's long-term fiscal objectives, and in particular Crown operating expenses, revenues and balance, and the levels of total Crown debt and net worth.
- Government's explicit intentions for the same key fiscal aggregates for the budget year and the following two financial years.
- Government's broad strategic priorities for the coming Budget.

The Government is required to assess the consistency of its fiscal intentions and long-term fiscal objectives with the principles of responsible fiscal management and previous Budget Policy Statements. It is also required to disclose any departures from the five principles of responsible fiscal management. It must

specify the reasons for the departure, the approach that will be taken to return to adherence to the five principles, and the timeframe within which a return to the principles is expected. In addition any inconsistencies with previous budget policy statements must be explained.

#### **Economic and Fiscal Updates**

The Act stipulates that the Treasury shall prepare economic and fiscal updates at specified times:

- an economic and fiscal update at the time the Budget is presented;
- an economic and fiscal update published in December each year;
- a pre-election economic and fiscal update to be published generally four to six weeks before the day of each general election; and
- a fiscal update for the current year to be tabled with the Supplementary Estimates.

All but the current-year fiscal update must contain economic and fiscal forecasts for the three-year budget planning period.

Economic information provided is to include forecasts of movements in gross domestic product, consumer prices, unemployment and employment, and the current account position of the balance of payments. This information must be

accompanied by a statement of all significant underlying assumptions.

Fiscal information required comprises forecast Crown financial statements including a statement of financial position, an operating statement, cash flow statement, and statements of borrowings, commitments and specific fiscal risks, together with details of all significant underlying assumptions.

#### **Fiscal Strategy Report**

This report is required to be tabled in the House of Representatives at the time the Budget is presented, and must include:

- a comparison of the fiscal forecasts in the economic and fiscal updates with the Government's objectives and intentions set out earlier in the Budget Policy Statement;
- progress outlooks with projections of fiscal trends covering at least the next ten years; and

- a comparison of the progress outlooks with the long-term fiscal objectives set out in the Budget Policy Statement.

Inconsistencies between the Budget Policy Statement and/or the Fiscal Strategy Report and the immediately preceding Statement or Report must be explained and justified by the Government.

**THE BUDGET**

**318 Budget policy statement**

- (1) The Finance and Expenditure Committee must report on the Budget policy statement within six weeks of the publication of that statement or within four weeks of the first sitting day in the next year, whichever is the later.
- (2) The Minister of the Crown responsible for presenting the Budget policy statement to the House will attend the committee for consideration of the statement, if requested.
- (3) In place of the first general debate after the report of the Finance and Expenditure Committee on the Budget policy statement has been presented, a debate is held on the Budget policy statement and on the report of the Finance and Expenditure Committee on that statement. The chairperson of the Finance and Expenditure Committee (or, in the chairperson's absence, another member of the committee) may move a motion relevant to the report and speak first.

**319 Delivery of the Budget**

- (1) The main Appropriation Bill may be introduced only after the introduction of bills on a Thursday on a day previously notified to the House by the Government. There is no amendment or debate on the question for its first reading and the House proceeds to the second reading forthwith.
- (2) A Minister delivers the Budget statement in moving the second reading of the main Appropriation Bill.

**320 Budget debate**

- (1) The debate on the Budget is taken ahead of all other Government orders of the day.
- (2) An amendment to the question for the second reading of the bill may relate to any matter concerning public affairs and is not required to be strictly relevant.

**321 Fiscal strategy report and economic and fiscal update**

The Finance and Expenditure Committee must, within two months of the delivery of the Budget, report on the fiscal strategy report and the economic and fiscal update laid before the House on the day when the Budget was delivered.

**ESTIMATES**

**322 Examination of Estimates**

- (1) Following delivery of the Budget, the Estimates stand referred to the Finance and Expenditure Committee.
- (2) The Finance and Expenditure Committee may examine a Vote itself or refer it to any subject select committee for examination.
- (3) Committees must report to the House on their examinations of the Estimates within two months of the delivery of the Budget.

**323 Estimates debate**

The consideration in committee of the main Appropriation Bill is the Estimates debate. The Estimates debate is a consideration of the appropriations being sought by the Government in each Vote in the main Appropriation Bill.

**324 Determination of Votes for debate**

- (1) The Government may select any day (other than a Wednesday on which Members' orders of the day take precedence) for an Estimates debate. On a day so selected, the Appropriation Bill is set down as an order of the day for consideration in committee.
- (2) The Government determines which Votes are available for debate on a particular day and how long in total is to be spent on Estimates that day. This information is to be included on the Order Paper.
- (3) The Business Committee may determine the order in which Votes are to be considered on a particular day and how long is available for considering each Vote.

**325 Proceedings during Estimates debate**

- (1) As each Vote is reached, the question is proposed that the Vote stand part.
- (2) The chairperson of the select committee which reported on the Vote (or, in the chairperson's absence, another member of the committee) may speak first.
- (3) A motion may be moved to change a Vote. Such a motion must specify the appropriation or appropriations within the Vote which it proposes to alter.

- (4) At the conclusion of the total time for the Estimates debate the remaining Votes and provisions of the main Appropriation Bill and any amendments proposed by the Minister in charge of the bill that are notified on a Supplementary Order Paper are put as one question. There is no amendment or debate on the question.

**326 Third reading of main Appropriation Bill**

- (1) The debate on the question for the third reading of the main Appropriation Bill must be completed within three months of the delivery of the Budget.
- (2) The debate on the third reading of the main Appropriation Bill may include reference to the content of the fiscal strategy report and the economic and fiscal update laid before the House on the day when the Budget was delivered and the report of the Finance and Expenditure Committee on those documents.
- (3) The debate on the third reading of the main Appropriation Bill may be taken together with the debate on the second reading of an Imprest Supply Bill.