

# *Forecast Financial Statements*

## *Department of Internal Affairs*

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## Statement of Forecast Comprehensive Income for the year ending 30 June 2011

	Note	2008/09	2009/10		2010/11
		Actual \$000	In 2009 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Income</b>					
Crown		98,348	119,320	109,526	98,464
Department(s)		11,200	12,229	11,724	12,051
Other revenue	1	109,214	114,725	113,504	131,309
Gains		833	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>219,595</b>	<b>246,274</b>	<b>234,754</b>	<b>241,824</b>
<b>Expenses</b>					
Personnel		112,531	127,233	118,701	121,117
Operating	2	86,662	103,168	94,110	97,514
Depreciation and amortisation		9,527	14,287	13,993	15,272
Capital charge		3,490	5,512	5,665	5,981
Finance costs		-	-	-	-
Other		116	8	6	7
<b>Total Expenses</b>	6	<b>212,326</b>	<b>250,208</b>	<b>232,475</b>	<b>239,891</b>
<b>Net Surplus / (Deficit)</b>		<b>7,269</b>	<b>(3,934)</b>	<b>2,279</b>	<b>1,933</b>
Other comprehensive income		14	-	-	-
<b>Total Comprehensive Income</b>		<b>7,283</b>	<b>(3,934)</b>	<b>2,279</b>	<b>1,933</b>

## Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2011

	Note	2008/09	2009/10		2010/11
		Actual \$000	In 2009 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Balance at 1 July</b>					
General funds		43,036	62,097	52,429	80,676
Revaluation reserve		3,374	3,374	2,449	2,449
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>46,410</b>	<b>65,471</b>	<b>54,878</b>	<b>83,125</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		7,283	(3,934)	2,279	1,933
Repayment of surplus		(7,269)	-	(2,279)	(1,933)
Capital contribution		9,159	31,502	28,247	11,400
Capital withdrawal		(939)	-	-	-
Other		234	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		<b>8,468</b>	<b>27,568</b>	<b>28,247</b>	<b>11,400</b>
<b>Balance at 30 June</b>					
General funds		52,429	89,665	80,676	92,076
Revaluation reserve		2,449	3,374	2,449	2,449
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>54,878</b>	<b>93,039</b>	<b>83,125</b>	<b>94,525</b>

## Forecast Statement of Financial Position as at 30 June 2011

		2008/09	2009/10		2010/11
	Note	Actual \$000	In 2009 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		37,410	36,024	33,877	31,959
Debtors and other receivables		4,467	3,946	4,238	4,238
Prepayments		131	164	1,002	5,062
Inventories		1,604	1,382	1,210	1,190
Other current assets		2	-	-	-
<b>Total Current Assets</b>		<b>43,614</b>	<b>41,516</b>	<b>40,327</b>	<b>42,449</b>
<b>Non-current Assets</b>					
Property, plant and equipment	3	30,572	26,168	28,893	25,589
Intangible assets	4	31,354	61,079	56,206	67,828
Other non-current assets		-	-	-	-
<b>Total Non-current Assets</b>		<b>61,926</b>	<b>87,247</b>	<b>85,099</b>	<b>93,417</b>
<b>Total Assets</b>		<b>105,540</b>	<b>128,763</b>	<b>125,426</b>	<b>135,866</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		20,534	20,953	19,575	20,285
Repayment of surplus		7,269	-	2,279	1,933
Employee entitlements		8,059	6,458	6,895	6,899
Other current liabilities		8,093	7,616	8,086	8,079
<b>Total Current Liabilities</b>		<b>43,955</b>	<b>35,027</b>	<b>36,835</b>	<b>37,196</b>
<b>Non-current Liabilities</b>					
Provisions		-	-	-	-
Employee entitlements		1,158	697	1,239	1,239
Other non-current liabilities		5,549	-	4,227	2,906
<b>Total Non-current Liabilities</b>		<b>6,707</b>	<b>697</b>	<b>5,466</b>	<b>4,145</b>
<b>Total Liabilities</b>		<b>50,662</b>	<b>35,724</b>	<b>42,301</b>	<b>41,341</b>
<b>Taxpayers' Funds</b>					
General funds		52,429	89,665	80,676	92,076
Revaluation reserve		2,449	3,374	2,449	2,449
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>54,878</b>	<b>93,039</b>	<b>83,125</b>	<b>94,525</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>105,540</b>	<b>128,763</b>	<b>125,426</b>	<b>135,866</b>

## Statement of Forecast Cash Flows for the year ending 30 June 2011

		2008/09	2009/10		2010/11
	Note	Actual \$000	In 2009 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		98,348	119,320	109,526	98,464
Department(s)		11,150	12,229	11,855	12,051
Other		107,568	115,159	113,556	131,309
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(80,527)	(101,259)	(88,890)	(102,627)
Employees		(113,211)	(126,266)	(118,644)	(121,060)
Capital charge		(3,490)	(5,512)	(5,665)	(5,981)
Goods and services tax (net)		621	-	(945)	-
Other operating activities		-	-	-	-
<b>Net Cash from Operating Activities</b>	5	20,459	13,671	20,793	12,156
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		2,094	3,610	573	395
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(8,610)	(10,155)	(4,264)	(3,165)
Intangible assets		(19,864)	(25,423)	(27,522)	(20,425)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(26,380)	(31,968)	(31,213)	(23,195)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		9,159	16,102	14,156	11,400
Other financing cash inflows		-	-	-	-
Repayment of surplus		(8,332)	(1,789)	(7,269)	(2,279)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
<b>Net Cash from Financing Activities</b>		827	14,313	6,887	9,121
<b>Net Increase / (Decrease) in Cash</b>		(5,094)	(3,984)	(3,533)	(1,918)
Cash at the beginning of the year		42,504	40,008	37,410	33,877
<b>Cash at the end of the year</b>		37,410	36,024	33,877	31,959

## Statement of Significant Assumptions

These forecast financial statements have been compiled on the basis of existing government policies and ministerial expectations at the time the statements were finalised.

The main assumptions are as follows:

- the department's activities will remain substantially the same as for the previous year
- personnel costs are based on 1,532 staff positions (1,493 full time equivalents)
- operating costs are based on historical experience; the general historical pattern is expected to continue, and
- estimated year end information for 2009/10 is used as the opening position for the 2010/11 forecasts.

These assumptions are adopted as at 13 April 2010.

Factors that could lead to material differences between the forecast financial statements and the 2010/11 actual financial statements include:

- capability resource availability
- changes to the baseline through initiatives, or technical adjustments
- demand driven volume changes, and
- policy decisions.

## Statement of Entity-Specific Accounting Policies

The Department of Internal Affairs has applied the accounting policies set out in Statement of Accounting Policies Standard included in this document, except as stated below.

### Reporting Entity

These are the prospective financial statements of the Department of Internal Affairs, prepared in accordance with section 38 of the Public Finance Act 1989.

The Department of Internal Affairs is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting the Department of Internal Affairs is a public benefit entity.

### Authorisation Statement

These forecast financial statements were authorised for issue by the Department of Internal Affairs on 13 April 2010. The Department of Internal Affairs is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosure.

### Specific Accounting Policies

#### *Property, Plant and Equipment*

The capitalisation thresholds applied are set out below:

- IT Equipment / Hardware \$3,000, and
- all other property, plant and equipment \$3,000.

### *Depreciation*

The estimated useful lives of property, plant and equipment are set out below:

- buildings 15 to 66 years
- leasehold improvements lease term
- IT Equipment / Hardware 3 to 5 years
- motor vehicles 4 to 6 years, and
- furniture and office equipment 5 to 20 years

### *Intangible Assets*

The capitalisation thresholds for intangible assets is \$3,000.

The estimated useful lives of intangible assets is 3 to 5 years.

### *Cost Allocation*

The methods used in the allocation of costs are consistent between the 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, and
- 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.

## Notes to the Financial Statements

### Note 1 - Other Revenue

	2008/09	2009/10		2010/11
	Actual \$000	In 2009 Budget \$000	Estimated Actual \$000	Budgeted \$000
Passport fees	53,391	62,450	59,734	75,728
Citizenship fees	9,922	6,197	7,655	10,704
Birth, Death, Marriage and Civil Union Fees	10,620	9,743	10,143	9,744
Gaming Licences	17,501	18,232	17,503	18,707
Casino Operators' Levies	5,384	3,714	4,035	3,717
VIP Transport	7,004	7,921	7,501	7,926
Recovery from New Zealand Lottery Grants Board	9,711	10,524	10,362	9,674
New Zealand Gazette	1,096	927	934	935
Other	5,785	7,246	7,361	6,225
<b>Total</b>	<b>120,414</b>	<b>126,954</b>	<b>125,228</b>	<b>143,360</b>

### Note 2 - Operating Expenses

	2008/09	2009/10		2010/11
	Actual \$000	In 2009 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Operating expenses include:</b>				
Agency Fees	9,626	3,643	3,586	3,713
Computer Costs	11,530	13,089	12,278	14,911
Consultants	3,308	4,886	2,444	1,438
Domestic travel	3,673	4,204	4,194	4,059
Inventory Costs	15,120	15,274	15,160	17,039
Office Expenses	12,938	12,587	12,701	13,508
Overseas travel	916	587	729	646
Professional Fees	3,200	5,103	5,291	6,616
Publicity and Promotion	2,411	2,524	2,047	2,007
Rental and Leasing costs	11,468	11,466	11,122	10,840
Staff Development	2,523	3,093	3,230	2,936
Other	9,949	26,712	21,328	19,801
<b>Total</b>	<b>86,662</b>	<b>103,168</b>	<b>94,110</b>	<b>97,514</b>

**Note 3 - Property, Plant and Equipment**

	Land \$000	Buildings \$000	Leasehold improvements \$000	Furniture/office equipment \$000	Other \$000	Total \$000
<b>Cost or revaluation</b>						
Balance as at 1 July 2010	5,350	3,397	11,765	2,415	27,793	50,720
Additions by purchase	0	0	1,265	187	1,713	3,165
Revaluation increase	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Other movements	-	-	-	-	395	395
Disposals	-	-	-	-	(395)	(395)
<b>Balance as at 30 June 2011</b>	<b>5,350</b>	<b>3,397</b>	<b>13,030</b>	<b>2,602</b>	<b>29,506</b>	<b>53,885</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance as at 1 July 2010	-	(196)	(7,553)	(1,622)	(12,456)	(21,827)
Depreciation expense	-	(96)	(2,428)	(498)	(3,447)	(6,469)
Eliminate on disposal	-	-	-	-	-	-
Eliminate on revaluation	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
<b>Balance as at 30 June 2011</b>	<b>-</b>	<b>(292)</b>	<b>(9,981)</b>	<b>(2,120)</b>	<b>(15,903)</b>	<b>(28,296)</b>
<b>Carrying amount as at 30 June 2011</b>	<b>5,350</b>	<b>3,105</b>	<b>3,049</b>	<b>482</b>	<b>13,603</b>	<b>25,589</b>

**Note 4 - Intangible Assets**

	Software \$000
<b>Cost</b>	
Balance as at 1 July 2010	81,315
Additions	20,425
Balance as at 30 June 2011	101,740
<b>Accumulated amortisation</b>	
Balance as at 1 July 2010	(25,109)
Amortisation Expense	(8,803)
Balance as at 30 June 2011	(33,912)
Carrying amount as at 30 June 2011	67,828

### Note 5 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ending 30 June 2011

	2008/09	2009/10		2010/11
	Actual \$000	In 2009 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus/(deficit)	7,269	(3,934)	2,279	1,933
Add/(less) non-cash items	-	-	-	-
Depreciation and Amortisation	9,527	14,287	13,993	15,272
Revaluation Gain	-	-	-	-
Net Losses on Derivative Financial Instruments	(19)	-	-	-
Total non-cash items	9,508	14,287	13,993	15,272
Add/(less) items classified as investing or financing activities	-	-	-	-
(Gains)/losses on disposal of property, plant and equipment	(714)	1	1	-
Total items classified as investing or financing activities	(714)	1	1	-
Add/(less) movements in working capital items	-	-	-	-
(Inc)/Dec in debtors and other receivables	(492)	434	64	-
(Inc)/Dec in prepayments	138	50	(871)	(4,060)
(Inc)/Dec in inventories	691	122	394	20
Inc/(Dec) in creditors and other payables	4,428	2,837	4,964	(1,006)
Inc/(Dec) in employee entitlements	832	437	(1,083)	4
Inc/(Dec) in other current liabilities	(1,201)	(563)	1,052	(7)
Net movements in working capital items	4,396	3,317	4,520	(5,049)
<b>Net cash from operating activities</b>	<b>20,459</b>	<b>13,671</b>	<b>20,793</b>	<b>12,156</b>

### Note 6 - Reconciliation of Departmental Expenses and Appropriations

	2008/09	2009/10		2010/11
	Actual \$000	In 2009 Budget \$000	Estimated Actual \$000	Budgeted \$000
Total for Vote Community and Voluntary Sector	21,248	22,157	21,923	20,834
Total for Vote Emergency Management	10,533	11,049	11,489	11,043
Total for Vote Internal Affairs	125,578	155,746	147,726	157,703
Total for Vote Local Government	13,053	20,368	11,919	10,337
Total for Vote Ministerial Services	41,719	40,526	39,106	39,615
Total for Vote Racing	195	362	312	359
<b>Total</b>	<b>212,326</b>	<b>250,208</b>	<b>232,475</b>	<b>239,891</b>