

Forecast Financial Statements

Department of Internal Affairs

Statement of Forecast Financial Performance for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Income					
Crown		91,470	94,562	94,561	93,236
Department(s)		10,324	10,749	10,725	11,201
Other revenue	1	105,608	111,246	110,795	105,663
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		207,402	216,557	216,081	210,100
Expenses	6				
Personnel		107,383	116,037	113,064	112,850
Operating	2	80,159	90,736	87,387	87,115
Depreciation and amortisation		7,902	8,858	8,858	11,209
Capital charge		3,322	3,343	3,345	3,465
Finance costs		-	-	-	-
Other		71	8	8	7
Total Expenses		198,837	218,982	212,662	214,646
Net Surplus / (Deficit)		8,565	(2,425)	3,419	(4,546)

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Balance at 1 July					
General funds		42,562	42,516	42,516	43,036
Revaluation reserve		1,656	1,656	1,656	1,656
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		44,218	44,172	44,172	44,692
Changes in Taxpayers' Funds					
Income and Expense for the Period					
Net surplus / (deficit) for the year		8,565	(2,425)	3,419	(4,546)
Total gains / (losses) taken to equity		-	-	-	-
Total Income and Expense for the Period		8,565	(2,425)	3,419	(4,546)
Other Changes					
Repayment of surplus		(8,611)	-	(3,419)	-
Capital contribution		-	520	520	16,559
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		(46)	(1,905)	520	12,013
Balance at 30 June					
General funds		42,516	40,611	43,036	55,049
Revaluation reserve		1,656	1,656	1,656	1,656
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		44,172	42,267	44,692	56,705

Forecast Statement of Financial Position as at 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		49,556	23,448	39,660	20,094
Debtors and other receivables		3,228	3,229	3,229	3,228
Prepayments		337	563	563	571
Inventories		2,713	2,708	2,708	2,767
Other current assets		-	-	-	-
Total Current Assets		55,834	29,948	46,160	26,660
Non-current Assets					
Property, plant and equipment	3	19,615	28,057	20,323	35,704
Intangible assets		15,982	17,555	14,921	29,012
Other non-current assets		-	-	-	-
Total Non-current Assets		35,597	45,612	35,244	64,716
Total Assets		91,431	75,560	81,404	91,376
Liabilities					
Current Liabilities					
Creditors and other payables		20,890	17,551	17,551	19,271
Repayment of surplus		8,611	-	3,419	-
Employee entitlements		5,876	4,754	4,754	4,836
Other current liabilities		11,095	10,293	10,293	9,869
Total Current Liabilities		46,472	32,598	36,017	33,976
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		787	695	695	695
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		787	695	695	695
Total Liabilities		47,259	33,293	36,712	34,671
Taxpayers' Funds					
General funds		42,516	40,611	43,036	55,049
Revaluation reserve		1,656	1,656	1,656	1,656
Other reserves		-	-	-	-
Total Taxpayers' Funds		44,172	42,267	44,692	56,705
Total Liabilities and Taxpayers' Funds		91,431	75,560	81,404	91,376

Statement of Forecast Cash Flows for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		91,470	94,562	94,561	93,236
Department(s)		11,175	10,898	10,874	11,201
Other		103,496	110,861	110,410	105,664
Interest		-	-	-	-
Payments to:					
Suppliers		(77,320)	(95,991)	(90,814)	(104,506)
Employees		(107,411)	(116,030)	(113,080)	(112,866)
Capital charge		(3,322)	(3,343)	(3,345)	(3,465)
Goods and services tax (net)		31	(776)	(776)	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities	5	18,119	181	7,830	(10,736)
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		481	301	301	1,836
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(4,794)	(11,895)	(6,115)	(9,823)
Intangible assets	4	(5,402)	(6,604)	(3,821)	(17,402)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(9,715)	(18,198)	(9,635)	(25,389)
Cash Flow from Financing Activities					
Capital contribution		-	520	520	16,559
Other financing cash inflows		-	-	-	-
Repayment of surplus		(2,705)	(8,611)	(8,611)	-
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(2,705)	(8,091)	(8,091)	16,559
Net Increase / (Decrease) in Cash		5,699	(26,108)	(9,896)	(19,566)
Cash at the beginning of the year		43,857	49,556	49,556	39,660
Cash at the end of the year		49,556	23,448	39,660	20,094

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 1,373 staff positions (1,342 full time equivalents)
- operating costs are based on historical experience; the general historical pattern is expected to continue
- estimated year end information for 2007/08 is used as the opening position for the 2008/09 forecasts.

These assumptions are adopted as at 1 July 2008.

Factors that could lead to material differences between the forecast financial statements and the 2008/09 actual financial statements include:

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

Department-Specific Accounting Policies

The Department of Internal Affairs has applied the accounting policies set out in the 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 1 July 2008. 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.

Statement of Entity-Specific Accounting Policies

Property, plant and equipment

The capitalisation thresholds applied are set out below:

- IT Equipment / Hardware - \$3,000
- 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
- Furniture and office equipment - 5 to 20 years.

Intangible assets

Capitalisation thresholds applied are:

- Purchased software - \$3,000
- Internally developed software - \$3,000.

The estimated useful lives of intangible assets are set out below:

- Purchased software - 3 to 5 years
- Internally developed software - 3 to 5 years.

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.

Notes to the Financial Statements

Note 1 - Other Revenue

	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Passport fees	53,355	54,699	54,699	55,680
Citizenship fees	13,982	12,562	12,562	7,044
Birth, Death, Marriage and Civil Union fees	9,850	9,135	9,135	9,167
Gaming licences	14,108	17,418	17,418	18,230
Casino Operator's Levies	4,110	3,551	3,551	4,306
Recovery from New Zealand Lottery Grants Board	7,617	10,371	9,930	7,533
New Zealand Gazette	634	633	633	635
Other	1,952	2,877	2,867	3,068
Total	105,608	111,246	110,795	105,663

Note 2 - Operating Expenses

	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Operating expenses include:				
Consultants' fees	2,863	4,385	4,385	2,347
Overseas travel	640	820	820	563
Domestic travel	3,977	4,179	4,179	3,592
Rental and leasing	9,579	11,311	11,287	10,937
Other	63,100	70,041	66,716	69,676
Total	80,159	90,736	87,387	87,115

Note 3 - Property, Plant and Equipment

	Land \$000	Buildings \$000	Leasehold improvements \$000	Furniture/office equipment \$000	Other \$000	Total \$000
Cost or revaluation						
Balance as at 1 July 2008	4,765	3,362	7,923	2,763	32,179	50,992
Additions by purchase	-	950	2,142	130	6,601	9,823
Additions internally developed	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-
Budget Adjustment	-	-	-	-	-	-
Disposals	(600)	(315)	-	-	(921)	(1,836)
Balance as at 30 June 2009	4,165	3,997	10,065	2,893	37,859	58,979

	Land \$000	Buildings \$000	Leasehold improvements \$000	Furniture/office equipment \$000	Other \$000	Total \$000
Accumulated depreciation and impairment losses						
Balance as at 1 July 2008	-	193	4,188	1,771	10,639	16,791
Depreciation expense	-	142	1,285	247	6,164	7,838
Eliminate on disposal	-	(23)	-	-	(1,331)	(1,354)
Eliminate on revaluation	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Balance as at 30 June 2009	-	312	5,473	2,018	15,472	23,275
Carrying amount as at 30 June 2009	4,165	3,685	4,592	875	22,387	35,704

Note 4 - Intangible Assets

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Cost				
Balance as at 1 July 2008	34,160	-	-	34,160
Additions by purchase	17,402	-	-	17,402
Additions internally developed	-	-	-	-
Disposals	-	-	-	-
Balance as at 30 June 2009	51,562	-	-	51,562
Accumulated amortisation and impairment losses				
Balance as at 1 July 2008	17,056	-	-	17,056
Amortisation expense	5,494	-	-	5,494
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Balance as at 30 June 2009	22,550	-	-	22,550
Carrying amount as at 30 June 2009	29,012	-	-	29,012

Note 5 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the Year Ending 30 June 2009

	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Net surplus / (deficit)	8,565	(2,425)	3,419	(4,546)
Add/ (less) non-cash items				
Depreciation and amortisation expense	7,902	8,858	8,858	11,209
Net gains on derivative financial instruments	-	-	-	-
Net foreign exchange (gains) / losses	-	-	-	-
Other	-	-	-	-
Total non-cash items	7,902	8,858	8,858	11,209
Add/ (less) items classified as investing or financing activities				
(Gains)/ losses on disposal property, plant and equipment	-	-	-	-
Other	-	-	-	-
Total items classified as investing or financing activities	-	-	-	-
Add/ (less) movements in working capital items				
(Inc)/ Dec in debtors and other receivables	716	(1)	(1)	1
(Inc)/ Dec in prepayments	(238)	(226)	(226)	(8)
(Inc)/ Dec in inventories	(40)	5	5	(59)
Inc/ (Dec) in creditors and other payables	572	(2,256)	(2,256)	-
Inc/ (Dec) in current provisions	144	(100)	(100)	-
Inc/ (Dec) in employee entitlements	942	(1,122)	(1,122)	82
Inc/ (Dec) in finance leases	(44)	-	-	-
Inc/ (Dec) in revenue received in advance	(2,033)	(794)	(794)	(424)
Inc/ (Dec) in accrued payables	1,675	(1,666)	139	(16,991)
Net movements in working capital items	1,694	(6,160)	(4,355)	(17,399)
Add/ (less) movements in non-current liabilities				
Inc/ (Dec) in non-current provisions	-	-	-	-
Inc/ (Dec) in employee entitlements	(42)	(92)	(92)	-
Net cash from operating activities	18,119	181	7,830	(10,736)

Note 6 - Reconciliation of Departmental Expenses and Appropriations

	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Appropriations for output expenses				
Total for Vote Community and Voluntary Sector	19,853	22,260	22,260	19,370
Total for Vote Emergency Management	11,217	11,741	11,741	11,337
Total for Vote Internal Affairs	127,312	132,028	132,028	133,329
Total for Vote Local Government	13,964	12,764	12,764	12,293
Total for Vote Ministerial Services	36,968	39,967	39,967	37,956
Total for Vote Racing	217	222	222	361
Total Appropriations for output expenses	209,531	218,982	218,982	214,646
Adjustments				
Appropriation amounts unused	(9,958)	-	(6,320)	-
Remeasurements	-	-	-	-
Intra-entity expenditure	(736)	-	-	-
Other	-	-	-	-
Total	198,837	218,982	212,662	214,646