

Forecast Financial Statements

Department of Internal Affairs

Statement of Forecast Comprehensive Income for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Income					
Crown		94,382	93,301	98,347	119,320
Department(s)		10,340	11,201	11,198	12,229
Other revenue	1	111,027	105,663	110,391	114,725
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		215,749	210,165	219,936	246,274
Expenses	6				
Personnel		110,649	112,850	118,287	127,233
Operating	2	84,855	87,180	86,446	103,168
Depreciation and amortisation		8,630	11,209	9,911	14,287
Capital charge		3,337	3,465	3,491	5,512
Finance costs		-	-	-	-
Other		(286)	7	12	8
Total Expenses		207,185	214,711	218,147	250,208
Net Surplus / (Deficit)	5	8,564	(4,546)	1,789	(3,934)
Other comprehensive income		1,718	-	-	-
Total Comprehensive Income		10,282	(4,546)	1,789	(3,934)

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Balance at 1 July					
General funds		42,516	43,036	43,036	62,097
Revaluation reserve		1,656	1,656	3,374	3,374
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		44,172	44,692	46,410	65,471
Changes in Taxpayers' Funds					
Comprehensive income for the period		10,282	(4,546)	1,789	(3,934)
Repayment of surplus		(8,564)	-	(1,789)	-
Capital contribution		520	16,559	19,061	31,502
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		2,238	12,013	19,061	27,568
Balance at 30 June					
General funds		43,036	55,049	62,097	89,665
Revaluation reserve		3,374	1,656	3,374	3,374
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		46,410	56,705	65,471	93,039

Forecast Statement of Financial Position as at 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		42,504	20,094	40,008	36,024
Debtors and other receivables		3,975	3,228	4,380	3,946
Prepayments		269	571	214	164
Inventories		2,295	2,767	1,504	1,382
Other current assets		-	-	-	-
Total Current Assets		49,043	26,660	46,106	41,516
Non-current Assets					
Property, plant and equipment	3	21,971	35,704	25,077	26,168
Intangible assets	4	16,719	29,012	29,090	61,079
Other non-current assets		-	-	-	-
Total Non-current Assets		38,690	64,716	54,167	87,247
Total Assets		87,733	91,376	100,273	128,763
Liabilities					
Current Liabilities					
Creditors and other payables		16,605	19,271	18,116	20,953
Repayment of surplus		8,564	-	1,789	-
Employee entitlements		7,110	4,836	6,021	6,458
Other current liabilities		8,252	9,869	8,179	7,616
Total Current Liabilities		40,531	33,976	34,105	35,027
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		792	695	697	697
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		792	695	697	697
Total Liabilities		41,323	34,671	34,802	35,724
Taxpayers' Funds					
General funds		43,036	55,049	62,097	89,665
Revaluation reserve		3,374	1,656	3,374	3,374
Other reserves		-	-	-	-
Total Taxpayers' Funds		46,410	56,705	65,471	93,039
Total Liabilities and Taxpayers' Funds		87,733	91,376	100,273	128,763

Statement of Forecast Cash Flows for the year ending 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		94,382	93,301	98,347	119,320
Department(s)		10,208	11,201	11,479	12,229
Other		107,562	105,664	109,705	115,159
Interest		-	-	-	-
Payments to:					
Suppliers		(86,287)	(104,571)	(84,379)	(101,259)
Employees		(111,307)	(112,866)	(118,941)	(126,266)
Capital charge		(3,337)	(3,465)	(3,491)	(5,512)
Goods and services tax (net)		(472)	-	(324)	-
Other operating activities		-	-	-	-
Net Cash from Operating Activities		10,749	(10,736)	12,396	13,671
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		315	1,836	1,836	3,610
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(4,942)	(9,823)	(9,823)	(10,155)
Intangible assets		(5,083)	(17,402)	(17,402)	(25,423)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(9,710)	(25,389)	(25,389)	(31,968)
Cash Flow from Financing Activities					
Capital contribution		520	16,559	19,061	16,102
Other financing cash inflows		-	-	-	-
Repayment of surplus		(8,611)	-	(8,564)	(1,789)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(8,091)	16,559	10,497	14,313
Net Increase / (Decrease) in Cash		(7,052)	(19,566)	(2,496)	(3,984)
Cash at the beginning of the year		49,556	39,660	42,504	40,008
Cash at the end of the year		42,504	20,094	40,008	36,024

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 1,600 staff positions (1,560 full time equivalents)
- operating costs are based on historical experience; the general historical pattern is expected to continue
- estimated year end information for 2008/09 is used as the opening position for the 2009/10 forecasts.

These assumptions are adopted as at 1 July 2009.

Factors that could lead to material differences between the forecast financial statements and the 2009/10 actual financial statements include:

- capability resource availability
- changes to the baseline through initiatives, or technical adjustments
- demand driven volume changes
- 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 Department of Internal Affairs, prepared in accordance with section 38 of the Public Finance Act 1989.

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 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 22 April 2009. 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
- 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

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Passport fees	55,321	56,257	53,804	62,450
Citizenship fees	12,451	7,154	8,960	6,197
Birth, Death, Marriage and Civil Union Fees	10,151	9,179	10,243	9,743
Gaming Licences	17,036	18,546	18,192	18,232
Casino Operators' Levies	4,440	4,814	5,210	3,714
VIP Transport	6,577	7,195	7,915	7,921
Recovery from New Zealand Lottery Grants Board	9,214	7,632	10,215	10,524
New Zealand Gazette	978	1,242	1,363	927
Other	5,199	4,845	5,687	7,246
Total	121,367	116,864	121,589	126,954

Note 2 - Operating Expenses

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants' fees	3,063	2,158	3,472	4,886
Overseas travel	1,105	753	853	587
Domestic travel	4,195	3,635	3,747	4,204
Rental and leasing	9,907	10,350	11,726	11,466
Other	66,585	70,284	66,648	82,025
Total	84,855	87,180	86,446	103,168

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 2009	6,175	4,312	11,899	3,562	18,174	44,122
Additions by purchase	-	650	495	235	8,775	10,155
Revaluation increase	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Transfer from State Services Commission	-	-	-	-	492	492
Disposals	-	-	-	-	(3,611)	(3,611)
Balance as at 30 June 2010	6,175	4,962	12,394	3,797	23,830	51,158

	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 2009	-	(291)	(5,071)	(1,515)	(12,168)	(19,045)
Depreciation expense	-	(81)	(740)	(312)	(4,812)	(5,945)
Eliminate on disposal	-	-	-	-	-	-
Eliminate on revaluation	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Balance as at 30 June 2010	-	(372)	(5,811)	(1,827)	(16,980)	(24,990)
Carrying amount as at 30 June 2010	6,175	4,590	6,583	1,970	6,850	26,168

Note 4 - Intangible Assets

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
Cost				
Balance as at 1 July 2009	32,883	17,643	-	50,506
Additions by purchase	20,764	4,659	-	25,423
Additions internally developed	-	-	-	-
Transfer from State Services Commission	14,908	-	-	14,908
Disposals	-	-	-	-
Balance as at 30 June 2010	68,535	22,302	-	90,837
Accumulated amortisation and impairment losses				
Balance as at 1 July 2009	(15,731)	(5,685)	-	(21,416)
Amortisation expense	(6,257)	(2,085)	-	(8,342)
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Balance as at 30 June 2010	(21,988)	(7,770)	-	(29,758)
Carrying amount as at 30 June 2010	46,547	14,532	-	61,079

Note 5 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ending 30 June 2010

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus / (deficit)	8,564	(4,546)	1,789	(3,934)
Add/ (less) non-cash items				
Depreciation and Amortisation	8,630	11,209	9,911	14,287
Revaluation Gain	(234)	-	-	-
Net Losses on Derivative Financial Instruments	9	-	-	-
Total non-cash items	8,405	11,209	9,911	14,287

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	(60)	0	1	1
Total items classified as investing or financing activities	(60)	0	1	1
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	(747)	1	(405)	434
(Inc)/Dec in prepayments	68	(8)	55	50
(Inc)/Dec in inventories	418	(59)	791	122
Inc/(Dec) in creditors and other payables	(3,306)	(16,991)	1,494	2,837
Inc/(Dec) in current provisions	(220)	0	0	0
Inc/(Dec) in employee entitlements	479	82	(1,184)	437
Inc/(Dec) in Revenue Received in Advance	(2,852)	(424)	(56)	(563)
Net movements in working capital items	(6,160)	(17,399)	695	3,317
Net cash from operating activities	10,749	(10,736)	12,396	13,671

Note 6 - Reconciliation of Departmental Expenses and Appropriations

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Total for Vote Community and Voluntary Sector	22,080	19,435	22,545	22,157
Total for Vote Emergency Management	11,741	11,337	11,607	11,049
Total for Vote Internal Affairs	132,028	133,329	132,158	155,746
Total for Vote Local Government	12,764	12,293	14,414	20,368
Total for Vote Ministerial Services	39,967	37,956	42,759	40,526
Total for Vote Racing	222	361	270	362
Total Appropriations for output expenses	218,802	214,711	223,753	250,208
Adjustments				
Appropriation amounts unused	(10,839)	-	(5,606)	-
Remeasurements	-	-	-	-
Intra-entity expenditure	(778)	-	-	-
Total Adjustments	(11,617)	-	(5,606)	-
Total	207,185	214,711	218,147	250,208