

# *Forecast Financial Statements*

## *Department of Internal Affairs*

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## Statement of Forecast Comprehensive Income for the year ending 30 June 2013

		2010/11	2011/12		2012/13
	Note	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Income</b>					
Crown		141,695	202,544	214,136	193,387
Department(s)		11,461	13,808	16,361	11,981
Other revenue	1	136,116	138,558	143,788	146,061
Gains		-	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>289,272</b>	<b>354,910</b>	<b>374,285</b>	<b>351,429</b>
<b>Expenses</b>					
Personnel		145,370	171,279	173,846	167,674
Operating	2	96,855	131,558	136,286	124,772
Depreciation and amortisation		23,116	33,216	30,154	40,012
Capital charge		11,835	24,324	21,054	25,280
Finance costs		267	64	64	64
Other		940	6	6	6
<b>Total Expenses</b>	6	<b>278,383</b>	<b>360,447</b>	<b>361,410</b>	<b>357,808</b>
<b>Net Surplus / (Deficit)</b>		<b>10,889</b>	<b>(5,537)</b>	<b>12,875</b>	<b>(6,379)</b>
Other comprehensive income	7	26,770	-	-	-
<b>Total Comprehensive Income</b>		<b>37,659</b>	<b>(5,537)</b>	<b>12,875</b>	<b>(6,379)</b>

## Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Balance at 1 July</b>					
General funds		79,297	265,529	233,776	297,965
Revaluation reserve		1,708	30,651	28,478	28,478
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>81,005</b>	<b>296,180</b>	<b>262,254</b>	<b>326,443</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		37,659	(5,537)	12,875	(6,379)
Repayment of surplus		(11,784)	-	(4,835)	-
Capital contribution		155,374	12,284	45,412	241
Capital withdrawal		-	-	-	-
Other		-	-	10,737	-
<b>Total Changes in Taxpayers' Funds</b>		<b>181,249</b>	<b>6,747</b>	<b>64,189</b>	<b>(6,138)</b>
<b>Balance at 30 June</b>					
General funds		233,776	272,276	297,965	291,827
Revaluation reserve		28,478	30,651	28,478	28,478
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>262,254</b>	<b>302,927</b>	<b>326,443</b>	<b>320,305</b>

## Forecast Statement of Financial Position as at 30 June 2013

		2010/11	2011/12		2012/13
	Note	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		51,723	30,584	71,360	34,587
Debtors and other receivables		25,271	4,885	15,622	15,703
Prepayments		4,654	3,143	3,143	3,143
Inventories		1,419	1,544	1,544	1,544
Other current assets		15	-	-	-
<b>Total Current Assets</b>		<b>83,082</b>	<b>40,156</b>	<b>91,669</b>	<b>54,977</b>
<b>Non-current Assets</b>					
Property, plant and equipment	3	192,949	213,886	224,743	243,601
Intangible assets	4	59,973	99,279	66,574	72,540
Other non-current assets		1,080	225	225	225
<b>Total Non-current Assets</b>		<b>254,002</b>	<b>313,390</b>	<b>291,542</b>	<b>316,366</b>
<b>Total Assets</b>		<b>337,084</b>	<b>353,546</b>	<b>383,211</b>	<b>371,343</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		30,329	26,241	27,241	27,668
Repayment of surplus		16,600	-	4,835	-
Employee entitlements		13,531	11,206	14,071	14,071
Other current liabilities		9,503	9,873	7,322	7,322
<b>Total Current Liabilities</b>		<b>69,963</b>	<b>47,320</b>	<b>53,469</b>	<b>49,061</b>
<b>Non-current Liabilities</b>					
Provisions		-	-	-	-
Employee entitlements		1,632	1,428	1,428	1,428
Other non-current liabilities		3,235	1,871	1,871	549
<b>Total Non-current Liabilities</b>		<b>4,867</b>	<b>3,299</b>	<b>3,299</b>	<b>1,977</b>
<b>Total Liabilities</b>		<b>74,830</b>	<b>50,619</b>	<b>56,768</b>	<b>51,038</b>
<b>Taxpayers' Funds</b>					
General funds		233,776	272,276	297,965	291,827
Revaluation reserve		28,478	30,651	28,478	28,478
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>262,254</b>	<b>302,927</b>	<b>326,443</b>	<b>320,305</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>337,084</b>	<b>353,546</b>	<b>383,211</b>	<b>371,343</b>

## Statement of Forecast Cash Flows for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		127,304	202,544	228,527	193,387
Department(s)		8,227	13,808	19,576	11,981
Other		132,899	136,991	146,978	145,598
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(96,878)	(134,506)	(141,188)	(126,807)
Employees		(144,296)	(171,364)	(172,129)	(166,317)
Capital charge		(11,835)	(24,324)	(21,054)	(25,280)
Goods and services tax (net)		2,290	(1,210)	(2,286)	-
Other operating activities		-	(287)	(287)	(287)
<b>Net Cash from Operating Activities</b>	5	17,711	21,652	58,137	32,275
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		27	1,303	1,303	6
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(22,354)	(40,173)	(47,047)	(37,976)
Intangible assets		(7,342)	(32,718)	(21,568)	(26,484)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(29,669)	(71,588)	(67,312)	(64,454)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		30,204	12,284	45,412	241
Other financing cash inflows		-	-	-	-
Repayment of surplus		(7,778)	-	(16,600)	(4,835)
Capital withdrawal		-	-	-	-
Other financing cash outflows		(1,588)	-	-	-
<b>Net Cash from Financing Activities</b>		20,838	12,284	28,812	(4,594)
<b>Net Increase / (Decrease) in Cash</b>		8,880	(37,652)	19,637	(36,773)
Cash at the beginning of the year		42,843	68,236	51,723	71,360
<b>Cash at the end of the year</b>		51,723	30,584	71,360	34,587

## 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 2,008 staff positions (1,929 full time equivalents)
- operating costs are based on the best estimate at the time the financial statements are finalised, and
- estimated year end information for 2011/12 is used as the opening position for the 2012/13 Forecast Statement of Financial Position.

These assumptions are adopted as at 1 April 2012.

Factors that could lead to material differences between the forecast financial statements and the 2011/12 actual financial statements include:

- capability resource availability
- efficiency or productivity gains
- changes to the baseline through initiatives, technical adjustments or in-principle expense transfers
- 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 1 April 2012. 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 threshold for property, plant and equipment assets is \$3,000. From 1 July 2012, items of property, plant and equipment that individually cost less than \$3,000 but are acquired as a group purchase with a total cost in excess of \$30,000 will be treated as a capital acquisition and capitalised as a fixed asset.

### *Depreciation*

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

- Buildings 33 to 90 years
- National Library General and Schools Collections 3 to 50 years
- Plant and equipment 5 to 100 years
- Leasehold improvements unexpired period of the lease, or estimated remaining useful life of the improvements, whichever is shorter
- IT Equipment / Hardware 3 to 5 years
- Motor vehicles 2 to 6 years
- Furniture and fittings 5 to 30 years, and
- Office equipment 5 to 10 years.

### *Intangible Assets*

The capitalisation threshold for intangible assets is \$3,000. The estimated useful lives of intangible assets are 3 to 10 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, estimated usage, personnel numbers, floor space, network connections and estimated allocation of time.

# Notes to the Financial Statements

## Note 1 - Other Revenue (including Revenue from Other Departments)

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Passport fees	78,796	77,563	82,363	86,260
Citizenship fees	9,073	9,389	10,989	9,512
Birth, Death, Marriage and Civil Union Fees	10,345	10,160	10,360	9,714
Gaming Licences	16,264	17,230	16,380	17,330
Casino Operators' Levies	5,352	5,242	5,347	5,385
VIP Transport	7,142	7,926	7,947	7,856
Recovery from New Zealand Lottery Grants Board	8,976	9,315	8,600	9,592
New Zealand Gazette	952	935	1,102	1,062
e-Government Development and Operations	1,340	1,600	2,564	2,500
Electronic Purchasing in Collaboration	-	1,916	2,421	2,357
Te Puna Web Directory	-	1,399	2,964	2,905
Other	9,337	9,691	9,112	3,569
<b>Total</b>	<b>147,577</b>	<b>152,366</b>	<b>160,149</b>	<b>158,042</b>

## Note 2 - Operating Expenses

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Operating expenses include:</b>				
Agency Fees	10,427	10,472	10,864	11,048
Computer Costs	19,140	26,315	21,908	24,496
Consultants	4,633	2,951	5,115	2,201
Travel Costs	5,806	5,751	5,726	7,907
Inventory Costs	15,819	18,218	19,808	21,320
Office Expenses	13,981	14,406	12,041	12,720
Professional Fees	7,647	9,644	9,250	5,163
Publicity and Promotion	1,623	2,072	2,320	2,490
Rental and Leasing costs	12,322	14,964	17,314	17,987
Staff Development	2,298	3,605	2,507	3,111
Other	3,159	23,160	29,433	16,329
<b>Total</b>	<b>96,855</b>	<b>131,558</b>	<b>136,286</b>	<b>124,772</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 2012	53,025	123,448	40,516	40,471	63,947	321,407
Additions by purchase	-	6,651	2,760	19,204	9,743	38,358
Disposals	-	-	-	-	(6)	(6)
<b>Balance as at 30 June 2013</b>	<b>53,025</b>	<b>130,099</b>	<b>43,276</b>	<b>59,675</b>	<b>73,684</b>	<b>359,759</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance as at 1 July 2012	-	(16,022)	(26,040)	(17,890)	(36,712)	(96,664)
Depreciation expense	-	(3,906)	(2,985)	(2,107)	(10,496)	(19,494)
<b>Balance as at 30 June 2013</b>	<b>-</b>	<b>(19,928)</b>	<b>(29,025)</b>	<b>(19,997)</b>	<b>(47,208)</b>	<b>(116,158)</b>
<b>Carrying amount as at 30 June 2013</b>	<b>53,025</b>	<b>110,171</b>	<b>14,251</b>	<b>39,678</b>	<b>26,476</b>	<b>243,601</b>

**Note 4 - Intangible Assets**

	Software \$000
<b>Cost</b>	
Balance as at 1 July 2012	142,178
Additions	26,484
Revaluations	-
<b>Balance as at 30 June 2013</b>	<b>168,662</b>
<b>Accumulated amortisation</b>	
Balance as at 1 July 2012	(75,604)
Amortisation Expense	(20,518)
<b>Balance as at 30 June 2013</b>	<b>(96,122)</b>
<b>Carrying amount as at 30 June 2013</b>	<b>72,540</b>

**Note 5 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities**

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus/(deficit)	10,889	(5,537)	12,875	(6,379)
Add/(less) non-cash items				
Donated assets	-	(382)	(382)	(382)
Depreciation and Amortisation	23,116	33,216	30,154	40,012
Doubtful Debt	18	-	-	-
Memorandum Accounts	-	-	10,737	-
Net Foreign Exchange Losses/(Gains)	(29)			
Total non-cash items	23,105	32,834	40,509	39,630
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	951	-	-	-
Interest on finance lease	267	-	-	-
Total items classified as investing or financing activities	1,218	-	-	-
Add/(less) movements in working capital items				
(Inc)/Dec in debtors and other receivables	(18,326)	(1,185)	10,441	(81)
(Inc)/Dec in prepayments	(4,191)	954	1,286	-
(Inc)/Dec in inventories	72	7	(125)	-
Inc/(Dec) in creditors and other payables	1,754	(3,641)	(4,938)	-
Inc/(Dec) in employee entitlements	359	(902)	(336)	-
Inc/(Dec) in other current liabilities	2,831	(878)	(1,575)	(895)
Net movements in working capital items	(17,501)	(5,645)	4,753	(976)
<b>Net cash from operating activities</b>	<b>17,711</b>	<b>21,652</b>	<b>58,137</b>	<b>32,275</b>

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

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Total for Vote Community and Voluntary Sector	20,432	12,717	11,889	-
Total for Vote Emergency Management	12,594	10,952	12,037	-
Total for Vote Internal Affairs	158,670	191,668	194,104	357,808
Total for Vote Local Government	10,341	9,922	7,444	-
Total for Vote Ministerial Services	39,050	39,234	38,663	-
Total for Vote National Archives	9,442	24,259	24,489	-
Total for Vote National Library	27,664	71,474	72,582	-
Total for Vote Racing	195	221	202	-
<b>Total</b>	<b>278,383</b>	<b>360,447</b>	<b>361,410</b>	<b>357,808</b>

**Note 7 - 2010/11 Actual - 2010/11 Annual Report and Forecast Financial Statements**

The amount for the Other comprehensive income differs from that reported in the 2010/11 Annual Report because the Annual Report only includes the Revaluation loss on 2010/11 valuations however the Forecast Financial Statements reflect the total movement in the 2010/11 revaluation reserve, including the transfer of revaluation reserve balances as a result of the integration of Archives New Zealand and the National Library of New Zealand into the Department of Internal Affairs with effect from 1 February 2011. This difference impacts upon the 2010/11 Actual information included in the Forecast Financial Statements.

There are also minor classification differences between the 2010/11 Annual Report and the Forecast Financial Statements with no financial net impact.