

# *Forecast Financial Statements*

## *Department of Internal Affairs*

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## Statement of Forecast Comprehensive Income for the year ending 30 June 2014

		2011/12	2012/13		2013/14
	Note	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Income</b>					
Crown		214,138	193,387	213,128	205,797
Department(s)		12,913	11,981	13,471	17,629
Other revenue	1	149,607	146,061	152,246	162,741
Gains		-	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>376,658</b>	<b>351,429</b>	<b>378,845</b>	<b>386,167</b>
<b>Expenses</b>					
Personnel		175,152	167,674	184,289	186,619
Operating	2	127,162	124,772	135,373	151,378
Depreciation and amortisation		29,484	40,012	28,745	33,404
Capital charge		20,980	25,280	22,210	22,362
Finance costs		267	64	264	264
Other		902	6	10	10
<b>Total Expenses</b>		<b>353,947</b>	<b>357,808</b>	<b>370,891</b>	<b>394,037</b>
<b>Net Surplus / (Deficit)</b>		<b>22,711</b>	<b>(6,379)</b>	<b>7,954</b>	<b>(7,870)</b>
Other comprehensive income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>22,711</b>	<b>(6,379)</b>	<b>7,954</b>	<b>(7,870)</b>

## Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2014

	Note	2011/12	2012/13		2013/14
		Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Balance at 1 July</b>					
General funds		233,776	297,965	270,060	265,219
Revaluation reserve		28,478	28,478	27,638	27,638
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>262,254</b>	<b>326,443</b>	<b>297,698</b>	<b>292,857</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		22,711	(6,379)	7,954	(7,870)
Repayment of surplus		(10,347)	-	-	-
Capital contribution		12,284	241	2,205	383
Capital withdrawal		-	-	(15,000)	-
Other		10,796	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		<b>35,444</b>	<b>(6,138)</b>	<b>(4,841)</b>	<b>(7,487)</b>
<b>Balance at 30 June</b>					
General funds		270,060	291,827	265,219	257,732
Revaluation reserve		27,638	28,478	27,638	27,638
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>297,698</b>	<b>320,305</b>	<b>292,857</b>	<b>285,370</b>

## Forecast Statement of Financial Position as at 30 June 2014

	Note	2011/12	2012/13		2013/14
		Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		72,952	34,587	40,902	21,536
Debtors and other receivables		15,644	15,703	16,761	16,492
Prepayments		3,963	3,143	3,943	3,943
Inventories		1,398	1,544	1,544	1,497
Other current assets		-	-	-	-
<b>Total Current Assets</b>		<b>93,957</b>	<b>54,977</b>	<b>63,150</b>	<b>43,468</b>
<b>Non-current Assets</b>					
Property, plant and equipment	3	207,127	243,601	214,576	218,906
Intangible assets	4	62,971	72,540	73,492	79,921
Other non-current assets		3,454	225	-	-
<b>Total Non-current Assets</b>		<b>273,552</b>	<b>316,366</b>	<b>288,068</b>	<b>298,827</b>
<b>Total Assets</b>		<b>367,509</b>	<b>371,343</b>	<b>351,218</b>	<b>342,295</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		32,173	27,668	32,168	31,800
Repayment of surplus		10,318	-	-	-
Employee entitlements		13,845	14,071	14,094	14,348
Other current liabilities		9,831	7,322	9,822	9,049
<b>Total Current Liabilities</b>		<b>66,167</b>	<b>49,061</b>	<b>56,084</b>	<b>55,197</b>
<b>Non-current Liabilities</b>					
Provisions		-	-	-	-
Employee entitlements		1,772	1,428	1,728	1,728
Other non-current liabilities		1,872	549	549	-
<b>Total Non-current Liabilities</b>		<b>3,644</b>	<b>1,977</b>	<b>2,277</b>	<b>1,728</b>
<b>Total Liabilities</b>		<b>69,811</b>	<b>51,038</b>	<b>58,361</b>	<b>56,925</b>
<b>Taxpayers' Funds</b>					
General funds		270,060	291,827	265,219	257,732
Revaluation reserve		27,638	28,478	27,638	27,638
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>297,698</b>	<b>320,305</b>	<b>292,857</b>	<b>285,370</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>367,509</b>	<b>371,343</b>	<b>351,218</b>	<b>342,295</b>

## Statement of Forecast Cash Flows for the year ending 30 June 2014

	Note	2011/12	2012/13		2013/14
		Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		228,608	193,387	213,128	205,797
Department(s)		15,008	11,981	13,531	17,689
Other		153,033	145,598	154,141	162,568
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(123,663)	(126,807)	(137,676)	(154,017)
Employees		(174,037)	(166,317)	(183,362)	(185,643)
Capital charge		(20,980)	(25,280)	(22,210)	(22,362)
Goods and services tax (net)		3,042	-	(156)	-
Other operating activities		-	(287)	-	-
<b>Net Cash from Operating Activities</b>	5	81,011	32,275	37,396	24,032
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		2,604	6	6	910
Sale of intangible assets		547	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(42,533)	(37,976)	(25,512)	(22,095)
Intangible assets		(14,495)	(26,484)	(20,167)	(22,596)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(53,877)	(64,454)	(45,673)	(43,781)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		12,284	241	1,545	383
Other financing cash inflows		-	-	-	-
Repayment of surplus		(16,600)	(4,835)	(10,318)	-
Capital withdrawal		-	-	(15,000)	-
Other financing cash outflows		(1,589)	-	-	-
<b>Net Cash from Financing Activities</b>		(5,905)	(4,594)	(23,773)	383
<b>Net Increase / (Decrease) in Cash</b>		21,229	(36,773)	(32,050)	(19,366)
Cash at the beginning of the year		51,723	71,360	72,952	40,902
<b>Cash at the end of the year</b>		72,952	34,587	40,902	21,536

## 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 2,349 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 2012/13 is used as the opening position for the 2013/14 Forecast Statement of Financial Position.

These assumptions are adopted as at 8 April 2013.

Factors that could lead to material differences between the forecast financial statements and the 2013/14 actual financial statements include:

- capability resource availability
- efficiency or productivity gains
- changes to the baseline through initiatives, technical adjustments, expense transfers or retention of underspends
- demand driven volume changes, and
- policy decisions.

There are minor classification differences between the 2011/12 Annual Report and the 2011/12 Actual in the Forecast Financial Statements with no financial net impact.

## 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 8 April 2013. 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 are 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 5 to 50 years
- plant and equipment 5 to 60 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 3 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*

Costs of outputs are derived using the following cost allocation system:

Direct charging of costs to outputs includes capital charge and depreciation (which are charged on the basis of assets utilised), personnel costs (which are charged by recording time spent on each output) and operating costs (which are charged based on usage).

Indirect costs are allocated to outputs on an activity-costing basis reflecting a mix of perceived benefit, 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)

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Passport Fees	86,399	86,260	84,777	87,328
Citizenship Fees	12,204	9,512	13,044	13,044
Birth, Death, Marriage and Civil Union Fees	10,043	9,714	10,113	10,387
Non-Casino Gaming Licences and Fees	15,032	17,330	16,631	16,431
Casino Operators' Levies	5,359	5,385	5,242	5,242
VIP Transport	7,908	7,856	7,814	7,415
Recovery from New Zealand Lottery Grants Board	7,842	9,592	9,225	9,617
New Zealand Gazette	922	1,062	1,000	1,000
e-Government Development and Operations	963	2,500	1,795	7,195
Te Puna Catalogue and Interloan Library Services	4,252	5,262	3,974	3,974
Kōtui Library Services	1,168	981	1,238	1,238
Other	10,428	2,588	10,864	17,499
<b>Total</b>	<b>162,520</b>	<b>158,042</b>	<b>165,717</b>	<b>180,370</b>

## Note 2 - Operating Expenses

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Operating expenses include:</b>				
Agency Fees	10,851	11,048	10,759	10,631
Computer Costs	24,839	24,496	27,069	33,127
Consultants	5,873	2,201	5,045	5,926
Domestic Travel Costs	5,928	7,098	5,570	5,375
Overseas Travel Costs	661	809	665	733
Inventory Costs	17,737	21,320	19,955	20,539
Office Expenses	13,473	12,720	13,742	14,137
Professional Fees	13,309	5,163	9,394	11,399
Publicity and Promotion	2,380	2,490	1,950	2,218
Rental and Leasing Costs	14,134	17,987	17,116	17,312
Staff Development	2,391	3,111	2,508	2,855
Other	15,586	16,329	21,600	27,126
<b>Total</b>	<b>127,162</b>	<b>124,772</b>	<b>135,373</b>	<b>151,378</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 2013	49,825	825	131,879	41,863	103,708	328,100
Additions by purchase	-	-	7,122	8,345	7,010	22,477
Disposals	-	-	-	-	(910)	(910)
<b>Balance as at 30 June 2014</b>	<b>49,825</b>	<b>825</b>	<b>139,001</b>	<b>50,208</b>	<b>109,808</b>	<b>349,667</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance as at 1 July 2013	-	(107)	(21,650)	(17,050)	(74,717)	(113,524)
Depreciation expense	-	(79)	(5,279)	(1,453)	(10,426)	(17,237)
<b>Balance as at 30 June 2014</b>	<b>-</b>	<b>(186)</b>	<b>(26,929)</b>	<b>(18,503)</b>	<b>(85,143)</b>	<b>(130,761)</b>
<b>Carrying amount as at 30 June 2014</b>	<b>49,825</b>	<b>639</b>	<b>112,072</b>	<b>31,705</b>	<b>24,665</b>	<b>218,906</b>

**Note 4 - Intangible Assets**

	Software \$000
<b>Cost</b>	
Balance as at 1 July 2013	156,008
Additions	22,596
Revaluations	-
<b>Balance as at 30 June 2014</b>	<b>178,604</b>
<b>Accumulated amortisation</b>	
Balance as at 1 July 2013	(82,516)
Amortisation Expense	(16,167)
<b>Balance as at 30 June 2014</b>	<b>(98,683)</b>
<b>Carrying amount as at 30 June 2014</b>	<b>79,921</b>

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

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus/(deficit)	22,711	(6,379)	7,954	(7,870)
Add/(less) non-cash items				
Donated assets	(374)	(382)	(382)	(382)
Depreciation and Amortisation	29,484	40,012	28,745	33,404
Doubtful Debt	3	-	-	-
Net Foreign Exchange Losses/(Gains)	24			
Total non-cash items	29,137	39,630	28,363	33,022
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	875	-	-	-
Interest on finance lease	267	-	-	-
Total items classified as investing or financing activities	1,142	-	-	-
Add/(less) movements in working capital items				
(Inc)/Dec in receivables and prepayments	21,056	(81)	2,357	269
(Inc)/Dec in inventories	21	-	(146)	47
Inc/(Dec) in creditors and other payables	2,734	-	86	(400)
Inc/(Dec) in other current liabilities	4,210	(895)	(1,218)	(1,036)
Net movements in working capital items	28,021	(976)	1,079	(1,120)
<b>Net cash from operating activities</b>	<b>81,011</b>	<b>32,275</b>	<b>37,396</b>	<b>24,032</b>