

# *Forecast Financial Statements*

## *Ministry for Primary Industries*

---

## 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		294,690	310,519	287,648	303,960
Department(s)	1	7,442	1,907	1,517	982
Other revenue	2	89,199	99,307	93,298	92,666
Gains		467	-	154	-
Interest		-	-	-	-
<b>Total Income</b>		<b>391,798</b>	<b>411,733</b>	<b>382,617</b>	<b>397,608</b>
<b>Expenses</b>					
Personnel		185,448	197,800	196,375	200,370
Operating	3	175,930	197,647	167,302	178,045
Depreciation and amortisation		11,677	11,630	11,377	12,747
Capital charge		4,092	4,637	5,034	4,910
Finance costs		132	19	64	19
Other		277	-	3	-
<b>Total Expenses</b>	9	<b>377,556</b>	<b>411,733</b>	<b>380,155</b>	<b>396,091</b>
<b>Net Surplus / (Deficit)</b>		<b>14,242</b>	<b>-</b>	<b>2,462</b>	<b>1,517</b>
Other comprehensive income		678	-	-	-
<b>Total Comprehensive Income</b>		<b>14,920</b>	<b>-</b>	<b>2,462</b>	<b>1,517</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		37,221	58,063	58,855	62,606
Revaluation reserve		203	203	881	881
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>37,424</b>	<b>58,266</b>	<b>59,736</b>	<b>63,487</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		14,920	-	2,462	1,517
Repayment of surplus		(13,450)	-	(154)	-
Capital contribution		21,437	8,506	2,038	3,568
Capital withdrawal		(595)	(595)	(595)	(595)
Other		-	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		<b>22,312</b>	<b>7,911</b>	<b>3,751</b>	<b>4,490</b>
<b>Balance at 30 June</b>					
General funds		58,855	65,974	62,606	67,096
Revaluation reserve		881	203	881	881
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>59,736</b>	<b>66,177</b>	<b>63,487</b>	<b>67,977</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		31,379	18,103	12,968	12,820
Debtors and other receivables	4	38,843	38,000	29,750	16,750
Prepayments		890	2,000	2,000	2,000
Inventories		4,531	4,200	4,500	4,500
Other current assets		-	-	-	-
<b>Total Current Assets</b>		<b>75,643</b>	<b>62,303</b>	<b>49,218</b>	<b>36,070</b>
<b>Non-current Assets</b>					
Property, plant and equipment	5	38,761	42,797	39,380	42,661
Intangible assets	6	26,298	27,601	31,282	45,467
Other non-current assets		110	-	110	110
<b>Total Non-current Assets</b>		<b>65,169</b>	<b>70,398</b>	<b>70,772</b>	<b>88,238</b>
<b>Total Assets</b>		<b>140,812</b>	<b>132,701</b>	<b>119,990</b>	<b>124,308</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		29,063	28,250	24,025	24,025
Repayment of surplus		13,450	-	154	-
Employee entitlements		21,031	18,100	15,600	15,600
Other current liabilities		6,844	7,324	7,524	7,506
<b>Total Current Liabilities</b>		<b>70,388</b>	<b>53,674</b>	<b>47,303</b>	<b>47,131</b>
<b>Non-current Liabilities</b>					
Provisions		1,514	250	-	-
Employee entitlements		9,156	12,600	9,200	9,200
Other non-current liabilities	7	18	-	-	-
<b>Total Non-current Liabilities</b>		<b>10,688</b>	<b>12,850</b>	<b>9,200</b>	<b>9,200</b>
<b>Total Liabilities</b>		<b>81,076</b>	<b>66,524</b>	<b>56,503</b>	<b>56,331</b>
<b>Taxpayers' Funds</b>					
General funds		58,855	65,974	62,606	67,096
Revaluation reserve		881	203	881	881
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>59,736</b>	<b>66,177</b>	<b>63,487</b>	<b>67,977</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>140,812</b>	<b>132,701</b>	<b>119,990</b>	<b>124,308</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		302,648	310,519	300,269	316,960
Department(s)		7,847	1,907	4,662	982
Other		88,608	99,307	87,752	92,666
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(175,263)	(197,897)	(176,361)	(178,045)
Employees		(193,842)	(197,800)	(201,712)	(200,370)
Capital charge		(4,092)	(4,637)	(5,034)	(4,910)
Goods and services tax (net)		1,250	-	2,446	-
Other operating activities		-	-	-	-
<b>Net Cash from Operating Activities</b>	8	27,156	11,399	12,022	27,283
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		2,176	-	796	-
Sale of intangible assets		-	-	4,118	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(5,475)	(10,911)	(7,581)	(9,304)
Intangible assets		(12,976)	(7,350)	(15,695)	(20,927)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(16,275)	(18,261)	(18,362)	(30,231)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		8,395	8,506	2,038	3,568
Other financing cash inflows		-	-	-	-
Repayment of surplus		(7,441)	(293)	(13,450)	(154)
Capital withdrawal		(595)	(595)	(595)	(595)
Other financing cash outflows		(778)	(19)	(64)	(19)
<b>Net Cash from Financing Activities</b>		(419)	7,599	(12,071)	2,800
<b>Net Increase / (Decrease) in Cash</b>		10,462	737	(18,411)	(148)
Cash at the beginning of the year		20,917	17,366	31,379	12,968
<b>Cash at the end of the year</b>		31,379	18,103	12,968	12,820

## 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 Ministry's activities will remain substantially the same as for the previous year
- personnel and operating costs are based on historical experience. The general historical pattern is expected to continue after allowing for current and past policy initiatives, and
- estimated year end information for 2012/13 is used as the opening position for the 2013/14 forecasts.

These assumptions are adopted as at 4 April 2013.

Factors that could lead to material differences between the forecast financial statements and the 2013/14 actual financial statements include changes in activities required by the Government, demand for third-party funded activities and technical adjustments.

The Ministry does not intend to update the forecast financial statements subsequent to presentation on Budget day.

## Statement of Entity-Specific Accounting Policies

The Ministry for Primary Industries 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 Ministry for Primary Industries, prepared in accordance with section 38 of the Public Finance Act 1989.

Ministry for Primary Industries is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting Ministry for Primary Industries is a public benefit entity.

### Authorisation Statement

These forecast financial statements were authorised for issue by the Director General of the Ministry for Primary Industries on 4 April 2013. The Director General 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 is \$5,000.

## *Depreciation*

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

- Buildings - 8 to 40 years
- IT equipment / hardware - 3 to 7 years
- Motor vehicles - 5 years
- Vessels - 4 to 25 years
- Furniture and office equipment - 3 to 10 years.

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, which ever is the shorter.

Artwork is not depreciated.

## *Intangible Assets*

The capitalisation threshold for purchased and internally developed software is \$50,000.

The estimated useful lives of intangible assets range from 3 to 7 years.

## *Cost Allocation*

The Ministry has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. Depreciation, amortisation and capital charge are charged on the basis of asset utilisation. Other indirect costs are assigned to outputs based on various cost drivers including assessed usage, staff numbers, direct expenditure and estimated allocation of time.

# Notes to the Financial Statements

## Note 1 - Departmental Revenue

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
State Sector Retirement Savings Scheme and KiwiSaver recovery	4,295	-	-	-
Sub-leased accommodation	29	348	180	36
Other	3,118	1,559	1,337	946
<b>Total</b>	<b>7,442</b>	<b>1,907</b>	<b>1,517</b>	<b>982</b>

## Note 2 - Other Revenue

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Statutory fees and levies	85,427	87,000	86,000	86,000
Other goods and services	3,772	12,307	7,298	6,666
<b>Total</b>	<b>89,199</b>	<b>99,307</b>	<b>93,298</b>	<b>92,666</b>

## Note 3 - Operating Expenses

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Audit fees for financial statements	398	405	357	367
Consultants fees	22,743	25,000	35,713	25,000
Overseas travel	3,060	4,000	4,300	4,500
Domestic travel	7,855	11,000	9,200	9,500
Operating lease payments	12,677	11,400	9,200	8,500
Contract payments	89,732	103,000	87,328	88,000
Other	39,465	42,842	21,204	42,178
<b>Total</b>	<b>175,930</b>	<b>197,647</b>	<b>167,302</b>	<b>178,045</b>

## Note 4 - Debtors and Other Receivables

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Debtor Crown	27,621	25,000	15,000	2,000
Other	11,222	13,000	14,750	14,750
<b>Total</b>	<b>38,843</b>	<b>38,000</b>	<b>29,750</b>	<b>16,750</b>



**Note 5 - 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	2,194	13,108	15,587	21,918	13,599	66,406
Additions by purchase	-	3,000	2,000	2,894	1,392	9,286
Additions internally developed	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Disposals	-	-	-	-	(1,000)	(1,000)
<b>Balance as at 30 June 2014</b>	<b>2,194</b>	<b>16,108</b>	<b>17,587</b>	<b>24,812</b>	<b>13,991</b>	<b>74,692</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance as at 1 July 2013	-	812	7,238	14,380	4,596	27,026
Depreciation expense	-	812	1,660	2,470	1,063	6,005
Eliminate on disposal	-	-	-	-	(1,000)	(1,000)
Eliminate on revaluation	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
<b>Balance as at 30 June 2014</b>	<b>-</b>	<b>1,624</b>	<b>8,898</b>	<b>16,850</b>	<b>4,659</b>	<b>32,031</b>
<b>Carrying amount as at 30 June 2014</b>	<b>2,194</b>	<b>14,484</b>	<b>8,689</b>	<b>7,962</b>	<b>9,332</b>	<b>42,661</b>

**Note 6 - Intangible Assets**

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
<b>Cost</b>				
Balance as at 1 July 2013	11,517	54,081	-	65,598
Additions by purchase	5,280	-	-	5,280
Additions internally developed	-	15,647	-	15,647
Disposals	-	-	-	-
<b>Balance as at 30 June 2014</b>	<b>16,797</b>	<b>69,728</b>	<b>-</b>	<b>86,525</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at 1 July 2013	9,112	25,204	-	34,316
Amortisation expense	834	5,908	-	6,742
Disposals	-	-	-	-
Impairment losses	-	-	-	-
<b>Balance as at 30 June 2014</b>	<b>9,946</b>	<b>31,112</b>	<b>-</b>	<b>41,058</b>
<b>Carrying amount as at 30 June 2014</b>	<b>6,851</b>	<b>38,616</b>	<b>-</b>	<b>45,467</b>

**Note 7 - Other Current Liabilities**

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
Finance leases	468	19	18	-
Unearned revenue	6,370	7,200	7,500	7,500
ACC partnership programme	6	105	6	6
<b>Total</b>	<b>6,844</b>	<b>7,324</b>	<b>7,524</b>	<b>7,506</b>

**Note 8 - 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
<b>Net surplus / (deficit)</b>	<b>14,242</b>	<b>-</b>	<b>2,462</b>	<b>1,517</b>
<b>Add/(less) non-cash items</b>				
Depreciation, impairment and amortisation expense	11,677	11,630	11,377	12,747
Intangible assets written-off	-	-	1,068	-
Net foreign exchange (gains)/losses	(1)	-	-	-
<b>Total non-cash items</b>	<b>11,676</b>	<b>11,630</b>	<b>12,445</b>	<b>12,747</b>
<b>Add/(less) items classified as investing or financing activities</b>				
(Gains)/losses on disposal property, plant and equipment	(466)	-	(154)	-
Finance lease interest expense	132	19	64	19
Revaluation expense	281	-	-	-
<b>Total items classified as investing or financing activities</b>	<b>(53)</b>	<b>19</b>	<b>(90)</b>	<b>19</b>
<b>Add/(less) movements in working capital items</b>				
(Inc)/Dec in inventories	56	-	31	-
(Inc)/Dec in debtors and other receivables	8,559	-	9,093	13,000
(Inc)/Dec in prepayments	2,798	-	(1,110)	-
Inc/(Dec) in creditors and other payables	(11,812)	-	(5,038)	-
Inc/(Dec) in other liabilities	(600)	-	1,130	-
Inc/(Dec) in employee entitlements	(108)	-	(5,387)	-
Inc/(Dec) in provisions	2,398	(250)	(1,514)	-
<b>Total Net movements in working capital items</b>	<b>1,291</b>	<b>(250)</b>	<b>(2,795)</b>	<b>13,000</b>
<b>Total cash from operating activities</b>	<b>27,156</b>	<b>11,399</b>	<b>12,022</b>	<b>27,283</b>

**Note 9 - Reconciliation of Departmental Expenses and Appropriations**

	2011/12	2012/13		2013/14
	Actual \$000	In 2012 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Appropriations for output expenses</b>				
Total for Vote Agriculture and Forestry	67,268	-	-	-
Total for Vote Biosecurity	151,326	-	-	-
Total for Vote Fisheries	99,814	-	-	-
Total for Vote Food Safety	90,494	89,803	85,285	84,945
Total for Vote Primary Industries	-	321,930	307,397	302,444
<b>Total appropriations for output expenses</b>	<b>408,902</b>	<b>411,733</b>	<b>392,682</b>	<b>387,389</b>
<b>Adjustments</b>				
Remeasurements	(150)	-	-	-
In-principle expense transfers	-	-	(10,219)	10,219
Appropriation amounts unused	(31,196)	-	(2,308)	(1,517)
<b>Total departmental expenses (as per statement of comprehensive income)</b>	<b>377,556</b>	<b>411,733</b>	<b>380,155</b>	<b>396,091</b>