

2013-14

ANNUAL REPORT
PŪRONGO Ā TAU

INTERNAL AFFAIRS



Te Tari Taiwhenua

Our Purpose

Internal Affairs serves and connects people, communities and government to build a safe, prosperous and respected nation

Tō tātou Whāinga: ko tā te Tari Taiwhenua he whakarato me te hono i ngā iwi, ngā hapori me te kāwanatanga ki te hanga motu haumarū, tōnui, whai mana hoki

Our principles and behaviours

We make it easy, we make it work

- » Customer centred
- » Make things even better

We're stronger together

- » Work as a team
- » Value each other

We take pride in what we do

- » Make a positive difference
- » Strive for excellence

Department of Internal Affairs
Te Tari Taiwhenua

Annual Report

Pūrongo ā Tau

2013–2014

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OVERVIEW OF THE YEAR

This section provides an introduction to the Department and an overview of our strategic direction and achievements over the past year



CHIEF EXECUTIVE'S OVERVIEW

This has been a year of significant achievement for the Department. We have made good progress in our role leading government information and technology services while continuing to deliver on our purpose of serving and connecting people, communities and government to build a safe, prosperous and respected nation.

Connecting people and government

By 2017, the New Zealand government wants public services to be radically transformed for the benefit of all New Zealanders, and information and communication technology (ICT) is a key tool to make this possible. Our responsibility for providing functional leadership for all-of-government ICT gives us an important leadership role on this journey.

We have had a successful year. A number of State services agencies have adopted our Common Capabilities framework to standardise and streamline their ICT systems. We have also designed and launched an assurance model for ICT operations and ICT programmes and projects to help Government agencies identify and manage their risks so their investments in ICT systems can produce the expected benefits. The scope of our ICT functional leadership mandate was recently extended to a further 27 agencies, enabling the Department to work with 60 agencies on their ICT investment plans.

As the lead agency for Better Public Services Result 10, we have continued our work with agencies to achieve the Result 10 target that "by 2017 an average of 70 per cent of New Zealanders' most common transactions with government will be completed in a digital environment". The collective efforts of the eight agencies participating in Result 10 have seen an increase in the average number of digital transactions. But Result 10 is more than just the target measure.

To support the redesign of Government's existing digital services, we have developed the Result 10 Blueprint as Government policy for digital service delivery of State services to New Zealanders. The Blueprint contains 10 priority actions aimed at putting the customer at the centre, increasing system capability, and supporting New Zealanders through the digital transition. We are now

working with all Public Service and non-Public Service departments as well as State Service agencies to align their service design, investment and delivery plans to these actions.

This stronger central leadership of ICT, combined with greater collaboration with agencies and industry, will drive faster service improvements, lower costs to agencies and support a citizen-centric approach to the way New Zealanders engage with government services.

We have also made steady advances with RealMe, a cornerstone service for government. RealMe makes it easy for people to prove their identity and safely share their personal information online, meaning government agencies can deliver integrated digital services to New Zealanders in a way which is safe, secure and private. This year RealMe expanded to the private sector and two banks have already gone live with the service.

It is crucial these activities have a strong foundation of information management, and one of our core functions is to properly manage the information we hold as well as advising other agencies on their own information management practices. We have been leading the programme to progressively build this capability across the State Sector, particularly in relation to the safety and integrity of New Zealanders' private information. Our newly appointed Government Chief Privacy Officer will play a key role in leading an all-of-government approach to privacy and provide agencies with advice to help them build their own capability in this critical area.

Making a difference

In recognition of our considerable experience working with ethnic communities, this year the migrant and refugee community development programme *Settling In* was transferred from the Ministry of Social Development to

the Office of Ethnic Affairs. *Settling In* is aimed at helping ethnic and refugee people become self-reliant in the community by focusing on projects and initiatives that remove the barriers to settlement they sometimes face in New Zealand. The diversity of the Department is a real strength for this ongoing programme.

The National Library, in conjunction with the Auckland Council and APN News and Media Limited, completed a major project to make 82 years of the New Zealand Herald available online through Papers Past. New Zealander Eleanor Catton drew on this rich resource to research the culture and life of 19th century West Coast for her 2013 Man Booker Prize winning novel *The Luminaries*.

The Department supported a number of official visits this year, including the successful visit from the Duke and Duchess of Cambridge in April. This involved staff from a variety of areas in the Department working closely with other agencies (including New Zealand Police, NZ Defence Force, Government House and Cabinet Office), as well as staff from Kensington Palace, to plan the programme and ensure appropriate logistics and protocols were in place for 40 engagements across five centres.

Through our Local Government responsibilities, we have taken a leadership role in improving the way central and local government work together, and we are making good progress. This closely aligns with our work to support the Government's efforts to make local government more efficient, effective, and responsive to communities and ratepayers. Along with the Better Local Government reform programme – which has delivered one piece of legislation, with another proceeding through Parliament – we are also working on non-legislative improvements such as financial and non-financial performance indicators.

Our role in administering the Christchurch Earthquake Appeal Trust is nearing completion. The nearly \$100 million donated to the Appeal has been allocated, three years after the first funds were granted, and we will continue to administer the Trust until the funding is paid out and any conditions are met.

Reducing social risk and harm, particularly around online channels, remains a priority for us. Our Censorship Compliance Unit developed the Digital Child Exploitation Filtering System in conjunction with private sector providers. The filter prevents people from accessing websites containing images of child sexual abuse. Despite being an opt-in tool for New Zealand internet service providers, it has 92 per cent coverage of internet usage in New Zealand.

Developing our people

All of these achievements are only possible because of the commitment and hard work of our staff. We have continued to drive the performance of our organisation by consciously investing in organisational culture and engagement.

A number of connected approaches have been taken to achieve this, including the next stage of our culture building activities. This is aimed at helping staff understand how their work contributes to, and connects with, the Department's vision and direction by bringing together the four key elements of purpose, strategy, culture and engagement. We recently launched a new Capability Framework, which is a set of tools to support managers in their people-related activities, including recruitment, induction, performance assessment, development planning, and career progression. This investment is paying dividends. This year we have seen a further 42% increase in the number of engaged staff since our 2013 engagement survey, taking us to the average for the public service.

It is important that the Department's workplaces adapt to our changing needs. This year we have put considerable effort into ensuring that where we work more closely reflects our culture, our principles and how we want to work together. We have particularly focused on upgrading our tools and systems. Once completed the Modernise Desktop Project will see the desktop and office software of our 2,400 computers upgraded, some with additional hardware improvements. We have also shifted to a shared financial services model with services provided by the Inland Revenue Department. This new operating model and purchase-to-pay system focuses on service delivery and quality while providing robust internal controls.

As a measure of our progress our recent Performance Improvement Framework Follow up Review found the Department was moving in the right direction and that we were clear about where we were going. I am pleased to see this, and I believe we are well placed to continue our journey. I would like to thank all my staff for their efforts in accomplishing so much this year.



Colin MacDonald

Chief Executive

NATURE AND SCOPE OF FUNCTIONS

We serve and connect people, communities and government to build a safe, prosperous and respected nation.

The Department of Internal Affairs has a historically wide scope of functions and responsibilities that:

- » provide services and support directly to people and communities
- » provide services and support to Government and public sector organisations.

Over this reporting period our responsibilities have included:

- » providing strategy and support for **all-of-government information and communications technology**, and supporting our Chief Executive as the **Government Chief Information Officer**
- » implementing the Government's **Better Public Service Result 10**: New Zealanders can complete their transactions with the government easily in a digital environment
- » recording and managing New Zealanders' **identity information** including life events such as births, deaths, citizenship and passports
- » managing **national civil defence emergency readiness, response and recovery**
- » supporting and connecting communities with **information, resources, advice and funding**
- » supporting the **effective operation of New Zealand's system of local government**
- » **regulating, encouraging compliance and enforcing the law** for gambling, censorship, government recordkeeping, spam, anti-money laundering, and private security
- » providing services to the **charitable sector**
- » building and preserving **New Zealand's documentary heritage and public record**

- » incorporating **new functions**, including the **'Settling In'** programme and the **Government Chief Privacy Officer**
- » supporting the **effective operation of government and the Executive**, including managing guest-of-government visits to New Zealand, supporting Public and Government Inquiries and monitoring Crown entities.

Our Focus Areas

We have developed **four focus areas**, to ensure our principles and our plans come together. These focus areas will increasingly inform our future direction and performance frameworks.

Transform service delivery is about helping government agencies to deliver services to New Zealanders in ways that work for them.

Strong communities involves supporting New Zealanders to contribute to, and participate in, their communities that are strong and resilient.

Trusted information is looking after information that is important to New Zealanders so they know it is safe and they can access it when they need to.

Making sure **Internal Affairs is fit for purpose** ensures the Department supports its people to do their jobs and make the best contribution it can for New Zealand.

Ministerial Portfolios

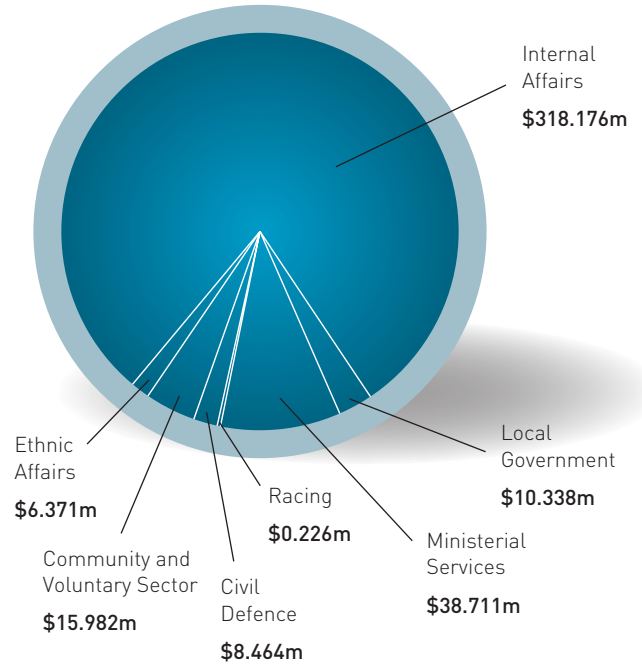
We have provided services to Ministers in seven portfolio areas:

- » Internal Affairs
- » Local Government
- » Ministerial Services
- » Ethnic Affairs
- » Racing
- » Civil Defence (Portfolio transferred to DPMC on 1 April 2014)¹
- » Community and Voluntary Sector.

Summary of 2013/14 Appropriations

In 2013/14, we managed departmental appropriations totalling over \$398 million within Vote Internal Affairs.

Departmental Appropriations by Portfolio



¹ Due to the transfer of the Ministry of Civil Defence and Emergency Management (MCDEM) to the Department of the Prime Minister and Cabinet (DPMC) on 1 April 2014, MCDEM activities are included only for the period up to the transfer date.

PART A – CONTRIBUTION TO OUTCOMES AND OBJECTIVES

The Department has a diverse range of functions. This section outlines how each of these functions have combined over the past year to contribute to the delivery of the Department's outcomes, objectives and intended results

OUR OUTCOMES AND OBJECTIVES

The long-term outcomes and objectives² we are seeking to achieve for New Zealanders are:

Outcomes

- » New Zealand's diverse people and communities/hapū/iwi are resilient and prosperous
- » New Zealand is recognised for creating, sharing and using knowledge for social, cultural and economic well-being
- » The people of New Zealand have a strong and valued national identity, culture and heritage

Objective

- » To enhance trust in government and confidence in the performance of public sector organisations

Our full outcomes framework (titled "performance framework") is provided in Appendix 1, and illustrates the links between our:

- » outcomes, intermediate outcomes and impacts
- » objectives, lead objectives and supporting objectives.

The Department uses outcome and impact indicators in the Statement of Intent and performance measures in the Information Supporting the Estimates – in combination with information such as financial management data, ministerial satisfaction surveys, and independent surveys and reviews of services – to track and report back on our performance against objectives.

This Annual Report outlines our contribution to outcomes and objectives, and our progress as measured against the indicators in our Statement of Intent.

We have reported contributions and progress against indicators under each of our **impact** and **lead objective** areas.

² Outcomes relate to areas in which we provide immediate services to the wider public and consequently affect their quality of life. Objectives describe how we seek to support public sector and other organisations to deliver better, smarter services to, and with, the people of New Zealand.

CONTRIBUTING TO OUTCOMES AND OBJECTIVES

The following section reports on our contribution to achieving outcomes and objectives and our progress on the priorities, initiatives and indicators outlined in our Statement of Intent 2013–16.

We contributed to our outcomes through the following impacts:	Page
» People and communities understand and manage hazards and risks	14
» Participants in regulated activities behave responsibly and with integrity	17
» People have the capability to participate in their communities and across communities	19
» People are able to access and use information important to their lives	23
» New Zealand’s documentary record is protected and available for current and future generations	28
» New Zealand’s personal identity information has integrity	30
» Outcome indicators	33

We contributed to our objectives through the following lead objectives:	Page
» Support the system of government to operate efficiently and effectively	35
» Enhance the productivity and accountability of public sector organisations	40
» Support specialist capability-building in other nations	43
» Objectives indicators	50

Impact: People and communities understand and manage hazards and risks

We continued seeking a resilient New Zealand where communities are capable of managing hazards and risks and are prepared to respond to and recover from civil defence emergencies. We act to ensure communities understand and manage risks in regulated social activities such as gambling and restrict the harm caused by these activities. We also worked to ensure the Internet is a safe and productive environment. This work contributed to our outcome for resilient and prosperous communities.

We contributed to ministerial priorities in the following portfolios:

- » Internal Affairs
- » Civil Defence

Reduced social risks and harm

Our regulatory role reduces potential social harm to communities from certain restricted activities. We have worked with community groups and other agencies to raise awareness and understanding of the risks involved with the availability of objectionable and restricted publications, unsolicited commercial electronic messaging (spam email), and gambling.

Included in the remit of objectionable and restricted publications, reducing online harm is an ongoing priority our Censorship and Compliance team shares with a variety of other government organisations. The Digital Child Exploitation Filtering System (DCEFS) was developed by the Department in partnership with private sector providers.³ It assists in combating the trade in child sexual abuse material by making it more difficult for people to access unlawful websites known to offer objectionable material. It is a voluntary opt-in system for New Zealand Internet Service Providers (ISPs). Ten ISPs, accounting for 92 per cent of coverage in New Zealand, have opted to use the filter with about 580 unlawful websites blocked.

Only websites that contain child sexual abuse material are filtered and the system is not used as an enforcement tool. Information on Internet users is not retained for any investigative purposes, and Internet performance is not adversely affected by the DCEFS.

The Spam Short Code Initiative, where unsolicited texts can be forwarded free of charge to SPAM (7726), has made it easier for mobile device users to report text spam. Our Spam Intelligence Database enables us to analyse and examine botnet feeds (these are when pieces of code automatically trigger spam to your computer) to determine what spam is being received and also see data about infected machines in New Zealand.

During the 2013/14 year, the Department acted on 8061 Spam complaints resulting in 38 formal warnings, five infringement notices and one enforceable undertaking. This includes two cases that were carried over from 2012/13.

In relation to reducing harm from gambling, the Department is continuing to work with the gambling sector and the Ministry of Health to implement the Multi Venue Exclusion programme, which allows problem gamblers to exclude themselves from multiple venues in an area. In 2013/14 the programme was implemented in a further seven areas and planning work is underway to extend the programme to other areas.

Built resilient communities

Through the Ministry of Civil Defence and Emergency Management (MCDEM), we took a lead role in building community preparedness and capability to respond to civil defence emergencies. MCDEM transferred to DPMC on 1 April 2014.

The Get Ready Get Thru campaign continued to help New Zealanders prepare for emergencies. Survey results show that 62 percent of people are aware of the campaign, although the proportion of New Zealanders prepared at home has dropped two percent to 30 percent, with a similar decrease in those prepared at home and at work.

³ The indicator measure for DCEFS is in the 'Participants in regulated activities behave responsibly and with integrity' impact section.

Development of corrective actions from the review of the response to the Christchurch Earthquake has continued. MCDEM worked with the Ministry of Social Development to complete a review of the *Arrangements for the Delivery of Welfare in Emergencies*, and new or updated guidelines for the Civil Defence Emergency Management (CDEM) sector have been produced on:

- » public information management,
- » including culturally and linguistically diverse communities,
- » including people with disabilities,
- » volunteer coordination, and
- » rapid impact assessment (see Spotlight).

MCDEM also led the redevelopment for the second edition of the *New Zealand Coordinated Incident Management System (CIMS) Manual*, which is used as the basis for managing the response to an incident involving multiple responding agencies. The revised CIMS manual was endorsed by the Officials Committee for Domestic and External Security Coordination and was published in April 2014.

In conjunction with GNS Science, MCDEM released in September 2013 the *Review of Tsunami Hazard in New Zealand (2013 Update)*. Eight regional tsunami seminars were held to provide CDEM Groups the opportunity to discuss the revised risk assessments and the implication for managing tsunami warnings. A draft *Standard for the use of Sirens in Tsunami Warnings* has been completed and is with CDEM Groups for consultation.

MCDEM is a participant in the development of the Christchurch Justice and Emergency Services Precinct project being led by the Ministry of Justice. The business case identified the value that co-location would bring to the coordination of emergency services in a response. Civil defence emergency management participation in the project includes the MCDEM regional office for the South Island, the Canterbury CDEM Group office, Christchurch City Council CDEM staff and a shared Emergency Operations Centre.

The National Civil Defence Emergency Management Plan sets out the roles and responsibilities of central government, local government and non-government agencies in civil defence emergency management. Extensive consultation with other agencies has taken place to review the plan to better reflect current practice

and improve national CDEM planning. Significant revisions were suggested to strengthen the arrangements for the delivery of welfare services in emergencies, revise the procedures for managing buildings post-disaster, and add sections covering support from the New Zealand Defence Force, science and research advice, and logistics support. The revised plan will be finalised in 2014/15 as scheduled.

A complete revision of the Capability Assessment Tool took place, to ensure 2014/15 assessments can be undertaken efficiently and to enable comparison with previous results. A pilot assessment has been completed with the Waikato CDEM Group using the new Capability Assessment Tool. All CDEM Groups have been advised of their target score for the 2014/15 monitoring and evaluation programme. A programme has been developed to ensure all CDEM Groups can be assessed within the coming year.

Other ongoing effort to help build resilient communities includes our work with the New Zealand Fire Service. We have continued to review fire legislation following the independent 2012 Fire Review of the Service's functions and funding. This work will continue in 2014/15. The overall objective is to ensure the legislative framework enables the Fire Service to effectively and efficiently meet community needs and expectations.

Spotlight on Rapid Impact Assessment

Fire services play an essential role in community resilience and the development of the Rapid Impact Assessment was a joint project between MCDEM and the NZ Fire Service to produce an application (app) for use on tablet computers. Rapid Impact Assessment refers to assessments undertaken within the first 8 to 48 hours of an emergency. Their purpose is to obtain a rapid and broad picture of the extent of the damage suffered.

The web-based app enables authorities to gain a rapid and broad picture of the damage to communities to help determine initial response priorities and where more detailed assessments such as deeper structural evaluations of buildings, or welfare services might be required. The project included roll-out of promotional and training materials of the app to CDEM Groups and a Director's Guideline on the concept of *Rapid Disaster Impact Assessment*.

Spotlight on transfer of MCDEM to DPMC

The Department has been home to MCDEM for 55 years, but on 1 April 2014 MCDEM transferred to DPMC, reflecting the increased leadership role played by central government during national emergencies. Leading up to the date of the transfer the Department worked closely with DPMC and Central Agencies Shared Services (CASS) to transition existing MCDEM staff and their employment conditions, financial management information, ICT Policy and Communications support, and support to the National Crisis Management Centre (NCMC). The Department worked with DPMC to develop arrangements with partner departments and agencies to ensure supplementary staff would be available to the NCMC in the event of a prolonged activation.

The Department will continue to have strong links with MCDEM through our Local Government portfolio, and we will continue to provide ICT support to the NCMC until CASS has developed the capacity to take on that role.

Measuring progress⁴

Indicators	Progress	Data source
Increasing the number of people prepared at home, work or both for civil defence emergencies:		
» People prepared at home	2013/14: 30% 2012/13: 32% 2011/12: 32% 2010/11: 32% 2009/10: 24% 2008/09: 23%	Ministry of Civil Defence and Emergency Management Campaign Monitoring Research (Colmar Brunton) 2014
» People prepared both at home and at work	2013/14: 15% 2012/13: 17% 2011/12: 16% 2010/11: 18% 2009/10: 11% 2008/09: 10%	
Declining percentage of recidivist offenders (out of total offenders) issued with a civil liability intervention for unsolicited electronic messages	2013/14: 7% (Baseline year)	Internal Affairs Regulatory Data

⁴ MCDEM transferred to DPMC on 1 April 2014.

Impact: Participants in regulated activities behave responsibly and with integrity

We continued to improve and enhance our regulatory functions to reflect our compliance approach of minimising harm and maximising benefit. This work contributes to our outcomes for resilient and prosperous communities by making it easier for people to participate in civic society. We also improved the transparency of public decision making by regulating public sector recordkeeping.

We contributed to ministerial priorities in the following portfolios:

- » Internal Affairs
- » Community and Voluntary Sector

Increased cooperation

The Department undertakes a range of regulatory functions across various branches. A Regulatory Forum has been established to bring together these functions from across the Department, to focus on areas of common interest and provide a coordination point for responding to wider audiences on regulatory matters. The Forum includes Regulatory Services, Charities Services, Births, Deaths and Marriages, and Service Delivery compliance functions for Identity investigations and Grants Audit and Review among others.

The Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act 2009, came into effect on 1 July 2013. We have continued to publish guidance on various aspects of reporting entities' obligations under the AML/CFT Act and amended the *Identity Verification Code of Practice* to reflect recent improvements in identification practice. We have started our supervisory work with the AML/CFT sector and will continue engaging with reporting entities to ensure they understand their obligations under the AML/CFT Act.

Charities Services is working closely with Department Community Advisors to maximise resources for community organisations across the country as well as contributing to our enforcement role. Charities Services worked closely with the External Reporting Board and the Association of Non-Government Organisations Aotearoa (ANGOA) to help educate charities about the proposed reporting standards.

We are focusing on minimising harm and maximising benefits for the New Zealand public by being more purposeful and deliberate in our regulatory work across the sectors the Department regulates. We take a range of actions when deciding how to address non-compliance within our regulated sectors to ensure the best outcome.

In the gambling sector we are focusing on minimising harm to the general community caused by fraudulent and corrupt behaviour. We continue to adopt a multi-agency approach to investigating serious non-compliance and criminal behaviour, and we deal with it with robust regulatory action, including prosecution. Our actions aim to contribute to disincentivising non-compliance in the gambling sector and increasing the funds returned to genuine and diverse community needs.

Implemented and improved the gambling framework

We have taken an intelligence-based approach to delivering our compliance functions by monitoring and gathering data across our range of regulatory functions.

In 2013/14 we supported reforms of the Class 4 gambling framework (which covers gaming machines in pubs and clubs). In May 2014 the Minister of Internal Affairs introduced into Parliament a new Bill, Gambling Amendment Bill (No 3). This Bill will reduce potential conflicts of interest situations, improve transparency surrounding management companies involved in Class 4 gambling, simplify compliance and reduce costs for societies and venue owners; and ensure the efficiency of the appeals process.

We worked with the Class 4 sector to amend the payment system to cover the operating costs of venues (such as pubs) that host gaming machines. The current model is cumbersome and imposes significant compliance costs on both the sector and the Department. The Gambling Amendment Bill No 3 contains these amendments.

We have also facilitated consultation on proposed new regulations to:

- » increase the proportion of proceeds that the community receives from Class 4 gambling,
- » increase transparency around grant decisions,
- » require local distribution of Class 4 gambling proceeds, and,
- » change the Class 4 venue payments system.

More than 100 submissions were received on these proposals. New regulations to deliver on the first proposal (increasing the rate of community return) will come into effect later in 2014.

The Gambling (Problem Gambling Levy) Regulations 2013 came into effect from 1 July 2013. The levy recovers the Crown's costs of the problem gambling strategy managed by the Ministry of Health.

The Department has continued to increase its engagement with Class 4 societies in order to enhance governance arrangements, promote better grant funding practices and policies, and increase overall returns to the community. The Department also utilised a series of regional forums to consult with Class 4 societies in respect to the regulatory reform process. This intensified and targeted engagement is improving compliance and management practices by societies that previously exhibited poor practices.

Prosecutions and assistance

The Department has undertaken several significant prosecutions over the past year. Sending unsolicited electronic messages resulted in a company paying \$120,000, the largest penalty imposed to date for

sending spam in New Zealand. Distributing objectionable publications resulted in a man being sentenced to two years nine months imprisonment, and possessing objectionable publications resulted in one year imprisonment for another individual.

The Censorship Compliance team work closely with other enforcement agencies within New Zealand and internationally. We take a multi-agency approach in fighting this crime type and work in partnership with New Zealand Police and New Zealand Customs. A total of 14 New Zealand children were rescued from sexual abuse in the last year following a number of joint operations with other enforcement agencies within New Zealand. As an example, the multi-agency approach was used in an operation resulting in the prosecution of three New Zealanders and one British individual, and two British children were identified and safeguarded.

Internationally, information provided by the Department has led to children being removed from harm and individuals being arrested and/or convicted in the United States, the United Kingdom, Canada, Romania, and Australia.

Report on the use of search and surveillance powers

The Department is required to report on its search and surveillance powers under sections 171 and 172 of the Search and Surveillance Act 2012. During 2013/14 the Department did not exercise search or entry powers without a warrant, did not exercise warrantless surveillance powers and did not apply for any surveillance device warrants or declaratory orders. The Chief Executive did not receive any reports from judges under sections 48, 61 or 62 of the Act.

Measuring progress

Indicators	Progress	Data source
Decreasing the percentage of people receiving spam/nuisance emails	2013: 85% 2011: 73% 2009: 73%	World Internet Project New Zealand 2013 ⁵
Decreasing the percentage of societies operating in the C4 Gambling Sector that have venues failing inspection	2013/14: 74% (Baseline year)	Internal Affairs regulatory data
Providing safe and secure online environments by increasing the coverage of the Digital Child Exploitation Filtering System run by DIA Censorship for ISPs of NZ Internet users	2013/14: 92% 2012/13: 85%	Internal Affairs regulatory data
Increasing sector awareness of their obligations under the Anti-Money Laundering and Countering Financing of Terrorism legislation	2013/14: 3.87 (Based on a 5 point Likert scale. Baseline year)	Internal Affairs regulatory data ⁶

⁵ The 2013 report is the latest version and was published in November 2013.

⁶ Mean awareness rating from a sector survey conducted in April 2014.

Impact: People have the capability to participate in their communities and across communities

We enabled people to engage with and participate in and across communities, in ways that positively contribute to society and enhance economic activity. We helped communities, hapū and iwi lead their own development, identify opportunities, and develop their own solutions, contributing to our Focus Area of Strong Communities.

We contributed to ministerial priorities in the following portfolios:

- » Internal Affairs
- » Local Government
- » Ethnic Affairs
- » Racing
- » Civil Defence
- » Community and Voluntary Sector

Online systems

The Department is developing a Grants and Client Management System (GCMS) which will replace existing IT systems with an online system for managing grants and customer information. GCMS will access key customer information held by Charities Services and the Companies Office. This will improve accuracy of the customer information we hold, streamline customer registration and access to our services, and promote a 'data once' principle so that customers are not asked to provide information they have already supplied to other agencies. There is potential to explore further integrations and shared service arrangements in future, to enable an even more streamlined approach to grant administration for customers. The Department plans to launch GCMS in October 2014, making this service available to customers throughout 2014/15 as the various funding schemes open for applications.

A working party, consisting of members from local government, central government, and external ICT, has considered the feasibility of online voting being adopted for the 2016 local authority elections, subject to the running of a significant and successful trial before then. The working party has reported to the Department on trialling and implementing online voting, together with a high-level assessment of the benefits, costs and risks of online

voting (including security, integrity and voting access issues). The Department will continue to work with key stakeholders, including Ministers and local government, to determine next steps.

Crown and Lottery Grants funding distribution

The Department supports investment in communities by providing information, advice, and funding to support government and communities working together to develop solutions that contribute to social, cultural, and economic wellbeing.

Approximately \$220 million of Lottery Grants Board funding has been distributed to the community in 2013/14 through a series of distribution channels administered by the Department.

The Department also administers a number of Crown funding schemes and during 2013/14 over \$20 million has been distributed through these schemes.

Community-led development

In July 2011 funding was reprioritised from the Community Organisations' Grants scheme to support Community-led Development (CLD), which enables communities to identify shared issues and concerns and to generate local solutions. The Department is evaluating the initiative with initial reports showing that CLD is progressing well in three of the five selected communities. Those communities are implementing projects and activities that have strong community buy-in, benefiting their respective communities. A fourth community, a large, diverse suburban community, has taken longer to implement the CLD initiative but is focusing on social connection and cohesiveness through community consultation.

The fifth community progressed at a different pace from the other initiatives. It was agreed with the leadership group that a different approach would be followed. The Department is now supporting that community outside of the CLD initiative by offering direct community

advisory and development services and using CLD principles and support at a neighbourhood level.

The new approach will enable the community to work at its own pace and should deliver better outcomes for the community. The Department's continuous evaluation approach enables any learning to inform the initiative as it progresses.

Social enterprise

Our support to the Minister for the Community and Voluntary Sector resulted in a Government position statement in support of social enterprise and provision of funding for the Ākina (formerly the Hikurangi) Foundation to build social enterprise capability.

The Ākina Foundation is running a social enterprise accelerator pilot involving regional workshops from which 10 initiatives will be picked for intensive support. The Government funding for this initiative is matched by funding from Contact Energy. The Ākina Foundation is also receiving funding to kick-start a national social enterprise incubation and development service.

The Department will continue to encourage other agencies to give effect to the Government position statement and address any policy barriers to the growth of social enterprise.

Provided an integrated approach

Charities Services, Community Operations and the Office of Ethnic Affairs all provide capability building support and services to the not-for-profit, voluntary and charities sectors. Richer outcomes for communities are achieved through collaborative planning. Our focus is on ensuring community groups experience a seamless, integrated service, without duplication of effort; this also reduces costs for the Department.

The National Library has continued to work with the Association of Public Library Managers on the concept of Community Digital Hubs, looking for ways to recognise and support the role public libraries already play. As a result of the work being done to ensure the delivery of Result 10 and the improvement of access to government services online, libraries have continued to be seen as one of the places from which the local community can access government services and receive support in doing so. Through public libraries, the Aotearoa People's Network Kaharoa (APNK) provides computing resources and free access to the Internet for New Zealanders. Every month an average of 6000 Wi-Fi users access the Internet through Wi-Fi hotspots to the APNK network.

The Department continues to support the application of the Kia Tūtahi Relationship Accord across government. The Accord sets expectations about how government agencies and communities will work together effectively to achieve social, economic and environmental outcomes. During 2013/14 the Department hosted a series of expert-led forums focusing on initiatives that demonstrate how agencies can effectively engage with or involve the community sector in relevant work programmes. The seminars have been well attended by both government and community representatives. The Department has developed a number of online tools (NZNavigator and CommunityNet Aotearoa) for community organisations to improve governance and build capability. This was done through community and government partnership and is an example of Kia Tūtahi in action.

Supported local government

As part of the government's Better Local Government programme, the Department prepared the Local Government (Financial Reporting and Prudence) Regulations 2014 in conjunction with Local Government New Zealand and the Society of Local Government Managers. These will provide information which will assist people to assess the financial sustainability of their local authorities. We also produced measures to compare non-financial council performance, for example the response times for repairing broken infrastructure.

The Department supported councils and the Minister during local government elections (12 October 2013), including providing software for the single transferrable vote (STV) system. We have also worked with local government on the feasibility of online voting.

Christchurch Earthquake Appeal Trust

On 29 April 2014 the Christchurch Earthquake Appeal Trustees granted \$8 million to 20 new local recovery projects. They also announced that the nearly \$100 million donated to the Appeal had been allocated to Canterbury, three years after the first funds were granted.

The Trustees made the final announcements at The Court Theatre in Christchurch to a large gathering of grant recipients and local dignitaries, to celebrate the impact of Appeal donations on communities in greater Christchurch.

Since the launch of the Christchurch Earthquake Appeal on 27 February 2011 by Prime Minister John Key, a total of \$99 million in donations has been received or pledged.

From early 2011 Trustees chose to focus on communities not individuals, not to duplicate the work of government

and other funders, and to fund the projects that would otherwise take many years of local fundraising to address.

The Trust is no longer receiving funding requests but the Trustees will continue to meet as required to make funding decisions on projects that directly benefit people still struggling, and on any other matters.

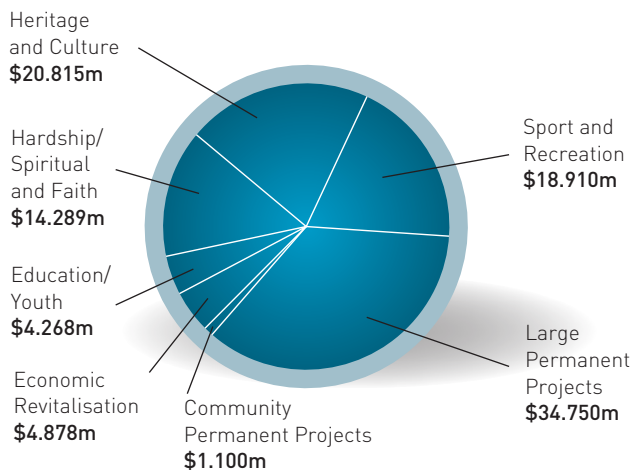
The work of the Trust Advisory Board has officially ended, although members may be called upon to advise the Trustees on the \$15 million 'Connecting the City to the Sea' project. The Department will continue to monitor and administer the grants for the 10-year life time of the Trust.

Other projects funded with Appeal funds include: community centres for Aranui, Mt Pleasant, Belfast and Opawa; St John emergency equipment; rebuild and restoration of the Clock Tower and the Great Hall at the Christchurch Arts Centre; supporting Canterbury's 200 youth workers; repair and rebuild of Plunket facilities; over 60 neighbourhood events to foster community connectedness; \$15 million 'Connecting the City to the Sea' through eastern Christchurch; the Re:START mall; and, repairing sports fields and netball/tennis courts.

The money has benefited projects across seven portfolios as shown in the chart below.

A full list of projects funded by the Appeal Trust is available at www.christchurchappealtrust.org.nz

Christchurch Earthquake Appeal Trust Cumulative Funding Allocation



Source: Christchurch Earthquake Appeal Trust

Maximised the potential for New Zealand to benefit from ethnic diversity

The Office of Ethnic Affairs has continued to promote the potential benefits of ethnic diversity in developing prosperity for every New Zealander. Ethnic women's and youth leadership programmes are designed to equip women and young people from ethnic communities with the skills and confidence necessary to participate in all aspects of NZ life.

Following a successful pilot programme in Auckland during the 2013 calendar year, 60 young people were selected and the *Young Leaders* programme was launched in February 2014, operating out of Auckland, Hamilton, Wellington and Christchurch. The programme comprises a series of modules delivered over nine months. Overall, the programme aims to equip young people for leadership roles in their communities and careers. Careers in the government sector are a particular focus.

The *Ethnic Women's Leadership Programme* began as a pilot in Auckland in December 2012 and a Wellington programme took place in November 2013. A Christchurch programme was run in June 2014. The programme equips ethnic women with skills that enable them to be more influential. Ultimately ethnic women who participate in the training will be able to play an active role in supporting their communities to integrate and participate in society more effectively. The programme also encourages suitably qualified and experienced participants to apply for governance roles if they have a desire to do so.

2014 was the third year the Office of Ethnic Affairs has run the very successful *EPIC NZ* conferences in Auckland (May) and Wellington (June). These business conferences are networking events which foster connections between ethnic and other NZ business communities in order to reap the benefits of the skills, knowledge and connections of New Zealand's ethnic businesses. This year the Auckland conference, *EPIC NZ Go Global* was the flagship event resulting from an agreement between the Office of Ethnic Affairs, Export New Zealand, and the Employers and Manufacturers Association.

The first *EthnicA* conference was held by the Office in Auckland in 2011 and they have continued since then. *EthnicA* conferences are designed to raise awareness and encourage sophisticated debate about diversity issues in New Zealand. They also provide an opportunity for the Minister for Ethnic Affairs, the Office and other central and local government agencies to engage with ethnic communities, and provide a forum for learning, sharing information and pan-ethnic networking.

The theme for the *EthnicA* 2014 conferences in Auckland, Hamilton, Wellington and Christchurch (April-May) was 'leadership and building a stronger New Zealand'. Each regional programme tapped into the personal experiences and expertise of a range of speakers and panellists from local communities.

The *EthnicA* conferences allow the Office of Ethnic Affairs to interact efficiently with a large number of stakeholders. As well as organising many face-to-face meetings, the Office can also host a few large events to attract a larger number of people.

Measuring progress

Indicators	Progress	Data source
Increasing the number of people supporting local communities through volunteering and giving:		
<ul style="list-style-type: none"> » The percentage of people aged 10 years or over who, in the previous three months, volunteered or donated money 	Volunteered: Dec 2013: 28% Dec 2012: 30% Mar 2012: 31% Dec 2011: 32% Dec 2010: 29% Donated money: Dec 2013: 36% Dec 2012: 34% March 2012: 39% Dec 2011: 40% Dec 2010: 41%	Quarterly Consumer and Media Insight Survey (Nielsen Media)
<ul style="list-style-type: none"> » The percentage of people participating in paid and unpaid community work 	Undertook unpaid work 2012: 62.2% 2010: 65.4% 2008: 64.6% Undertook voluntary work 2012: 30.6% 2010: 32.4% 2008: 32.6%	General Social Survey (Statistics New Zealand) ⁷
Maintaining a high level of satisfaction with the advice and support received by ethnic community groups to enable them to help themselves and participate in their community.	30 June 2014: 99% 30 June 2013: 96% 30 June 2012: 96% 30 June 2011: 96%	Internal Affairs Ethnic Affairs survey

⁷ The General Social Survey is conducted every 2 years. The 2014 results are scheduled for release in August 2015.

Impact: People are able to access and use information important to their lives

We have sought to ensure people have appropriate, secure and flexible access to information that is important to their lives. We manage and provide appropriate access to New Zealand's personal identity information, records of government, significant documentary heritage and New Zealand published collections and ensure information is managed as an asset. We seek to enable knowledge creation, literacy skills and information to be used for learning, economic growth, and social and cultural well-being. Our commitment to privacy by design and embedding trust and security through our guardianship of this information is fundamental to this access and is at the core of our 'Trusted Information' focus area.

We contributed to ministerial priorities in the following portfolios:

- » Internal Affairs
- » Ethnic Affairs
- » Community and Voluntary Sector

Made personal identity information available

As the kaitiaki (guardian) of New Zealanders' personal identity information, we ensure people can appropriately access their information securely and reliably when they need it. This information enables people to access the rights and services available to them as citizens, such as passports or access to other government services. This can be through issuing tools such as birth certificates or through the transfer of life event data to other agencies.

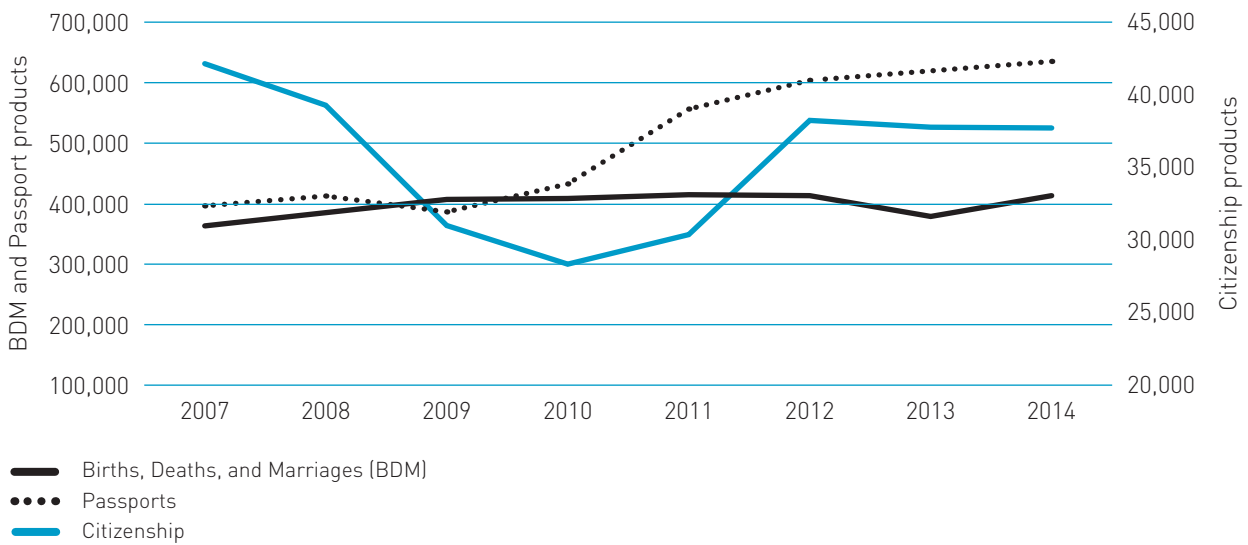
We also provide Apostille certification⁸ to allow New Zealand issued documents to be used overseas. Our electronic Apostille certificate (*an eApostille*) improves our service by allowing Apostille certificates to be issued via email.

Our world-first service allowing adult applicants who already had a passport to renew their passports online has resulted in over 200,000 online applications being processed. As well as being more convenient for our customers, an online application is less time intensive for passport officers, and allows much of the process to be computerised. Planning is underway to extend the online service to child renewals and also first time adult applicants who have obtained a RealMe verified account. The expansion of the online service to children would likely also increase adult uptake as families will be able to use the same service channel.

Work is ongoing to enable private as well as public sector organisations to perform electronic identity information checks on our births, deaths, citizenship and passports databases, to confirm whether an individual's supplied identity information is consistent with the Department's information. This is in addition to the more than two million electronic records that are shared annually with other agencies to enable citizens to access vital services. During the year we also issued over 1.09 million identity documents and other products.

⁸ Apostille certificates are available for use in countries that have signed the Hague Convention abolishing the requirement of legalisation for foreign public documents.

Identity documents issued



Source: Department of Internal Affairs data

Provided access to collections of information in efficient and useful ways

We are responsible for a vast collection of records, data, documents, books, images and other information about New Zealand and its people. We worked to improve access to this information, ensuring it is managed as an asset that provides knowledge and value to enrich New Zealand's society, culture and economy. This work was conducted in a range of ways but particularly through online services, digitising and publishing information, providing physical access such as reading rooms, and providing interloan and bibliographic services to libraries.

We continued to support access to information from an early age by enabling schools to use collections to support the national curriculum. We also provided nationwide specialist services that support young people to have access to effective and connected library services and library learning environments. This supports their development as readers and as digitally literate learners. The National Library worked to ensure the curriculum content and services developed by the Library to support classroom programmes and school library development were made accessible through the Network for Learning (N4L) portal.

The Electronic Purchasing in Collaboration (EPIC) Consortium partnered with N4L to launch a new delivery model. This expanded the service providing New Zealand libraries with heavily discounted consortium pricing options from approximately 40 individual e-resources

from seven suppliers in 2013 to over 100 e-resources from 15 suppliers in 2014.

Our Papers Past website passed the three million page milestone ending the year with 3,433,050 pages of newspaper available. The publication of *New Zealand Herald* data in April 2014 completed the partnership between National Library, Auckland Libraries and APN (the publishers of the *NZ Herald*) to digitise the *NZ Herald* to 1945, resulting in over 300,000 pages being added to the site.

Use of the DigitalNZ Application Programming Interface (API) data service exceeded more than 10 million queries a month over the past year. A significant new user of the data service is the Network for Learning, which uses DigitalNZ to funnel content from partners into NZ classrooms. Contributions to DigitalNZ also continue to be strong, with a 23 per cent increase in content partnerships over the past 12 months.

As part of the New Zealand Government Open Access and Licensing framework and Open Government Information and Data Re-use Work Programme, the Index New Zealand dataset has been made available on the National Library website for people to download and use. Index New Zealand is a searchable database that contains abstracts and descriptions of articles from about 1000 New Zealand periodicals and newspapers published from the 1950s to the present day.

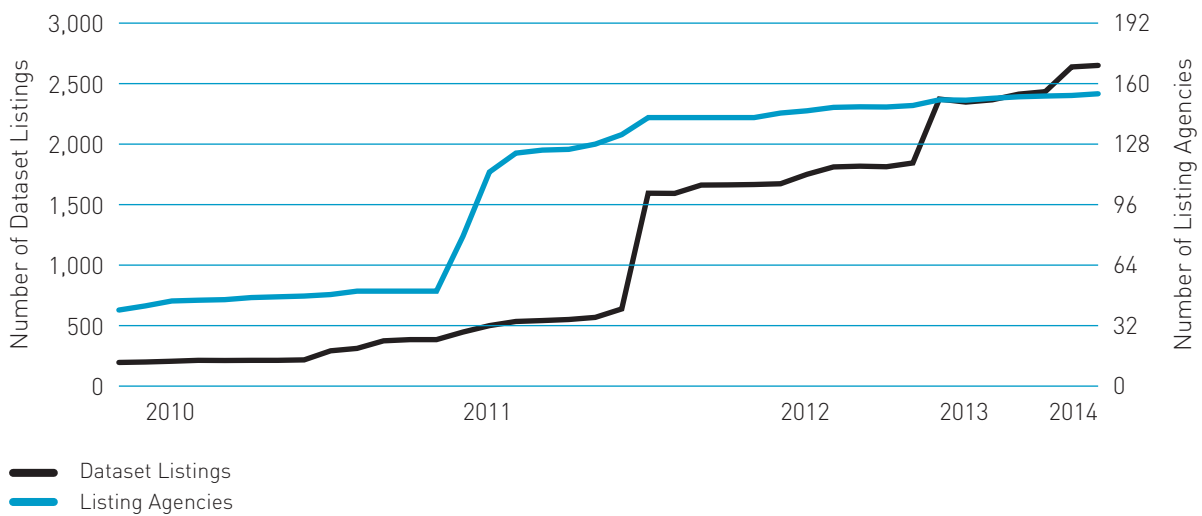
Enabled people to access public information

We support the Declaration on Open and Transparent Government by making available a range of useful information we hold. For example, the Charities Register includes information about each registered charity and enables the public to access information about charities that are eligible for tax exemptions. This promotes public trust and confidence, because information about Charity's activities and the way they use resources is more transparent to the public by being available online. The *New Zealand Gazette* enables the public and businesses to access legislative decisions including land transfers, changes to legislation and bankruptcies. The *Gazette* has progressed its goal to change its publishing platform from one where the authoritative versions of notices are printed and distributed, to one where notices are created and published in digital form online, with the new system scheduled to go live in late 2014.

We issued new Government Web Standards in July 2013, setting more practical requirements for Government websites and helping to ensure their accessibility to people with disabilities. The working group, made up of disabled people and government web practitioners, published several guidance documents to support Government agencies' implementation of the Web Standards.

We further supported open and transparent government by administering the website data.govt.nz. This provides access to a wide range of non-personal public government held datasets. The total number of listings increased by 14 per cent in the year to 30 June 2014, and visits to the website decreased by 8 per cent over the same period.

Information growth on data.govt.nz



Source: Department of Internal Affairs data

WWI commemorations

The Department is responsible for a range of activities and projects that will support World War One (WWI) commemorations and associated activities. Due to the range of activities underway, we are represented on an inter-agency group tasked with strategic oversight of the Government's response to the upcoming centenary period. We also actively participate on a number of inter-agency groups set up to manage operational matters.

Our Visits and Ceremonial Office is responsible for planning and running Centenary commemorations at the National War Memorial in Wellington, and Archives New Zealand is restoring, preserving and digitising records and material relating to the centenary period. Archives New Zealand and the National Library are collaborating with the Ministry for Culture and Heritage and the Alexander Turnbull Library on the 'War Stories' project to produce a series of films telling the personal stories of New Zealanders affected by WWI.

The National Library has digitised WWI soldiers' personal diaries and letters and made this material available through its website. A research guide developed to assist researchers to locate and explore the extensive WWI content in the Alexander Turnbull Library collections was

published as an online tool shortly before Anzac day 2014. The National Library is collaborating with the Ministry of Education on the delivery of a number of teaching and learning packages on WWI related themes that will guide and support teachers to develop innovative learning programmes on different aspects of identity, heritage and culture.

We administer Lottery Grants Board funding for WWI commemorations, with funding decisions being made by the (independent) Lottery World War One Commemorations, Environment and Heritage Committee with the support of three representatives from the First World War Centenary Panel. Approximately \$17 million has been allocated to support projects over the last two years.

The projects funded are diverse in nature and include developing exhibitions detailing different aspects of the First World War, such as commissioning plays and music with World War One themes, undertaking restoration work on war memorials or creating memorial gardens. In addition, funding has been used to support projects of national significance, including an exhibition at Te Papa, publication of a series of historical books and a project at Auckland War Memorial Museum.

Measuring progress

Indicators	Progress	Data source
Increasing access to collections of information and the public record:		
<ul style="list-style-type: none"> » Institutions describing archival holdings online through the Community Archive 	2014: 379 2013: 380 2012: 373 2011: 376 2010: 355	Internal Affairs Archives NZ data
<ul style="list-style-type: none"> » Full text databases made accessible through New Zealand libraries in the Electronic Purchasing in Collaboration (EPIC) consortium 	2014: 102 2013: 42 2012: 42 2011: 40 2010: 25	Internal Affairs National Library data
<ul style="list-style-type: none"> » Visits to use specialist online resources and services for schools 	2013/14: 243,378 2012/13: 241,030 2011/12: 172,095 2010/11: 145,277	Internal Affairs National Library data
<ul style="list-style-type: none"> » Access to online records for New Zealand publications 	June 2014: 441,524 June 2013: 423,562 March 2013: 383,960	Internal Affairs National Library data
<ul style="list-style-type: none"> » Published content provided through National Library full-text platforms (Pages published): <ul style="list-style-type: none"> - Papers Past - Appendices to the Journals of the House of Representatives (AtoJs Online) 	June 2014: 3,433,050 June 2013: 2,960,523 June 2012: 2,538,351 June 2011: 2,085,560 June 2014: 319,112 ⁹ June 2013: 319,112 June 2012: 253,866 June 2011: 128,151	Internal Affairs National Library data
Increasing access to information through uptake of common capabilities:		
<ul style="list-style-type: none"> » Percentage increase of people accessing information through RealMe 	2013/14: 60.7%	Internal Affairs Service Delivery data. (Baseline year)
<ul style="list-style-type: none"> » Percentage increase in services available through RealMe 	2013/14: 30%	
Increasing use and reuse of information: Searching and finding information for creating new knowledge through Digital NZ		
<ul style="list-style-type: none"> » Number items surfaced for reuse by Digital NZ (excluding Papers Past and AtoJs Online) 	June 2014: 401,319 March 2014: 360,289 June 2013: 339,918 March 2013: 269,459	Internal Affairs National Library data
Increasing the availability of re-usable online datasets held by government on the open data directory website, data.govt.nz		
<ul style="list-style-type: none"> » Dataset listing pages/Percentage change in the number of unique website visitors 	2013/14: 2660/-4.8% 2012/13: 2,339/8.4% 2011/12: 1,815/31%	Internal Affairs Data and Identity Services data

9 No items were digitised in 2013/14.

Impact: **New Zealand's documentary record is protected and available for current and future generations**

We collected, protected and invested in the preservation of the nation's documentary heritage and record of government. We preserved the documentary record using modern techniques and technology and stored it safely and securely so that information is available for the benefit, understanding and enjoyment of both current and future generations. This work contributed to our outcomes for resilient and prosperous communities; a New Zealand recognised for using knowledge for social, cultural and economic wellbeing; and strong and valued national identity.

We contributed to ministerial priorities in the following portfolio:

» Internal Affairs

Built and preserved collections of national importance

Over the last year we continued to build collections of national importance and enhanced preservation of these significant items through better and more efficient use of our resources and infrastructure. National Library and Archives New Zealand have developed their strategic partnership and collaborate to optimise services, improving efficiency and effectiveness and lifting overall performance. Progress has focussed on digital preservation and digitisation and physical storage through the use of mutually beneficial tools.

The National Library continues to build tools that scale up the process of collecting and archiving electronic material for Legal Deposit. Target websites are now 'scraped' for their publications and associated metadata, which are then packaged for automated ingest to the National Digital Heritage Archive (NDHA). In April 2014, the Alexander Turnbull Library acquired an important portrait in oils of Wiremu Tako Ngatata, painted around 1880 by Gottfried Lindauer, and in November 2013 the Library was donated records relating to the Topp Twins. The material includes contracts, correspondence, financial records, printed material, shows, concert tours, and television scripts. This acquisition greatly strengthens the Library's documentation of New Zealand's musical and cultural history.

Through Archives New Zealand we have restored, preserved and digitised records and material related

to the World War One centenary, including material from New Zealanders' records and diaries and the classification of Defence Force Personnel records. Archives New Zealand and the National Library are collaborating with the Ministry for Culture and Heritage and the Alexander Turnbull Library to produce a series of short films that tell the personal stories of a range of New Zealanders impacted by the war.

We also acquired Park Road Post Production Limited's film preservation laboratory. The lab is the only one of its kind in the Southern Hemisphere, and its acquisition is contributing to the preservation of high-value films. The laboratory will enable the film preservation programme to continue. This programme transfers the content of films from unstable nitrate and acetate film, to a more stable polyester base that will last for up to 200 years. Archives New Zealand has around 1200 films, mainly from the National Film Unit to transfer over the next three years.

Improved preservation and storage of information, including digital programmes

An increasing amount of New Zealand's documentary heritage and public record are in digital form and the Department continues to ensure that 'born digital' information is protected and preserved. We also provide online access to digitised material from New Zealand's history.

An independent review of two projects was completed in 2013/14. The 'Active Archives' project aimed to better conserve and display key constitutional documents, and the Government Digital Archives Programme (GDAP) was to support the digital archiving of Digital Preservation copies of physical archives and to extend this to support the archiving of 'born digital' records of long term value. The review examined the circumstances surrounding

the initiatives and considered whether any changes were necessary to improve the management of any other initiatives in Archives New Zealand. Active Archives delivered plans, detailed requirements and concepts that will be valuable as new ways of dealing with the documents and the requirements of preservation and display are developed. GDAP delivered tools, processes, and capability to add and manage digital preservation copies within the digital archive.

The Births, Deaths, and Marriages Historical website enables anyone to search and order historical birth, death or marriage records through a convenient online channel. This service is used frequently by genealogists undertaking family research, with around 3,295,556 records available.

Measuring progress

Indicators	Progress	Data source
<p>Increasing the percentage of heritage collections and public records protected and preserved for future generations:</p> <ul style="list-style-type: none"> » Percentage of the Alexander Turnbull Library collections in the National Library Wellington building that are held in appropriate environments » The percentage of Archives New Zealand holdings held in an appropriate environment » The number of transfers received by Archives New Zealand 	<p>2014: 100% 2013: 100% 2012: 100% 2010: 55%</p> <p>2014: 87.97% 2013: 80.5% 2012: 73.85%</p> <p>2014: 74 2013: 71 2012: 84 2011: 29</p>	<p>Internal Affairs National Library data</p> <p>Internal Affairs Archives NZ data</p> <p>Internal Affairs Archives NZ data</p>
<p>Increased number of Alexander Turnbull Library collections will be available for future use by Researchers.</p> <ul style="list-style-type: none"> » Number of items damaged or lost in provision of services 	<p>2013/14: None</p>	<p>Internal Affairs National Library data</p>
<p>New Zealand school students' learning is supported through greater access to documentary heritage by increased usage of the National Library collection items</p>	<p>2013/14:</p> <p>Online packages of heritage items developed: 18</p> <p>School visits to National Library public programmes: 54</p> <p>School visits to national Library reading rooms: 42</p>	<p>Internal Affairs National Library data</p>

Impact: New Zealand's personal identity information has integrity

Secure, reliable identity information is fundamental to a transparent democracy, where people can exercise their rights and entitlements and participate fully in civic society. We collected personal identity information and maintained the official record of important life events for New Zealanders. To maintain trust in the integrity of this information we ensured identity records are collected and are stored securely, and access is provided appropriately to maintain the privacy and accuracy of the information as well as ensuring access to our products and services is future focussed. We also worked to ensure a consistent and secure approach to identity management across the public sector. This work contributed to our outcomes for strong and valued national identity, and a New Zealand recognised for using knowledge for social, cultural and economic wellbeing.

We contributed to ministerial priorities in the following portfolio:

» Internal Affairs

Maintained trust in the integrity of identity information

As guardian of New Zealand's personal identity information, maintaining the integrity of this information is paramount. After reviewing the law and processes for registering name changes, we identified that applicants should provide evidence of their identity to prevent individuals fraudulently changing someone else's name. An amendment to the Births, Deaths, Marriages, and Relationships Registration Act 1995 is being sought through the Statutes Amendment Bill (No 4), to enable evidence of identity to be collected from name change applicants.

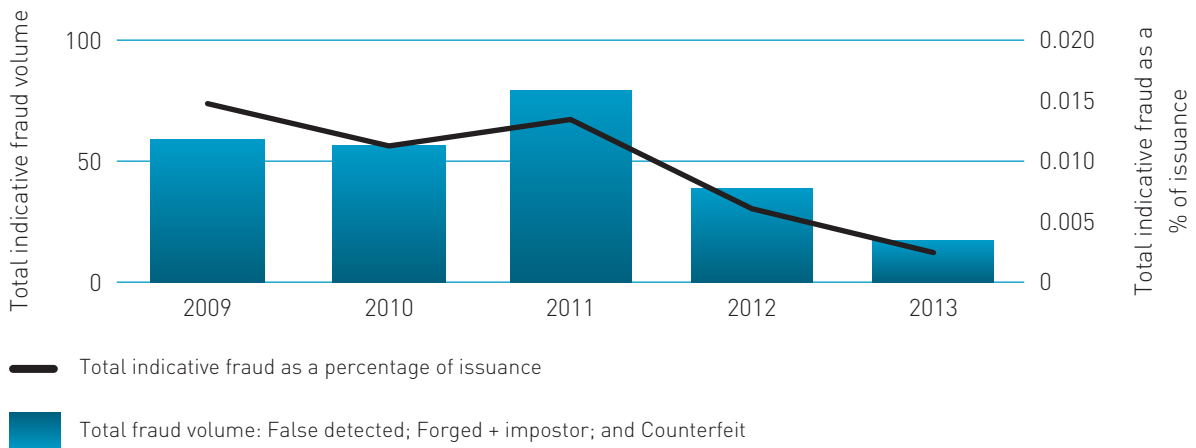
The Department developed new systems and processes for issuing passports as part of the Passport Redevelopment Programme. These changes will enable us to manage an estimated 100 per cent increase in passport applications by 2017.

Our Passport Redevelopment Programme has not only delivered an online application channel but also a range of functional changes to passport processing, almost eliminating paper based processes and allowing for better work distribution, quicker decision making (some of which is now automated) and better reporting capability. The programme was delivered within the capital and operational budgets and was completed in March 2014.

Total indicative fraud¹⁰ as a percentage of passport issuance was very low in the 2013 calendar year. The latest security features in our ePassport make forgery and counterfeiting difficult. We continue to cleanse our data using facial recognition technology, identifying individuals with New Zealand passports with more than one identity, liaising with the New Zealand Police and prosecuting where appropriate. Our RealMe identity verification service will be used as an additional identification feature of any online New Zealand passport application to further enhance trust in the security of New Zealand passports.

¹⁰ Total indicative fraud covers the combination of: False (by year detected); Forged + impostor; and Counterfeit cases.

Total indicative fraud



Source: Department of Internal Affairs data

Spotlight on same-sex marriage

Changes to the Marriage Act came into force during this year, meaning that same-sex couples could be married in New Zealand. The new definition of marriage is “the union of two people regardless of their sex, sexual orientation, or gender identity”. There were a number of high profile same-sex weddings, including one in an aircraft above New Zealand. Everyone getting married in New Zealand must notify Births, Deaths and Marriages that they intend to get married, and they are issued a marriage licence.

To get ready for the changes the Department had to amend the various forms and certificates used to collect, register and provide information under the Marriage Act 1955 and the Births, Deaths, Marriages, and Relationships Registration Act 1995. We also had to alter the Department’s computer systems to allow for the recording of same-sex marriages, including capturing the sex of the parties to the marriage and we provided information to the public and celebrants about the changes. We updated the websites, brochures and other guidance material we publish and trained staff who conduct Registry Office marriages.

RealMe

The RealMe service is delivered by the Department in partnership with New Zealand Post. RealMe enhances igovt services by extending identity verification services to the private sector. Benefits of RealMe include allowing banking and finance companies to comply with customer due diligence obligations as described in the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act 2009. RealMe is built using 'privacy by design' principles to make doing things online easy and very secure.

There are two services currently available for customers, a RealMe login and a RealMe verified account. A RealMe login allows people to use the same username and password to access a variety of participating online services. For services requiring an extra level of security, a unique, one-time RealMe code is sent to a mobile phone or generated by a hardware token.

A RealMe verified account lets people who have verified certain information about themselves, such as identity and address, to securely release this information online to organisations to prove who they are or where they live. Having a RealMe verified account means that the user has proved who they are, by providing some identity information and having their photograph taken at a participating Post Shop. This information is provided to the Department for processing and authorisation.

Integration of new organisations has been slower than originally anticipated. During the 2013/14 year, 532,591 new RealMe logins have been created. The total number of logins used as at 30 June 2014 is over 22.2 million. RealMe can be used to access 55 services provided by 22 organisations.

Measuring progress

Indicators	Progress	Data source
Maintaining a low level of complaints about the Department on privacy breaches received or notified by the Privacy Commission	2012/13: 2 2011/12: 2 2010/11: 4 2009/10: 2	Office of the Privacy Commissioner Annual Report ¹¹
Maintaining a low level of incident reports relating to the issuance of passport on fraudulent grounds or fraudulent use of a passport	2013: 0.003% 2012: 0.006% 2011: 0.013% 2010: 0.012%	Internal Affairs Passports data (per calendar year)
Maintaining a high percentage of identity services customers who feel personal information is confidential and secure	June 2014: No survey conducted June 2013: No survey conducted June 2011: 90% ¹² June 2010: 92% June 2009: 99%	Internal Affairs Service Delivery and Operations Survey ¹³
New Zealand passport is recognised as having high integrity	2014: 5th Equal 2013: 5th Equal 2012: 5th Equal 2011: 5th Equal	Henley Visa Restriction Global Index 2014

¹¹ 2013/14 report was not available at the time of publication.

¹² This figure was previously incorrectly reported as 97%.

¹³ This survey has been replaced by the Customer Experience Survey, which asks customers to rate their trust and confidence in the Department. For 2013/14, 91% of respondents had high trust and confidence in the Department.

OUTCOME INDICATORS

We used the indicators below to track progress towards our outcomes.

Outcomes	Indicators	Trend	Data source
New Zealand's diverse people and communities/hapū/iwi are resilient and prosperous	Increasing the proportion of people who feel a strong sense of community:		
	» People who feel a sense of community in their local neighbourhood	2012: 53% 2010: 60% 2008: 58.4%	Quality of Life Survey ¹⁴
	» People feel isolated from others (some or most of the time)	2012: 15% 2010: 15% 2008: 16%	General Social Survey (Statistics New Zealand) ¹⁵
	Increasing the proportion of people participating in civic society:		
	» Percentage of people who would like to have more of a say in what their council does	2012: 56% 2010: 46% 2008: 48%	Quality of Life Survey ¹⁶
	» The number of candidates standing for local authority elections	2013: 3,785 2010: 3,917 2007: 4,123 2004: 4,092	Local Authority Election Statistics
	» Voter turnout at local authority elections	2013: 41% 2010: 49% 2007: 44% 2004: 46%	Local Authority Election Statistics
New Zealand is recognised for creating, sharing and using knowledge for social, cultural and economic well-being	Increasing New Zealand's readiness to use and leverage ICT to increase wellbeing. Network Readiness Index ranking:		
	» Increasing New Zealand's ability to create and use knowledge through improving literacy skills:	2014: 20 2013: 20 2012: 14 2011: 18 2010: 19 2009: 22	Global Information Technology Report (World Economic Forum and European Institute of Administration)
	» NZ Index Ranking Reading Literacy Performance/OECD Average	2012: 512/496 2009: 521/493	OECD PISA 2012 Results

¹⁴ The Quality of Life Survey is conducted every 2 years. The 2014 results are scheduled for release in August 2015.

¹⁵ The General Social Survey is conducted every 2 years. The 2014 results are scheduled for release in August 2015.

¹⁶ The Quality of Life Survey is conducted every 2 years. The 2014 results are scheduled for release in August 2015.

Outcomes	Indicators	Trend	Data source
The people of New Zealand have a strong and valued national identity, culture and heritage	Maintaining a high proportion of people who say they belong to New Zealand	2012: 94.4% 2010: 94.5% 2008: 93.9%	General Social Survey (Statistics New Zealand) ¹⁷
	Maintaining a high proportion of people who say it is easy/very easy to express their own culture:		
	<ul style="list-style-type: none"> » Easy or very easy » Sometimes easy, sometimes difficult 	<ul style="list-style-type: none"> 2012: 84.5% 2010: 83.7% 2008: 82.3% 2012: 12.5% 2010: 13.4% 2008: 13.9% 	General Social Survey (Statistics New Zealand) ¹⁸
	Maintaining the number of countries allowing visa-free access to New Zealand passport holders	2013/14: 50+ 2012/13: 50+ 2011/12: 50+ 2010/11: 50+ 2009/10: 50+	Henley Visa Restrictions Index Global Ranking

While our work makes an important contribution to outcomes, the above indicators are influenced by factors beyond the impact of the Department's activities and services. Due to the high-level and long-term nature of outcome indicators, some data sources are not conducted on an annual basis. We have reported on the most up-to-date data available.

¹⁷ The General Social Survey is conducted every 2 years. The 2014 results are scheduled for release in August 2015.

¹⁸ Ibid.

Lead objective: Support the system of government to operate efficiently and effectively

We supported central and local government to deliver more efficient and effective services to New Zealanders by making it easier for people to interact with government online. This work also contributed to our objective of enhancing trust and confidence in the performance of New Zealand's public sector. Trusted Information and Transforming Service Delivery are two of our Focus Areas.

We contributed to ministerial priorities in the following portfolios:

- » Internal Affairs
- » Local Government
- » Ministerial Services
- » Ethnic Affairs
- » Racing
- » Civil Defence
- » Community and Voluntary Sector

GCIO: Provided all-of-government ICT leadership

As the Government Chief Information Officer (GCIO), the Department's Chief Executive has been charged with leading all-of-government ICT to provide system-wide assurance, enable integrated digital service delivery, optimise ICT investment and management and deliver sustainable business savings. This cross-government leadership role drives for efficient and effective use of Information and Communications Technology (ICT) to achieve the public sector transformation goals and is a critical enabler for government's Better Public Services results to New Zealanders, particularly Results 9 and 10.

In June 2013, the GCIO launched the *Government ICT Strategy and Action Plan to 2017* in response to these expectations, setting the direction and actions through change leadership, shared infrastructures and technologies, digital self-service channels, and by unlocking the full economic potential of government's information holdings.

The GCIO works collaboratively with agencies and strategic partners, seeking and giving advice, and providing leadership to make government ICT function

in a more integrated way. The system-wide strategy, development and uptake of common capabilities, enabling greater standardisation and optimisation of ICT investments across government are key components of the ICT enabled system transformation.

It is anticipated that through implementation of the action plan, benefits of at least \$100 million per annum across total government expenditure will be generated by 2017.

The GCIO's all-of-government ICT Assurance function provides government and the public with assurance and confidence that ICT-enabled programmes and projects within the State Sector are being effectively managed to deliver expected outcomes and benefits, and that ICT risks are identified and managed effectively.

Privacy, security and effective risk management continue to be a focus for the Department. Recognising the importance of maintaining public trust and confidence, the Government Chief Privacy Officer (GCPO) role has been established, in the Department. Data and information collected by government from citizens must be protected from wrongful use, misappropriation or privacy breach. We are undertaking a two year Information Privacy and Security work programme to improve agency privacy and security practices. In 2014 the GCIO established the Security and Related Services Panel to provide government agencies with services and advice on a range of security and privacy practices.

Achievements and progress

Commercial and procurement: The Department is leading the direction on how government purchases, accesses, and uses ICT, with a shift away from owning and operating commodity assets, in favour of a service based model.

We secured contracts for all-of-government ICT common capabilities that support agencies to implement standardised and cost effective solutions by leveraging government's economies of scale. Common capabilities are ICT products and services that are shared across

government. Common capabilities are available from vendors who have been selected by the Department [and agencies] to form a supply panel. The uptake of common capabilities delivers towards the goals of the *ICT Strategy and Action Plan* and enables the agencies and the system to better manage ICT investments.

Strengthening the New Zealand Government Cloud

capability: The Department successfully completed this key initiative. Cloud computing offers significant benefits by allowing agencies to pay per use for ICT services, delivered through networks, rather than to maintain their own ICT infrastructure.

The *Cloud Computing: Information Security and Privacy Considerations* guidance outlines the security and privacy issues particular to cloud computing, and the risks and issues that agencies must consider.

Three Cloud common capabilities were launched during the year.

- » Office Productivity as a Service (OPaaS) will initially supply email and calendar services to government agencies, including archiving and data loss prevention.
- » Desktop as a Service (DaaS) will help make workplaces more flexible by enabling people to access their own desktop from different locations, rather than being tied to their own computer.
- » Enterprise Content Management as a Service (ECMS) will help agencies improve the way they create, store and distribute a wide range of work-related documents.

We have commenced engagement with the market on Telecommunications as a Service (TaaS), which aims to supply integrated services that will transform the way telecommunications services are delivered, managed and used by government agencies. TaaS will further strengthen the technology foundations needed to deliver better public services.

Spotlight on GCIO achievements

Infrastructure as a Service (IaaS): A key foundation of government's cloud capability, IaaS enables agencies to buy computing infrastructure on demand from host vendors, reducing the need to purchase and maintain separate infrastructure. The benefits of IaaS increase with increasing participation, and the number of participating agencies rose from 42 to 53. Benefits over the life of the contract are currently \$18.8 million against a project cost of \$3 million.

IaaS won the 'Digital Government' category at the 2014 Institute of Public Administration New Zealand (IPANZ) awards. The award criteria included demonstrating visionary leadership and a commitment to openness, and demonstrating an innovative approach. In judging IaaS the winner, IPANZ recognised the real results IaaS has delivered and the Department's focus on implementing durable solutions.

Extension of the GCIO mandates: The ICT functional leadership mandate has been extended to include 27 selected Crown entities and District Health Boards, meaning 60 agencies and departments are now covered.

Establishment of the ICT Assurance function: The Department is working collaboratively with the Corporate Centre to provide confidence on ICT enabled business transformations and projects. We designed and published the Assurance Frameworks for ICT Projects and Programmes and ICT Operations, providing clarity on what agencies are expected to do to assure their investment in ICT enabled programmes, projects, and systems.

Establishment of the Government Chief Privacy Officer (GCPO): This role will focus on improving privacy capability and delivery across government through guidance and advice. The GCPO will develop a capability build programme to demonstrate how privacy performance is improving.

Citizen-centric redevelopment of newzealand.govt.nz: We redeveloped this website through agency and public feedback, including extensive user testing to provide a significantly improved entry point for people wanting to know about government information and services. This approach signals the beginning of a new citizen-centric way to engage with agency services online – based on services, not agencies.

Result 10

The Department is the lead agency for *Better Public Services Result 10: New Zealanders can complete their transactions with government easily in a digital environment*. Under Result 10 (R10), we are working to realise the R10 target that by 2017 an average of 70 percent of New Zealanders' most common transactions with government will be completed in a digital environment. The GCIO will accelerate the development and implementation of the common capabilities to deliver the Government's future strategy by leveraging scale, reducing duplication, reducing fragmentation and driving greater standardisation across the public sector.

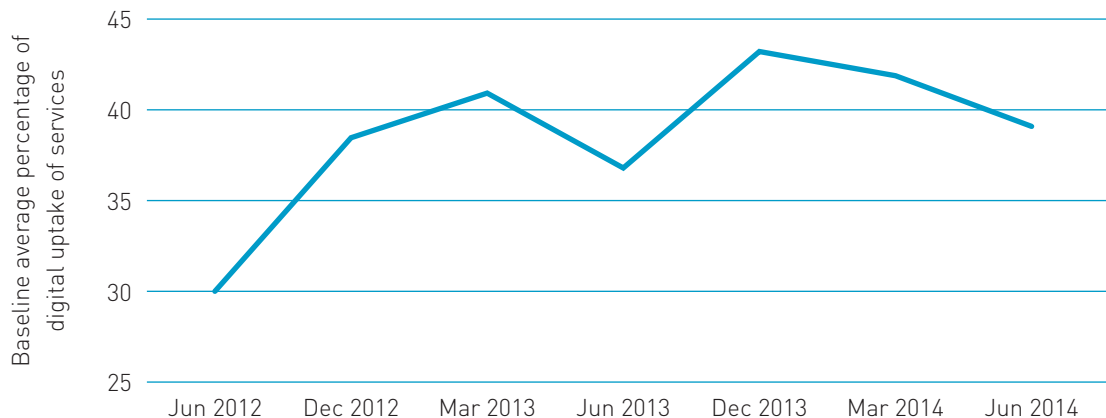
The eight agencies participating in R10 have seen digital uptake of the bundle of services selected for reporting rise from a baseline average of 30.4% to 39.3% for the June quarter. The Department is also a participating agency in Result 10, and the uptake of online passport renewals is one of the services contributing to the target.

The Digital Service Council (DSC) is an R10 leadership group representing eight key transactional service agencies which works closely and collectively to develop the overall ecosystem for digital service delivery. The DSC advises on the future of government transactional digital services, with a particular focus on cross agency work

to achieve the R10 target. Individual managers within participating agencies are to lead customer-centred service delivery change in the digital environment and drive digital uptake of those services that comprise the R10 target measure.

A significant achievement in 2013/14 has been the production of the R10 Blueprint, which Cabinet endorsed in early June 2014 as the government policy for digital service delivery to New Zealanders for State service agencies. Cabinet noted that agencies now need to incorporate how they will align their activities with the Blueprint into their agency and Sector Four-Year Plans. The core of the Blueprint is putting the customer at the centre of the design and delivery of digital services to enable a paradigm shift in government's approach to service delivery, towards a holistic, customer-centred approach driven at the whole-of-government level. This approach is also reflected in the GCIO's *ICT Strategy and Action Plan*, providing the strategic context for R10. The Blueprint will help agencies align their digital initiatives, and take a joined-up, customer-centred approach. The Blueprint has been approved by chief executives of the eight R10 agencies, and work has commenced on aligning the work programmes of participating agencies to the Blueprint.

Result 10 Progress



Source: Department of Internal Affairs Result 10 data

Aligned cross-government digital services

Our govt.nz website is a first step in providing a single access point to authoritative information about government services no matter which agency provides it. The website will provide 'thin content', summarising information relevant to users, with links to detailed content and transactional services on external agency websites. It simplifies the complexity of transacting with

multiple agencies by offering clear, concise information organised around user needs, not the structure of government. In July 2014 govt.nz replaced the newzealand.govt.nz website.

An expanded suite of online guidance has been developed for the use of agency web practitioners and responsible business owners. The new guidance includes security and privacy management online, information and data management online, and guidelines on the strategic

management of online channels. It is designed to provide practical measures to improve the application of a range of government standards, policy, legislation and strategies to the government web domain and to raise capability and awareness of agency practitioners.

Improved effectiveness and efficiency of local government

We continued to provide advice and support to local authorities and the Minister of Local Government to ensure communities are well served by local government. The completion of the Better Local Government programme continued to be a high priority for the Department over the past year. This programme contributed to the Government's strategic priorities by improving the performance of the local government system, thereby enhancing local authorities' contributions to economic growth and improving delivery of public services. The development of the Local Government (Financial Reporting and Prudence) Regulations 2014 was completed in conjunction with Local Government New Zealand and the Society of Local Government Managers.

The Local Government Act 2002 Amendment Bill (No 3) was progressed. The reforms in the Bill encourage and enable local authorities to improve efficiency and effectiveness including in infrastructure delivery and asset management. Changes in the Bill to development contributions will make them fairer and more transparent. Closer working relationships to facilitate a better understanding between central and local government are essential to lifting performance and improving services to communities. The Central Government Local Government Chief Executives' Forum we established to increase the opportunities for cross-sector engagement has continued. This forum, along with other connections with the local government sector, has helped us to identify areas of common interest, increase our understanding of performance matters and generally support a culture of continuous performance improvements.

The Department established an Assistance and Intervention function to monitor local government performance and inform assistance or intervention requirements for individual councils. This involves managing relationships throughout the local government sector, implementing a performance monitoring framework, analysing information on council and sector performance, and liaising with central agencies regarding their local government interactions. The Department has visited local authorities throughout the country to develop relationships and to better understand the local context, which differs significantly across New Zealand.

During 2013/14 the Minister of Local Government's intervention powers, under the Local Government Act, were used for the first time to place a Crown manager in Christchurch City Council to address issues with building consent processing. We continue to support the Minister in monitoring the Commissioners appointed to the Kaipara District Council to manage significant governance and financial management issues, and the Commissioners appointed to Environment Canterbury (ECan). A review of ECan's governance is in progress.

As noted earlier in this report, a complete revision of the *Civil Defence Capability Assessment Tool* took place. A pilot assessment has been completed using the new Capability Assessment Tool with the Waikato CDEM Group. All CDEM Groups have been advised of their target score for the 2014/15 monitoring and evaluation programme and the dates of their assessment. A programme has been developed to ensure all CDEM Groups can be assessed within the year.

Provided efficient services to Ministers and the Executive

The Department continued to provide many of the functions necessary to support the efficient operation of Executive Government. This included providing knowledgeable and high-performing staff to service ministerial offices, organising official visits and ceremonies, efficiently delivering on a range of administrative services, and providing a safe and reliable chauffeur transport service.

We worked closely with the Parliamentary Service and other relevant agencies to ensure systems, such as IT, are aligned to provide services as efficiently and transparently as possible to support Ministers' ability to function effectively. We have also worked with the Parliamentary Service in preparation for implementing any changes arising from the 2014 General Election. Before MCDEM's transfer to the Department of the Prime Minister and Cabinet (DPMC) we maintained the National Crisis Management Centre in a state of readiness to be activated to assist the Government to manage the response to civil defence emergencies.

In 2013/14 we hosted 39 visits of guests of government. This included the royal visit to New Zealand by the Duke and Duchess of Cambridge, visits by the Prime Ministers of Croatia and the Solomon Islands and the 21st Conference of Commonwealth Speakers and Presiding Officers.

Measuring progress

Indicators	Progress	Data source
Increasing the percentage of New Zealanders' most common transactions with government completed in a digital environment	June 2014: 39.3% June 2013: 37.3% December 2012: 38.6% June 2012: 29.9%	Internal Affairs Result 10 data
Increasing uptake of common capabilities (RealMe, iGovt Services)	See impact measures for Enabled people to access and use information important to their lives	
Increasing satisfaction with government online services:		
» People's satisfaction with the Internet as the most recent contact channel with government	2012: 81% 2009: 81% 2007: 73%	Kiwis Count Survey – New Zealanders' satisfaction with public services (State Services Commission)
» People's satisfaction with carrying out transactions with government online	2012: 68% 2009: 64% 2007: Not measured	
» People's satisfaction with completing transactions with government in a digital environment	2013/14: Not measured ¹⁹	
Improving the value of all-of-government investment in information and communications technology		
» Progress towards the goal of reducing government expenditure by \$100 million per annum within 5 years	2013/14: Baseline Year ²⁰	Internal Affairs Government Technology services data
Improving the accessibility of online government services:		
» People who have used the Internet to get information on government or council services	2013: 59% 2011: 57% 2009: 60% 2007: 45%	World Internet Project New Zealand Survey 2013 ²¹
» People who have used the Internet to use government or council services that are delivered online	2013: 59% 2011: 48% 2009: Not measured	
Optimising support for Executive Government:		
» Satisfaction rating for the Department's services from the Minister Responsible for Ministerial Services	2013/14: Good 2012/13: Very good 2011/12: Good/Very good 2010/11: Very good 2009/10: Very good 2008/09: Very Good 2007/08: Good	Internal Affairs Ministerial Survey
Enhancing the value of information available to support government decision making:		
» Quality of policy advice Public Sector Ranking ²²	2013: 7.5 (respectable) 2012: 7.6 (respectable) 2011: 7.1 (adequate)	NZIER Survey; Quality of Policy Advice Report for DIA ²³

¹⁹ This data was not collected for 2013/14 and the indicator is not included in the Department's Statement of Operating Intent 2014–18.

²⁰ Work is underway on a sustainable funding model for ICT common capabilities, which are the enablers for creating the system-wide platform to commence transformational activities that will release benefits.

²¹ The 2013 Report is the latest version and was published in November 2013.

²² The NZIER performance scale: mean range: 8+ = High: 7.5–8 = Respectable: 7–7.5 = Adequate: below 7 = low.

²³ The 2014 report was not available at the time of publication.

Lead objective: Enhance the productivity and accountability of public sector organisations

We supported central and local government agencies to improve their productivity and accountability. This work contributed to our objectives for enhancing trust and confidence in the performance of New Zealand's public sector.

We contributed to ministerial priorities in the following portfolios:

- » Internal Affairs
- » Local Government
- » Ethnic Affairs
- » Racing

Enhanced recordkeeping capability in the public sector

Archives New Zealand is the official guardian of New Zealand's public archives. We gather, store and protect an extremely wide range of material including the originals of the Treaty of Waitangi, government documents, maps, paintings, photographs and film.

The Public Records Act 2005 sets the framework for contemporary recordkeeping across government and Archives New Zealand works with government agencies to administer the Act. Our stakeholders include family historians, academics, legal researchers, professional historians and genealogists use the materials held at Archives New Zealand. They document rights and entitlements and provide evidence of government activity including the relationship between Māori and the Crown.

We issued a new *Records Management Standard for the New Zealand Public Sector* that provides a major revision and updating of the recordkeeping standards that public offices must adhere to. It sets out minimum requirements for public offices and local authorities to ensure their records are authentic, reliable, have integrity and are usable. The standard took effect from 1 July 2014.

Supported better government services

We are supporting the implementation of a review of the New Zealand Fire Service Commission. This support includes addressing the fact that fire services legislation does not reflect the wide range of non-fire functions now performed (for example, extraction of people from motor

vehicles, urban search and rescue). A review of the fire services' funding model will proceed over 2014 and the results of this review will feed into a new Fire Reform Bill, expected to progress through Parliament in 2015.

As a result of the July 2013 Seddon earthquakes, the Office of Film and Literature Classification's premises became unfit for occupation and it relocated to temporary accommodation. The Office moved into new permanent premises in March 2014, with the Department providing assistance as required during the Office's period in temporary accommodation. The Office has reduced the total space leased by 50 per cent, and reports it has secured competitive terms on its new lease. This will make a significant contribution to the Office's efforts, supported by the Department, to return to surplus.

We started a review of classification fees, along with the agreement of the Ministry of Justice, which oversees the Films, Videos, and Publications Classification Act 1993. Classification fees have not changed since 1997 and may not adequately reflect the true cost of classifying various categories of publications or the nature of items requiring classification. The review is expected to be completed early in 2014/15.

The Confidential Listening and Assistance Service (CLAS) is available for people who have concerns about abuse, neglect or the way they were treated in State care before 1992. The CLAS has been extended until 30 June 2015 and we are working with the Ministry of Social Development to plan how clients who come forward once the Service ends can be assisted.

Our support to the Minister for Racing has seen us facilitate an inquiry into the injuries and outcomes for greyhounds in the New Zealand racing industry. The Government Administration Committee considered a petition requesting the inquiry and made several recommendations, many of which had already been actioned by the New Zealand Greyhound Racing Association. The greyhound industry's ongoing progress will be monitored by the New Zealand Racing Board to ensure the improvements continue.

We continued to undertake the secretariat role for the Racing Safety Development Fund (RSDF) to support projects that enhance safety in the racing industry and raise the quality of facilities at racecourses. The RSDF contributed to the safety of the racing industry by upgrading facilities for jockeys, harness riders, racing animals, and racing patrons. The current funding round saw 34 applications receiving funding assistance of \$839,000.

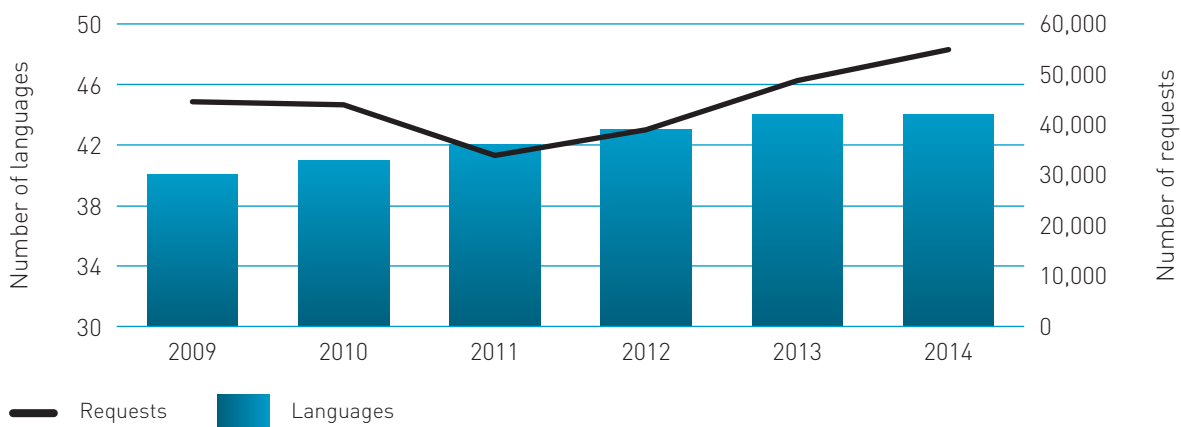
Our support helped ensure the 2013 local body elections ran smoothly. The Single Transferable Vote Calculator was tested and recertified for use in the 2013 elections, and there were no issues with the operation of the calculator in the election period.

Initial steps toward modernising the National Library's Integrated Library System and its Te Puna Services have commenced. The Integrated Library Management

System is used to manage the published collections of the National Library and Te Puna Services support libraries nationwide to build their local catalogues and the National Union Catalogue, supporting cataloguing at a local level and the sharing of collection resources between libraries. Nineteen territorial authorities are now using the Kōtui shared library management system. Kōtui continues to grow and meet the needs of public libraries across New Zealand, providing a system that enables libraries to deliver library services to their communities.

There is a growing demand for our Language Line services in the private sector, where no equivalent service is available. During the year 54,822 individual transactions with government and private sector organisations were facilitated by Language Line. Language Line provides immediate access to interpreters in 44 languages and is used by over 90 public sector agencies and a growing number of private sector organisations.

Language Line Growth



Source: Department of Internal Affairs data

Measuring progress²⁴

Indicators	Progress	Data sources
Average score for the capability of Civil Defence Emergency Management Groups to achieve the goals of the National CDEM Strategy	2013/14: Awaiting revision of Capability Assessment Tool ²⁵ 2012/13: Results not yet available 2011/12: 60	CDEM Capability Assessment Tool
Improving the responsiveness of public agencies to the needs of diverse communities:		
» People who understand how their Council makes decisions	2012: 55% 2010: 40% 2008: 38%	Quality of Life Survey ²⁶
» People who feel they have an influence on Council decisions	2012: 72% 2010: 62% 2008: 60%	
» The number of interpreting calls provided by Language Line per annum	2013/14: 54,822 2012/13: 49,038 2011/12: 38,837 2010/11: 32,308	Internal Affairs Ethnic Affairs data
Improving capability of public sector agencies to maintain the integrity of public records they hold:		
» Number of public offices audited under the Public Records Act Audit Programme	2014: 40 2013: 48 2012: 43 2011: 38	Internal Affairs Archives NZ data
Increasing the capability of public libraries to deliver digital and physical services to their communities:		
» Uptake of partner libraries for the Kōtui shared library management system	2014: 19 2013: 17 2012: 8	Internal Affairs National Library data

²⁴ MCDEM transferred to DPMC on 1 April 2014.

²⁵ Pilot successfully run in 2013/14, with rollout to CDEM groups in 2014/15. See commentary on page 15 for detail. Reporting on this is now the responsibility of DPMC.

²⁶ The Quality of Life Survey is conducted every 2 years. The 2014 results are scheduled for release in August 2015.

Lead objective: Support specialist capability-building in other nations

We contributed to enhancing trust in New Zealand government by using our expertise and resources as a good international citizen, particularly in civil defence emergency management and information management.

We contributed to ministerial priorities in the following portfolios:

- » Internal Affairs
- » Civil Defence

Supported disaster management in other nations

MCDEM works with the International Development Group within the Ministry of Foreign Affairs and Trade (MFAT) to support MFAT enhance disaster risk management in the Cook Islands, Tokelau, Samoa, Tonga and Niue. MCDEM's participation in the partnership contributes to the Department's objective of supporting specialist capability-building in other nations. Significant achievements during the reporting period include:

- » All nations except Tokelau took part in the Pacific tsunami exercise PacWave to enhance preparedness.
- » With MCDEM's assistance tsunami evacuation plans were developed in all five nations and community based tsunami warning sirens were installed in parts of the Cook Islands, Tonga, and in Tokelau, while similar projects are underway in Samoa and Niue.
- » Two MCDEM staff members deployed in January to Tonga to assist the Tongan National Disaster Management Office during the response to the impact of Cyclone Ian.

Contributed to digital preservation and record-keeping in other nations

The Department participated in several international forums on preserving cultural heritage and managing identity information, and we continue to contribute to the Pacific Branch of the International Council on Archives.

We have an Arrangement on Cooperation with the National Library of China which provides a high-level framework for joint operational activities of the two national libraries which could be beneficial to the citizens of New Zealand and China. Within that framework we have also formally

agreed to two collaborative initiatives on digital access to collection resources and the holding of joint exhibitions. The National Library also has an Arrangement on Cooperation with the National Library Board of Singapore, and we are contributing open-source software and the expertise of our Digital New Zealand team to the significant Asia Pacifica project led by Singapore.

The National Library has continued to work with Australian and European partners to develop a proposal for a Technical Registry for digital heritage resources. The National Library is also working with the library sector internationally to develop policy proposals to the World Intellectual Property Organisation in the context of member states' discussions on various international instruments to modernise access to information through libraries and archives and particularly for the benefit of persons with disabilities.

Contributed internationally

The Department's Censorship Investigators participated in a number of international training opportunities, including being trainers at the Europol training course for forensic investigators and chairing the Interpol forum on internet facilitated crimes against children. Other team members presented and participated in a number of international forums including the National Center for Missing and Exploited Children/Law Enforcement/Industry round table, the Canadian peer-to-peer investigation course, the Youth, Technologies and Virtual Communities Conference, the Australasian Online Practitioners Training and the FBI Violent Crimes Against Children International Task Force.

We engage internationally in the fields of Anti-Money Laundering and Countering the Financing of Terrorism with partners such as the United States, Canada, and Australia to ensure good working relationships and sharing of best practice. We have also participated in the Pacific Assistance Programme for the Asia Pacific Group by providing support and advice on threat assessment, sector vulnerabilities and meeting obligations to Samoa for the development of the Anti-Money Laundering

National Risk Assessment. The mission was funded through the Pacific Island Security Fund and was led by the Financial Intelligence Unit of the New Zealand Police.

The Department's leadership role in the International Civil Aviation Organisation's (ICAO) travel document related working groups ensures New Zealand plays an active role in the development of standards, specifications and guidelines that affect passports and border environments – including our own. We are also a member of the Five Nations Passports group, along with Canada, Australia, UK and the USA. Our involvement ensures a collaborative approach to building capability and standardisation with our international peers. We are also a member of the United Nations Working Group for Civil Registrations and Vital Statistics in Asia and the Pacific, which has focussed on developing a regional action framework which will cover the 53 member states of the region. We also work with the Secretariat for the Pacific and with the Cook Islands to improve the exchange of Birth, Death, and Marriage data with the islands.

Measuring Progress²⁷

Indicators	Progress	Data sources
<p>Ministry of Civil Defence and Emergency Management contribution to managing international obligations through specialist advice to the lead agency Ministry of Foreign Affairs and Trade²⁸</p> <p>New Zealand to make available fully trained and prepared UNDAC and APHP members to disaster affected countries²⁹:</p> <ul style="list-style-type: none"> » MCDEM to maintain arrangements for 9 active UNDAC members and 2 active APHP members. » 50% of UNDAC and APHP members are to participate in a UN regional exercise or training activity in 2013/2014 <p>Support strengthened disaster risk management capability in five Pacific Island Countries covered by the MFAT/MCDEM MoU through the development of National Action Plans and their effective implementation.</p> <ul style="list-style-type: none"> » 100% of the five Pacific Island Countries under the MoU have current National Action Plans for Disaster Risk Management. 	<p>UNDAC 2013/14: 8 members APHP 2013/14: 1 member</p> <p>Participation 2013/14: 88% (7 members)</p> <p>National Action Plans 2013/14: 100%</p>	<p>MFAT/MCDEM MoU data</p>
<p>Increasing leadership and implementation through strategic collaboration and partnerships:</p> <ul style="list-style-type: none"> » International usage of National Library collaborative tools, technologies and expertise <p>Web Curator Tool. Available from webcurator.sourceforge.net. This tool supports the global web archiving community</p> <p>NLNZ Metadata Extract Tool. This tool supports the global digital preservation community.</p> <ul style="list-style-type: none"> » International cooperative arrangements in place with the National Library 	<p>2013/14: (Baseline year)</p> <p>2013/14: 1,536 downloads</p> <p>2013/14: 27,530 downloads</p> <p>2014: 2³⁰</p> <p>2013: 2 (+ National Library of China) Arrangement on co-operation in place with the National Library of China</p> <p>2012: 1 (Singapore National Library Board)</p>	<p>Internal Affairs National Library Data</p>

²⁷ MCDEM transferred to DPMC on 1 April 2014.

²⁸ Programme is managed by a Memorandum of Understanding and is led by MFAT.

²⁹ The United Nations Office for the Coordination of Humanitarian Affairs is reviewing United Nations Disaster Assessment and Coordination.

³⁰ Our arrangement with the National Library of China has developed during 2013/14 and we now have a 'Statement of Intentions' on cooperation.

ORGANISATIONAL HEALTH AND CAPABILITY

Ensuring the Department is fit for purpose is one of our Focus Areas – continuing to build leadership, culture and engagement and laying the groundwork for delivery of our business priorities. We also continued to consolidate our structure and operating models, sharpening our focus and building our capacity to deliver high quality services.

Structural changes

This year we continued to improve our structure. We completed several reviews of particular functions, and revised our structure to ensure it supports our increased ICT leadership responsibilities and the achievement of Result 10. The Ministry of Civil Defence and Emergency Management moved out of the Department of Internal Affairs and into the Department of the Prime Minister and Cabinet to enable a more tightly-coordinated approach to planning for and managing disaster risk across government.

Improved people capability and organisational culture

The Department's first Workforce Strategy was approved in 2012 and we have made good progress on the priority actions identified in it. We refreshed the Strategy to reflect this in 2014. This refresh supports the Department's new and growing role across the public service as well as the results we need to achieve for all of our functions in delivering better services to New Zealanders. The Department is integrating workforce planning into wider Departmental planning, with a focus on building capability to support the Department to deliver on our Workforce Strategy through developing leaders and building culture, capability and capacity.

This reporting period saw another significant lift in employee engagement and we are now on a par with the State sector benchmark. We have improved particularly in areas involving people, communication, fair treatment and recognition and reward. We want to make the Department a great place to work and are continuing our early work on *Creating Our Future* by running workshops around *Building Our Story* in 2014. These workshops will continue to build our sense of belonging, common purpose and connection to the strategic direction of the Department.

We introduced several new courses aligned with building core skills for our people such as Influencing and Stakeholder Management. eLearning has been increasingly used to provide training for tools and processes, including the introduction of new finance systems and our performance planning process. For our senior leaders we have implemented talent development for tier three roles and have a new Advanced Strategy Leadership programme ready for the first cohort to commence in September 2014. To continue the development of our people leaders over the last year we have delivered a further two cohorts of our ten-month core management skills course, Excellerate.

Performance Improvement Framework follow-up review

Following our own 2012 review under the Performance Improvement Framework, a formal review by external PIF lead reviewers confirmed that we had correctly identified our main challenges. These were mostly in the areas of core infrastructure issues that impact on the daily working environment of staff but also around our all-of-government ICT leadership and Better Public Services Result 10. The reviewers were also interested in our culture due to our low (2012) engagement scores. We addressed these issues (and continue to make changes) through the ICT Foundations programme, our *Creating our Futures* workshops and the Corporate Infrastructure Programme. We continue to work closely with central agencies to create a new way of working that is consistent with our roles and responsibilities as a functional leader.

The 2013 PIF follow-up review noted the Department feels different to 2012. The reviewers detected a sense of optimism in the Department, we are more integrated, our purpose is stronger and we have unifying principles to operate by. The people they talked to were much more positive about how far we had progressed. The review also noted we had made good progress in the

all-of-government functional leadership of ICT, and other chief executives were very committed to supporting our work in this area. They also found very high levels of support for Result 10 from the eight agencies involved.

The follow-up review found that we are moving in the right direction towards our excellence horizon, and that we are clear about where we're going. Considering our achievements and the environment we operate in, the reviewers said "it is hard to think that more could have been achieved".

Improved system and infrastructure capability

The Department is committed to improving asset management practices and is expecting to increase its asset management maturity rating from "core" to "intermediate" as measured by the Treasury Capital Asset Management capability assessment within three years. Our capital budgeting for 2013/14 has been improved by including more focus on planning for asset renewals and developing an asset management focus on high risk service assets. An Asset Management Plan is under development for the whole Department and is a focus for the four year plan.

The Department has made progress against its Property Strategy with co-locations with other Government agencies achieved in Auckland, New Plymouth, Invercargill, Dunedin and Lower Hutt. More are in the pipeline for 2014/15 and 2015/16. We have reduced our accommodation footprint by making better use of existing spaces and accommodating new functions within our current footprint.

The Department is one of the agencies participating in the all-of-government Property Management Centre of Expertise led by the Ministry of Social Development. The Department is currently part of the Wellington Accommodation Project which is looking at the Department's future locations when leases expire in 2017.

Within the Corporate Foundations Programme, a programme of work is underway to deliver a modern, secure and fit for purpose ICT environment. The programme has made significant progress in adopting ICT common capabilities, supporting the Department's all-of-government role in promoting and managing them.

The Department is refreshing its enterprise wide ICT strategy and roadmap in line with the broader ICT strategy of government to guide future ICT initiatives and investment. Within this ICT strategy, focus continues on transforming core ICT services to enable a more productive department, while also ensuring ICT is flexible, reliable and more secure. A number of significant investments continued to be made to enhance public facing and regulatory services across critical service delivery platforms, including passports, RealMe, grants management, anti-money laundering operations, and gambling compliance.

The Department's Enterprise Portfolio Management Office (EPMO) is being enhanced to ensure it has the capability and capacity to support the complex Departmental Portfolio.

An enhanced EPMO will support an organisational capability build in governance and delivery and ensure a consistent approach to the management of programmes and projects. It will continue to develop and embed the Portfolio Management framework, ensuring investment decisions are focused on a prioritised portfolio. The EPMO will also provide a greater level of independent oversight, to ensure issues are identified and escalated appropriately.

Spotlight on ICT achievements

Modernising our own ICT foundational infrastructure with the use of all-of-government common capabilities included: rollout of a modernised desktop using Desktop as a Service, refreshing computer infrastructure through Infrastructure as a Service, strengthening the network through adopting one-govt products, and rollout of Wi-Fi at a number of sites.

ICT managed services has been stable with strong service level agreement performance despite a high rate of change over the environment and the lifecycle position of a number of assets.

The rate and complexity of change driven through ICT enabled projects have been significant with the largest ICT project portfolio ever undertaken in the Department and a number of significant business projects achieving major milestones.

Maintained sound financial management

The Financial Application and Service Transformation (FAST) project includes implementing a new shared financial services model with Inland Revenue (IR) and introducing a new purchasing approach for the Department. Under the shared service arrangement, IR will provide a fully integrated financial management information system (known as SAP) as well as transaction processing and system support services to the Department.

The key benefits of the FAST project include replacing ageing technology that is not of current industry standard, standardising and improving processes, and making better use of existing investments within the public service through sharing investment with IR. New purchase-to-pay systems have been implemented, making it easier to purchase best-value goods and services.

Our workforce profile

At 30 June 2014 we had 2,011.6 full-time equivalent permanent and fixed term staff.

- » The average age of our employees is 40 years, with 29.7 per cent under 35 years and 17.6 per cent over 55 years.
- » We have a gender split of 60 per cent female and 40 per cent male.
- » 8.9 per cent identify as Māori, compared with a public sector average of 16.5 per cent.
- » 6.8 per cent identify as Pacific, compared with a public sector average of 7.7 per cent.
- » The Department's overall voluntary turnover is 13.2 per cent.

Measuring progress

Indicators	Progress	Data sources
<p>We attract high-quality people in the most cost-effective way possible and create a positive experience for applicants and managers</p> <p>» End-to-end recruitment process complete within 60 days</p>	<p>2013/14: 63%</p> <p>2012/13: 48%</p> <p>2011/12: 53%</p>	<p>Internal Affairs HR data</p>
<p>We have a healthy turnover rate and do not experience low or sudden drops in our retention rate</p> <p>» Reduce current core unplanned turnover rate against the public sector core unplanned turnover average</p>	<p>2013/14: 13.2% (public sector 10.5%)</p> <p>2012/13: 14.9% (public sector 11.4%)</p> <p>2011/12: 14% (public sector 11%)</p>	<p>Internal Affairs HR data</p>
<p>Staff have a comparatively high level of engagement and this supports the Department in being a high-performing organisation</p> <p>» Increased engagement levels for staff in annual engagement survey</p> <p>» Percentage of DIA engaged level to exceed State sector benchmark by 2017</p>	<p>2014: 20.2%</p> <p>2013: 14.2%</p> <p>2012: 9.3%</p> <p>2014: 19%</p> <p>2013: 14.2%</p> <p>(Benchmark 21%)</p>	<p>DIA annual engagement survey</p> <p>SSC reported data on overall State sector engagement</p>
<p>The Department effectively manages its footprint and generates savings</p> <p>» Total office accommodation per person will reduce from the current 20.77 square metres per person [BASS] to a range of 14-16 square metres per person by 2017/18</p>	<p>2013: 19 m²</p> <p>2012: 20.77 m²</p>	<p>Square metres per FTE [BASS]³¹</p>
<p>The public and government have confidence in our financial information</p> <p>» Unqualified independent audit opinion shows the Department's financial information is fairly presented</p>	<p>2013/14: Unqualified</p> <p>2012/13: Unqualified</p> <p>2011/12: Unqualified</p>	<p>Annual independent audit</p>
<p>The Department has a reputation for being timely in its payments</p> <p>» Invoice to payment cycle is equal or better than the public service average as published in Dun and Bradstreet</p>	<p>2012/13: 41 days</p> <p>2011/12: 35 days</p> <p>[Public Service average 44.2 days]</p>	<p>Dun and Bradstreet data</p>

31 This metric is now calculated by the Property Management Centre of Expertise. The 2013 figure is the most up-to-date at the time of publication.

Indicators	Progress	Data sources
The Department's corporate infrastructure is robust and fit for purpose.		
» Shared Financial Services with Inland Revenue operational from October 2013	Not achieved ³²	Internal Affairs data
» Optimise HR – As lead agency complete next phase by November 2013 ³³	Achieved	
» Network and ICT Transformation [ICT Foundations Programme] to be delivered progressively by contributing to projects with programme 95% complete by June 2014, 100% by August 2014	Not achieved (92% at 30 June 2013)	

32 Crown and Non-Departmental operational with Inland Revenue from 1 April 2014. Departmental operational from 1 July 2014.

33 The next phase included the following: agreeing the future state service delivery model; confirming the current state baseline; assessing change readiness; undertaking a market scan; developing a detailed business case. This phase was completed. Following review of the business case the project was stopped.

OBJECTIVES INDICATORS

We used the indicators below to track progress towards our objectives.

Objective	Indicators	Trend	Data source
To enhance trust in government and confidence in the performance of public sector organisations	Increasing the number of people who have a high level of trust and confidence in the performance of public sector organisations:		
	» Overall quality score for public services	Mar 2014: 72 2013: 73 2012: 72 2009: 69 2007: 68	Kiwis Count Survey – New Zealanders’ satisfaction with public services (State Services Commission) ³⁴
	» New Zealanders’ positive rating of overall trust in public services	Mar 2014: 44% 2013: 41% 2012: 42% 2009: 33% 2007: 29%	
	» New Zealanders’ positive rating of trust in their most recent service interaction	Mar 2014: 77% 2013: 77% 2012: 75% 2009: 70% 2007: 67%	
	» New Zealanders who agree that public services are a good example of tax dollars spent	Mar 2014: 73% 2013: 72% 2012: 64% 2009: 64% 2007: 55%	
	» Service quality score for Passports (annual score)	Mar 2014: 79 2013: 79 2012: 79 2009: 77 2007: 76	
	» Service quality score for registering a birth, death, marriage or civil union (annual score)	Mar 2014: 76 2013: 80 2012: 76 2009: 75 2007: 72	
	Maintaining New Zealand’s ranking in the Corruption Perceptions Index	2013: 1st Equal 2012: 1st 2011: 1st 2010: 1st 2009: 1st	Transparency International

While our work makes an important contribution to achieving objectives, the above indicators are influenced by environmental factors beyond the impact of the Department’s activities and services. Due to the high-level and long-term nature of objective indicators, some data sources are not conducted on an annual basis. We have reported on the most up-to-date data available.

34 Kiwis Count March 2014 Quarterly update published in June 2014.

PART B – SERVICE PERFORMANCE

This section summarises our performance against the performance measures set out in the Information Supporting the Estimates of Appropriations.

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STATEMENT OF RESPONSIBILITY

As Secretary for Internal Affairs I am responsible, under the Public Finance Act 1989, for the preparation of the Financial Statements, the Statement of Service Performance, the Forecast Financial Statements, and the judgements made in the process of producing those statements.

The Department has a system of internal control and this has provided reasonable assurance as to the integrity and reliability of financial reporting. In my opinion the Financial Statements and Statement of Service Performance and Forecast Financial Statements fairly reflect the financial position and operations of the Department of Internal Affairs for the year ended 30 June 2014.



Colin MacDonald

Chief Executive
September 2014



Matthew Needham

Chief Financial Officer
September 2014

INDEPENDENT AUDITOR'S REPORT

To the readers of the Department of Internal Affairs's financial statements, non-financial performance information and schedules of non-departmental activities for the year ended 30 June 2014

The Auditor-General is the auditor of the Department of Internal Affairs (the Department). The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, the non-financial performance information and the schedules of non-departmental activities of the Department on her behalf.

We have audited:

- the financial statements of the Department on pages 109 to 149, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Department that comprises the statement of service performance on pages 56 to 106 and the report about outcomes and objectives on pages 12 to 44 and page 50; and
- the schedules of non-departmental activities of the Department on pages 153 to 178 that comprise the schedule of assets, schedule of liabilities and revaluation reserves, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2014, the schedule of revenue, schedule of expenditure, schedule of expenditure and capital expenditure against appropriations, schedule of unappropriated expenditure and capital expenditure and the schedule of trust monies for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Department on pages 109 to 149:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Department's:
 - financial position as at 30 June 2014;
 - financial performance and cash flows for the year ended on that date;
 - expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2014; and
 - unappropriated expenses and capital expenditure for the year ended 30 June 2014.
- the non-financial performance information of the Department on pages 12 to 44, 56 to 106 and page 50:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Department's service performance and outcomes and objectives for the year ended 30 June 2014, including for each class of outputs:
 - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

- the schedules of non-departmental activities of the Department on pages 153 to 178 fairly reflect, in accordance with the Treasury Instructions:
 - the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2014 managed by the Department on behalf of the Crown; and
 - the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Department on behalf of the Crown.

Our audit was completed on 30 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, the non-financial performance information and the schedules of non-departmental activities are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements, the non-financial performance information and the schedules of non-departmental activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the financial statements, the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to

which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- the appropriateness of the reported non-financial performance information within the Department's framework for reporting performance;
- the adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- the overall presentation of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the non-financial performance information and the schedules of non-departmental activities. Also we did not evaluate the security and controls over the electronic publication of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Department's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure;
 - fairly reflect its service performance, outcomes and objectives; and

- schedules of non-departmental activities, in accordance with the Treasury Instructions, that fairly reflect those activities managed by the Department on behalf of the Crown.

The Chief Executive is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements, non-financial performance information and schedules of non-departmental activities that are free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the financial statements, non-financial performance information and schedules of non-departmental activities, whether in printed or electronic form.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, the non-financial performance information and the schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to the audit we have carried out an assignment witnessing the Passport Key Generation Ceremonies, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Department.



Clare Helm
Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

INTRODUCTION

This section summarises our performance against the measures set out in the Information Supporting the Estimates of Appropriations for each of the portfolios in Vote Internal Affairs.

The links between the Department's outcomes and objectives, and Output Appropriations are provided in Appendix II.

We have assessed whether we met the standards associated with each output, and have provided an explanation where there is a significant difference between the standard and what we achieved. We have also included comparable information from 2012/13 where possible.

Note on definitions used for output performance measures

The following section includes measures of performance and measures of activity:

- » **Performance information** relates to output performance dimensions such as quality and timeliness that are within the Department's control.
- » **Activity information** relates to output volume measures that are demand driven and therefore outside the Department's control.

PORTFOLIO INDEX

The table below provides an index of performance measures within the seven portfolios supported by the Department of Internal Affairs.

PORTFOLIO	OUTPUT APPROPRIATION	PORTFOLIO	OUTPUT APPROPRIATION	
Internal Affairs	Civic Information Services MCOA	Ethnic Affairs	Community Information and Advisory Services MCOA	
	Community Information and Advisory Services MCOA		Ministerial Support Services MCOA – Ethnic Affairs	
	Contestable Services RDA		Policy Advice MCOA – Ethnic Affairs	
	Information and Technology Services MCOA	Racing	Ministerial Support Services MCOA – Racing	
	Ministerial Support Services MCOA – Crown Entity Monitoring		Policy Advice MCOA – Racing	
	Ministerial Support Services MCOA – Internal Affairs		Community and Voluntary Sector	Administration of Grants
	Policy Advice MCOA – Internal Affairs			Community Information and Advisory Services MCOA
	Regulatory Services MCOA			Ministerial Support Services MCOA – Community and Voluntary Sector
Support for Statutory and Other Bodies MCOA	Policy Advice MCOA – Community and Voluntary Sector			
Ministerial Services	Ministerial Support Services MCOA – Ministerial Services	Regulatory Services MCOA		
	Services Supporting the Executive MCOA	Community Funding Schemes MCA		
	Support for Statutory and Other Bodies MCOA	Civil Defence and Emergency Management	Community Information and Advisory Services MCOA	
Local Government	Local Government Services		Emergency Management Services MCOA	
	Ministerial Support Services MCOA – Local Government		Ministerial Support Services MCOA – Civil Defence	
	Policy Advice MCOA – Local Government		Policy Advice MCOA – Civil Defence	
Pitt Island Wharf Reconstruction				

VOTE INTERNAL AFFAIRS

APPROPRIATION: Administration of Grants

Under this appropriation we administer the processes supporting government grant funding schemes, from receiving applications to monitoring grant recipients.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
3,752	Revenue Crown	3,632	3,788	3,788
-	Revenue third parties	18	-	-
3,752	Total Revenue	3,650	3,788	3,788
3,588	Expenses	3,650	3,788	3,763
164	Net Surplus/(Deficit)	-	-	25

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$138,000 was due to an expense transfer from 2012/13 to 2013/14 for the Grants and Client Management Systems project (increase of \$164,000). The increase was partially offset by the elimination of residual Kiwisaver and State Sector Retirement Savings Scheme expenditure (decrease of \$18,000) and a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$8,000).

Administration of Grants – Community

Performance Information

Community Organisation Grants Scheme (COGS)	Standard	2012/13	2013/14
COGS grant applications are processed from receipt to payment within agreed timeframes	At least 95% (of 4,600–5,300)	New measure	96.2%
Distribution committee decisions are consistent with priorities, policies and procedures ³⁵	At least 95% of sample reviewed	Achieved for 5% of each committee	100%
Distribution committee satisfaction with operational support received	At least 80% received as '4' or better	New measure	98.4%
Crown Community Grants Schemes (excl COGS)	Standard	2012/13	2013/14
Grant applications processed from receipt to payment within agreed timeframes	At least 95% (of 190–230)	New measure	Not achieved* (94% of 233)
Crown grant distribution committee decisions are consistent with priorities, policies and procedures	At least 95% of sample reviewed	New measure	95%

³⁵ Last year – grant distribution committee procedures and decisions reviewed (sample-based) – consistent with requirements and guiding principles.

Activity Information

	Standard	2012/13	2013/14
Application levels for grant schemes (Other Expense Appropriations) administered:			
» Community Development Scheme (\$5.072m)	Combined: 190–230	206	233
» Community Internship Programme (\$231,000)			
» Digital Literacy and Connection (\$3.723m)			
» Support for Volunteering (\$502,000)			
» Youth Workers Training Scheme (\$200,000)			
Community Organisation Grants Scheme (\$12.500m)	4,600–5,300	5,286 ³⁶	5,478

* This was a new measure for 2013/14 and the target of 95% was a stretch target. There were also difficulties in capturing the results accurately in our current system and it is likely the result is better than reported. These issues will be resolved with the introduction of a new Grants and Client Management System in October 2014 and with the valuable information gained this year we are confident the target will be met in 2014/15.

³⁶ This figure was reported as 5,514 in the Annual Report 2012/13, which is the total number of COGS applications received, including applications not considered by COGS committees because they are ineligible or incomplete. We have now changed the way we define the measure, and are reporting the total number of applications considered by COGS committees we have updated the 2013/14 figure accordingly.

MULTI-CLASS OUTPUT APPROPRIATION: **Civic Information Services** **[MCOA]**

OUTPUT EXPENSE: **Managing and Accessing Identity Information**

Under this output expense we provide effective management of New Zealand's records of identity including: issuing identity documents and New Zealand passports; processing citizenship applications; registering births, deaths, marriages and civil unions; developing authorised information-matching programmes with specified government agencies; providing data or data verification to government agencies to enable identity verification in a digital environment and to enhance border processes and facilitate travel; working across government to develop systems and processes for the verification and authentication of identity and to facilitate good practice based on Evidence of Identity Standard, and authenticating official documents, and coordinating the congratulatory message service.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
22,584	Revenue Crown	22,731	21,788	21,788
104,631	Revenue third parties	119,641	103,863	102,069
127,215	Total Revenue	142,372	125,651	123,857
127,064	Expenses	151,190	150,130	139,746
151	Net Surplus/(Deficit)	(8,818)	(24,479)	(15,889)

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$1.060 million was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$1.661 million) and a reduction in expenditure associated with the 2012 Passport fee reduction (decrease of \$1.200 million). These decreases were partially offset by agency charges associated with RealMe (increase of \$1.050 million), an expense transfer from 2012/13 to 2013/14 for amendments to the RealMe work programme (increase of \$718,000) and demand for Authentication Services (increase of \$33,000).

Actual expenditure was 7% lower than the Supplementary Estimates, primarily due to lower than anticipated expenditure associated with identity products. In addition, operating expenditure relating to several passport projects did not eventuate as the projects were deferred.

Citizenship

Performance Information	Standard	2012/13	2013/14
Applications for grant of citizenship to foreign nationals recommended to the Minister within 100 days of receipt of correct applications	At least 85% (of 21,000–25,000)	97.96% (of 27,609) ³⁷	97.24% (of 27,031)
Applications for registration of citizenship, not involving adoption, processed within 20 days of receipt of correct applications	At least 95% (of 7,000–9,500)	97.17% (of 10,197)	98.86% (of 10,435)
Certificates of citizenship status issued within 15 days of receipt	At least 95% (of 2,500–4,000)	95.98% (of 2,072)	100% (of 1,820)
Citizenship documents issued without error	At least 95% (of 28,000–34,500)	99.67% (of 37,806)	99.69% (of 37,747)
Customer satisfaction with the citizenship service received	At least 75% assessed as '3' or better	89%	90%

Passports

Performance Information	Standard	2012/13	2013/14
Passports, certificates and other travel documents issued without error	At least 99%	99.95%	99.96%
Passports issued within stated timeframes of receipt of correct applications:			
» standard passports – within 10 days	At least 99% (of 549,000–619,000)	99.99% (of 570,506)	99.97% (of 591,051)
» urgent passports – within 3 days	At least 99% (of 45,000–55,000)	99.95% (of 45,078)	99.84% (of 47,939)
Percentage of applications for adult passport renewals via the online service	35%	New measure	36.02%
Customer satisfaction with the passport service received	At least 75% assessed as '3' or better	91%	91%

Births, Deaths, Marriages and Civil Unions

Performance Information	Standard	2012/13	2013/14
Registration of birth, death, marriage and civil union information:			
» accuracy – issued without error	At least 99%	99.83%	99.52%
» registration of death information will occur within the agreed timeframe on receipt of correct notification: 2 days	At least 99%	99.85% (of 30,163)	100% (of 30,030)
» registration of birth information will occur within the agreed timeframe on receipt of correct notification: 8 days	At least 99%	New measure	99% (of 59,978)
Birth, death, marriage and civil union certificates:			
» issued without error	At least 99% (of 220,000–250,000)	99.8% (of 268,010)	99.53% (of 264,540)
Birth, death, marriage and civil union certificates will be issued within the agreed timeframe on the receipt of a correct application: 5 days	At least 99%	99.77%	100%
Birth, death, marriage and civil union printouts issued within 7 days of the receipt of correct application:	At least 98%	99.88%	100%
Customer satisfaction with the birth, death, marriage and civil union service received ³⁸	At least 75% assessed as '3' or better	90%	93%

³⁷ Last year's standard was within 4 months.

³⁸ Identity Services customers are asked to assess the quality of the service they received on a five-point scale: Very Good, Good, Satisfied, Poor, Very Poor.

Identity and Authentication Services

Performance Information

	Standard	2012/13	2013/14
Number of public and private RealMe services that are available for use:			
>> logon	10	New measure	13
>> identity verification	2	New measure	4
Number of new RealMe accounts created:			
>> account (verified)	50,000–100,000	New measure	15,212*
>> account (basic)	150,000–200,000	New measure	532,591
Clients are satisfied with the services provided	At least 75% assessed as '3' or better	New measure	80%
Customers are satisfied with the RealMe services provided	At least 75% assessed as '3' or better	New measure	87%

* The uptake of RealMe verified accounts has been lower than originally anticipated. New organisations only used RealMe for a short period during the 2013/14 year, and it was signalled in the January-March Quarter that this measure was unlikely to be achieved for 2013/14. No major government service has integrated the service (other than Elections, which went live on 30 June). As such, demand by customers to get a verified account has been limited.

Authentications Unit and Congratulatory Message Service

Performance Information

	Standard	2012/13	2013/14
Number of congratulatory message requests processed	1,100–1,200	New measure	1,797
Timeliness – delivered within agreed timeframes:			
>> authentications	At least 98% (of 18,000–22,000)	99.9% (of 20,716)	100% (of 20,262)
Accuracy – authentication confirmations returned by customers as inaccurate	No more than 1%	0.01%	0.07%

OUTPUT EXPENSE: **Managing and Accessing Knowledge Information**

Under this output expense we manage public archives in both physical and digital formats on behalf of the Crown, provide public access to archives held by Archives New Zealand, provide services which assist access to library collections and other information, collect and preserve published and unpublished items for the National Library and Alexander Turnbull Library collections, provide library and information services and products to schools in support of the national curriculum, and administer the Public Lending Right for New Zealand Authors Scheme.

2012/13		2013/14			
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual	
80,964	Revenue Crown	82,748	84,924	84,924	
7,185	Revenue third parties	7,297	7,850	7,148	
88,149	Total Revenue	90,045	92,774	92,072	
87,440	Expenses	89,918	92,720	96,740	
709	Net Surplus/(Deficit)	127	54	(4,668)	

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$2.802 million was due to capital charge as a result of asset revaluations in June 2013 (increase of \$982,000), a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$767,000), demand for services provided by the National Library (increase of \$220,000), digitisation work for Auckland libraries and other partners (increase of \$200,000), Kotui shared library and resource discovery service (increase of \$171,000), services provided by Archives New Zealand (increase of \$100,000) and rental from retail and venue hire (increase of \$47,000) and expense transfers from 2012/13 to 2013/14 for the National Library and Archives New Zealand Strategic Partnership Programme (increase of \$285,000), the Government Digital Archive project (increase of \$159,000) and the Digitisation of New Zealand Defence Force records (increase of \$140,000). These increases were partially offset by a transfer of funding to the Emergency Management Services MCOA and the Community Information and Advisory Services MCOA to provide support for the development programme for Civil Defence and Emergency Management controllers and for the Ministry of Civil Defence and Emergency Management website redevelopment (decrease of \$125,000), demand for Electronic Purchasing in Collaboration services (decrease of \$112,000) and a transfer of funding to the Information and Technology Services MCOA to reflect the Department of Internal Affairs contribution towards Optimise HR (decrease of \$32,000).

Actual expenditure was 4% higher than the Supplementary Estimates, primarily due to the impairment of two projects, Active Archives and Government Digital Archive.

National Archives – Managing Public Archives

Performance Information

	Standard	2012/13	2013/14
Number of transfers received from public offices completed (includes physical and digital)	60-80	71	74
Pages (or similar) of archives items digitised	400,000–500,000	706,462	1,773,378*
Storage environments maintained to required standards 24 hours a day, 7 days a week:			
» temperature	At least 80%	84.43%	93.9%**
» relative humidity	At least 80%	76.64%	81.4%

Activity Information

	Standard	2012/13	2013/14
Archives held in storage: physical archives – linear metres (LM)	104,000–108,000 LM	104,227LM	105,748LM

* The target for pages digitised was exceeded by a large margin because there were more World War One service personnel files identified and these files were largely digitised in 2013/14 as there was a commitment to digitise all the World War One personnel files by the 100th anniversary of the start of the war in August. A programme largely using volunteer labour to digitise probate files is also underway and this provides additional resource at low cost for digitisation. This initiative will continue through 2014/15 which means that the target is likely to be exceeded in 2014/15 as well.

** The target for maintaining the storage environment – relative humidity was exceeded because there were more parts of the archive repositories that had stable environments through the year. There have been fewer parts of the repository that have not met the relative humidity standard as a result of work to address the environment for the parts of the repository where problems have been experienced in the past. There has been an improvement over the past two years to achieve and then exceed the target.

National Archives – Provision of Access to Public Archives

Performance Information

	Standard	2012/13	2013/14
Availability of online services 24 hours a day, 7 days a week	At least 99%	97.79%	98.8%*
Number of items produced in public reading rooms	20,000–30,000	New measure	43,784**
Copies of archives newly made available online	30,000–50,000	13,986	78,467***

* Online services were available 24 hours a day, 7 days a week 98.8% of the time. Although there was a slight improvement in the final quarter, minimising system outages and scheduled maintenance downtime remains an issue.

** The number of items produced in public reading rooms exceeded the target range in 2013/14. The demand for items in the reading rooms is influenced by factors like the number of items available viewing online and the extent to which items are described and therefore easy to identify and request. The target for reading room items has been reduced in recent years as some heavily used groups of records are digitised and therefore will no longer attract reading room productions and because the Christchurch office had to reduce opening hours and delivery times due to damage caused by the 2011 earthquakes. The demand for items to be produced in the reading room has not dropped as much as expected however, which reflects that some groups of records have become easier to search for and request.

*** The target for the number of copies of archives newly made available online was exceeded because the number of items within the scope of digitisation initiatives was larger than the initially estimated, and a higher level of output was able to be achieved. This measure largely reflects the effort put into digitising a number of unit war diaries, the Chinese Poll Tax files, and the World War One service personnel files which were larger in numbers than had been anticipated.

National Library – Access to Information

Performance Information

	Standard	2012/13	2013/14
Requests (non-school) for the off-site supply of documents – completed within 2 days of receipt	At least 90% (of 10,000–15,000)	98% (of 12,490)	99% (of 10,220)
Public Lending Right payments to all authors eligible for payment made within the timeframe stipulated by regulation	100% (of 1,800–1,900)	99% (of 1,702)	Not achieved* (97% of 1,687)
Digitised items newly available for access online	At least 450,000	660,535	472,540
Availability of online services 24 hours a day, 7 days a week	99%	99%	99%

Activity Information

	Standard	2012/13	2013/14
New Zealand libraries participating in Te Puna (catalogue and interloan services)	92% (of 255–265)	91.4% (of 257)	92% (of 255)
Visits to National Library reading rooms	80,000–90,000	72,095	71,591
Availability of Te Puna catalogue and interloan services to subscribers during advertised hours	At least 95%	Revised	99%

* 1,634 authors were paid within the December 2013 timeline but database errors saw 53 authors not paid within the timeframe. They either have received or will receive their full payment for the 2013 registration year and the database errors will be addressed for the 2014 registration year.

National Library – Collecting and Preserving Information

Performance Information

	Standard	2012/13	2013/14
Of the acquisitions to the Alexander Turnbull Library (new heritage collections):			
» accession records for unpublished items completed within 10 days of receipt	At least 80% (of 1,000–1,500)	82% (of 8,329)	85% (of 1,107)
» descriptive records for unpublished items added within 20 days of accession	At least 95% (of 1,000–1,500)	87% (of 8,329)	94% (of 1,240)*
'At risk' items digitised or digital formats transformed:			
» audio-visual items	At least 120	Revised	652**
» images	At least 270	Revised	819**
Published acquisitions to the Alexander Turnbull Library (new heritage collections)	65,000–75,000	66,190	73,978
Microfilm frames of 'at-risk' newspapers created as part of the Newspaper Preservation Programme	250,000	250,795	256,040

* Priority has been given to improving the system in order to speed up the process and improve the quality of descriptive records, and performance is only 1% under standard. A procurement process for the replacement of the system to improve the quality of descriptive records is under way.

** There is considerable variability from year to year in the actual output for this measure, due to the unpredictability of the number and size of 'at risk' collection items curators identify that require digitisation or digital transfer. We sought to reflect a known minimum rather than a target maximum in the performance standard.

Activity Information

	Standard	2012/13	2013/14
Records added to the information system for unpublished items	18,000–28,000	37,172	31,301

National Library – Library and Information Services to Schools

Performance Information

	Standard	2012/13	2013/14
Requests for the supply of:			
» items from the schools collections met within 5 days of receipt	At least 75% (of 35,000–40,000)	84% (of 35,031)	77% (of 36,358)
Advisory support provided to targeted schools	At least 75% (of 750–850)	83% (of 800)	76% (of 773)

Activity Information

	Standard	2012/13	2013/14
Items supplied on request from the schools collection	900,000–950,000	888,411	938,803
Visits to schools online services	150,000–180,000	New measure	243,378

OUTPUT EXPENSE: Publishing Civic Information

Under this output expense we publish information through the *New Zealand Gazette*

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
-	Revenue Crown	-	-	-
930	Revenue third parties	844	937	876
930	Total Revenue	844	937	876
1,022	Expenses	850	1,018	1,015
(92)	Net Surplus/(Deficit)	(6)	(81)	(139)

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$168,000 was due to depreciation expenditure associated with the capitalisation of Gazette online.

New Zealand Gazette

Performance Information

	Standard	2012/13	2013/14
Accuracy – notices published consistent with text supplied by clients	At least 99% (of 8,000–10,000)	99.99% (of 8,454)	99.98% (of 7,290)

Activity Information

	Standard	2012/13	2013/14
Issues of the <i>New Zealand Gazette</i> published each year	160 (1–140 pages each)	159	157*

* The reduction in demand for special supplement editions of the *Gazette* has resulted in a decrease in the overall number of editions for the year.

MULTI-CLASS OUTPUT APPROPRIATION: **Community Information and Advisory Services [MCOA]**

OUTPUT EXPENSE: **Advisory and Information Services to Ethnic Communities**

Under this output expense provision we provide advisory and information services to ethnic communities; management of the contract for the telephone interpreting service (Language Line); and provide information and training to ethnic communities and agencies using Language Line.

2012/13				2013/14	
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual	
4,025	Revenue Crown	3,455	4,134	4,134	
1,238	Revenue third parties	1,291	1,356	1,382	
5,263	Total Revenue	4,746	5,490	5,516	
5,136	Expenses	4,746	5,490	5,530	
127	Net Surplus/(Deficit)	-	-	(14)	

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$744,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$526,000), expense transfers from 2012/13 to 2013/14 for the Language Line promotional strategy and materials (increase of \$105,000) and for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$22,000), the transfer of responsibility for the "Settling In" Programme from Vote Social Development with effect from 1 April 2014 (increase of \$100,000) and a funding contribution towards the Ethnic People in Commerce project (increase of \$65,000). These increases were partially offset by a transfer of funding to the Support for Statutory and Other Bodies MCOA to reflect a realignment of expenditure for the provision of secretariat support for the Chinese Poll Tax Heritage Trust (decrease of \$74,000).

Performance Information

	Standard	2012/13	2013/14
Intercultural Awareness and Communication programme training sessions, including train the trainer, sessions held	15-20 (400-450 participants)	32 (457 participants)	15 (288 participants)
Forums and workshops for ethnic communities held	30-40 (600-650 participants)	42 (980 participants)	26 (969 participants)*
Respondent satisfaction with the quality of advisory services provided	At least 95% assessed as 'Satisfactory' or better	96%	99%
Interpreting clients connected with an appropriate interpreter within 2 minutes of a call to Language Line	At least 95%	98.91% (of 49,038)	98.57% (of 54,822)

Activity Information

	Standard	2012/13	2013/14
Agencies with agreements for the provision of telephone interpreting services through Language Line	85	96	100

* The number of forums and workshops is below the standard measure due to a clarification of the method of measurement. The standard was incorrectly set due to inclusion of additional activity that is not being reported for 2013/14.

OUTPUT EXPENSE: Community Development and Engagement Advice

Under this output expense we provide advisory services to assist and guide community development activities and to assist government agencies to engage and interact with communities and community groups.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
5,692	Revenue Crown	4,969	4,884	4,884
-	Revenue third parties	38	-	-
5,692	Total Revenue	5,007	4,884	4,884
5,688	Expenses	5,007	4,884	4,767
4	Net Surplus/(Deficit)	-	-	117

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$123,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$89,000), the elimination of residual Kiwisaver and State Sector Retirement Savings Scheme expenditure (decrease of \$29,000) and demand for the provision of services (decrease of \$9,000). These decreases were partially offset by an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$4,000).

Performance Information

	Standard	2012/13	2013/14
Customer satisfaction with community advisory projects and activities:			
>> advisory projects are considered effective	At least 85%	New measure	78%*
>> other advisory activities are considered effective	At least 85%	New measure	88%
Number of community advisory projects completed	45-55	53	89

* A standard of 85% is a stretch target for this measure, and a standard of 75% would be consistent with other customer satisfaction surveys run by the Department. Note that this is a small pool of thirty seven respondents, and 1 or 2 less positive responses can have a significant impact on overall results. 97% of respondents thought the service was somewhat effective or better.

OUTPUT EXPENSE: Community Archives Support

Under this output expense we provide support for community, iwi and hapū organisations and other jurisdictions in preserving and managing their own records and archives and making them available.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
69	Revenue Crown	69	84	84
6	Revenue third parties	31	31	(5)
75	Total Revenue	100	115	79
123	Expenses	100	115	69
(48)	Net Surplus/(Deficit)	-	-	10

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$15,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$15,000). Actual expenditure was 40% lower than the Supplementary Estimates, primarily due to lower provision of services to third parties and accordingly, lower expenditure associated with the provision of services.

Performance Information

	Standard	2012/13	2013/14
Availability of the online descriptive tool 24 hours a day, 7 days a week	At least 99%	99.8%	99.59%

OUTPUT EXPENSE: Community Information – Civil Defence Emergency Management

Under this output expense we develop and deliver long-term national programmes to raise individual and community awareness and preparedness.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
1,611	Revenue Crown	1,331	1,131	1,131
26	Revenue third parties	23	89	89
1,637	Total Revenue	1,354	1,220	1,220
1,570	Expenses	1,354	1,220	1,220
67	Net Surplus/(Deficit)	-	-	-

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$134,000 was due to the transfer of Ministry of Civil Defence and Emergency Management functions and associated funding to Vote Prime Minister and Cabinet with effect from 1 April 2014 (decrease of \$310,000). The decrease was partially offset by a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$75,000), the provision of services to the Ministry of Foreign Affairs and Trade for disaster risk management support for the United Nations Office of the Coordination of Humanitarian Affairs and disaster risk management support for Pacific Island countries (increase of \$75,000), an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$19,000) and a transfer of funding from the Civic Information Services MCOA to provide support for the development programme for Civil Defence and Emergency Management controllers and for the Ministry of Civil Defence and Emergency Management website redevelopment (increase of \$7,000).

Performance Information

	Standard	2012/13	2013/14 ³⁹
Advertising reaches the targeted audience demographic (assessed quarterly): television – at least 70%	Achieved – for at least 3 quarters	Not achieved	Q1: 82% Q2: 0%* Q3: 70%
Advertising reaches the targeted audience demographic (assessed quarterly): radio – at least 45%	Achieved – for at least 3 quarters	Not achieved	Not achieved**
Availability of the civil defence website 24 hours a day, 7 days a week	At least 99.9%	99.91%	99.65%

* There was no television advertising in Q2 due to financial constraints.

** Although some local CDEM groups maintained radio advertising, all funding for national radio advertising was channelled into television, due to financial constraints.

³⁹ MCDEM transferred to DPMC on 1 April 2014. Performance indicators are reported for the period up to 30 March 2014 and unless otherwise stated are an average of Q1, Q2, and Q3 data.

APPROPRIATION: **Contestable Services [RDA]**

Under this appropriation we provide translation and other language services to government agencies and the public, and support services to government agencies.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
-	Revenue Crown	-	-	-
896	Revenue third parties	900	1,010	1,050
896	Total Revenue	900	1,010	1,050
888	Expenses	900	1,010	1,026
8	Net Surplus/(Deficit)	-	-	24

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$110,000 was due to an increase in demand for Translation Services.

Translation Services

Performance Information

	Standard	2012/13	2013/14
Translations provided within timeframes agreed with service providers	At least 99% (of 6,500-7,500)	99.45% (of 8,050)	99.33% (of 6,095)
Customer satisfaction with the quality of translation services provided ⁴⁰	Assessed as 'Satisfied' or better (at least 99%)	95%	94.37%*

* This performance standard was unrealistic and has been changed for 2014/15 to align with Citizenship and BDM customer satisfaction measures, as translations are often undertaken to support these processes. The new standard for 2014/15 is - at least 85% as Satisfied or better.

⁴⁰ Customers are asked to assess quality of translation services provided on a five point scale: Very Good, Good, Satisfied, Poor, Very Poor.

MULTI CLASS OUTPUT APPROPRIATION: **Emergency Management Services [MCOA]**

OUTPUT EXPENSE: **Management of National Emergency Readiness, Response and Recovery**

Under this output expense we manage national emergency readiness, response and recovery, including: support to local civil defence emergency management organisations, maintaining the National Crisis Management Centre in a state of readiness, national training and education, coordination and management of central government's response and recovery activities and administration of related expenses.

2012/13				2013/14	
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual	
3,961	Revenue Crown	3,736	2,863	2,863	
97	Revenue third parties	86	333	333	
4,058	Total Revenue	3,822	3,196	3,196	
4,235	Expenses	3,822	3,196	3,196	
(177)	Net Surplus/(Deficit)	-	-	-	

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$626,000 was due to the transfer of Ministry of Civil Defence and Emergency Management functions and associated funding to Vote Prime Minister and Cabinet with effect from 1 April 2014 (decrease of \$858,000) and a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$166,000). These decreases were partially offset by the provision of services to the Ministry of Foreign Affairs and Trade for disaster risk management support for the United Nations Office of the Coordination of Humanitarian Affairs and disaster risk management support for Pacific Island countries (increase of \$281,000), a transfer of funding from the Civic Information Services MCOA to provide support for the development programme for Civil Defence and Emergency Management controllers and for the Ministry of Civil Defence and Emergency Management website redevelopment (increase of \$62,000) and an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$55,000).

Management of National Emergency Management Readiness, Response and Recovery

Performance Information	Standard	2012/13	2013/14 ⁴¹
National Warning System tests conducted	At least 4 (1 test per quarter)	4	3 (1 test in each quarter)
National warnings issued within 30 minutes after the notification of a pending event that exceeds the thresholds	All (of 1-6)	All (of 1)	All (of 2)
National warning distribution list – accuracy of contact details (at each warning or test)	At least 95%	96%	96.7%
Stakeholder satisfaction with the timing and content of national warning messages	Assessed as 'Satisfied' or better by at least 85% (of 200)	63%	Annual measure at Q4

⁴¹ MCDEM transferred to DPMC on 1 April 2014. Performance indicators are reported for the period up to 31 March 2014 and unless otherwise stated are an average of Q1, Q2 and Q3 data.

Performance Information

	Standard	2012/13	2013/14 ⁴¹
National Crisis Management Centre (NCMC) managed, during activations, with:			
» staffing in place according to the activation mode within 2 hours	All	All	All
» essential information technology systems available and operating at agreed performance levels	All	Not achieved	All
» back-up information technology systems and equipment fully functional	At least 99.8%	100%	100%
» coordination and management consistent with the Response Concept of Operations for extended activations	All (no variations)	No extended activations in 12/13	No extended activations
National Crisis Management Centre activations reviewed:			
» mode 2 or higher activations – within 3 months	All	All (1 review)	All (1 review)
» approved recommendations (lessons identified) actioned – within set timeframes	All	All	All

OUTPUT EXPENSE: Emergency Sector Support and Development

Under this output expense we develop and implement operational policies and projects, advice, assistance and information to the civil defence and emergency management sector.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
3,877	Revenue Crown	3,711	2,910	2,910
136	Revenue third parties	121	467	467
4,013	Total Revenue	3,832	3,377	3,377
3,721	Expenses	3,832	3,377	3,377
292	Net Surplus/(Deficit)	-	-	-

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$455,000 was due to the transfer of Ministry of Civil Defence and Emergency Management functions and associated funding to Vote Prime Minister and Cabinet with effect from 1 April 2014 (decrease of \$1.074 million). The decrease was partially offset by the provision of services to the Ministry of Foreign Affairs and Trade for disaster risk management support for the United Nations Office of the Coordination of Humanitarian Affairs and disaster risk management support for Pacific Island countries (increase of \$394,000), a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$161,000), a transfer of funding from the Civic Information Services MCOA to provide support for the development programme for Civil Defence and Emergency Management controllers and for the Ministry of Civil Defence and Emergency Management website redevelopment (increase of \$56,000) and an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$8,000).

Emergency Sector Support and Development

Performance Information	Standard	2012/13	2013/14 ⁴²
Director Guidelines, Technical Standards, Codes and other CDEM sector information publications maintained – currently reviewed at least every 4 years	4–7 (of 25)	4	4
Satisfaction, assessed as 'Good' or 'Very Good', in relation to:			
» CDEM Group – coverage of the Guidelines, Technical Standards and Codes and other publications ⁴³	At least 80% (of est 100)	64%	Annual measure at Q4
» CDEM Group – quality of the Guidelines, Technical Standards and Codes and other publications	At least 80% (of est 100)	73%	Annual measure at Q4
» the quality of the newsletters/updates – 16–20 issues ⁴⁴	At least 80% (of 200)	67%	Annual measure at Q4
Attendee satisfaction with civil defence and emergency management training courses	At least 90% (of 120–150)	93% (of 140)	80%* (of 120)

* No courses were run in Q1 or Q3 – MCDEM is reviewing the workshops in view of the Q2 rating.

⁴² MCDEM transferred to DPMC on 1 April 2014. Performance indicators are reported for the period up to 31 March 2014 and unless otherwise stated are an average of Q1, Q2 and Q3 data.

⁴³ CDEM Group stakeholders and course attendees are asked to assess the quality of services and information received on a five point scale: Very Good, Good, Satisfied, Poor, Very Poor.

⁴⁴ Training course attendees are asked to assess the training received on a five-point scale: Very Good, Good, Satisfied, Poor, Very Poor.

OUTPUT APPROPRIATION: **Film Archive Services RDA**

This appropriation is limited to expenses incurred in provision of film preservation and processing services to film archival and production organisations.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
-	Revenue Crown	-	-	-
-	Revenue Third parties	-	100	-
-	Total Revenue	-	100	-
-	Expenses	-	100	-
-	Net Surplus/(Deficit)	-	-	-

This appropriation was established in 2013/14 to recognise the provision of film preservation and processing services to film archival and production organisations (increase of \$100,000).

The laboratory required to provide film preservation and processing services is under construction and accordingly no services were provided in 2013/14.

Performance Information

Activity for 2013/14 financial year consisted of developing and setting up this function. Services will commence in the 2014/15 financial year. Performance measures have been developed and will be reported on in the 2014/15 Annual Report.

MULTI-CLASS OUTPUT APPROPRIATION: Information and Technology Services [MCOA]

OUTPUT EXPENSE: Cross-Government ICT Strategy and Planning, Service Delivery and Investment Proposals

Under this output expense we develop all-of-government ICT strategy and planning, develop and support integrated service delivery programmes, investment proposals relating to potential cross-government common services, common ICT capability initiatives, and detailed business cases for selected initiatives to inform investment decisions by Ministers.

2012/13				2013/14	
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual	
7,224	Revenue Crown	5,878	13,291	13,291	
-	Revenue third parties	2,400	2,495	2,494	
7,224	Total Revenue	8,278	15,786	15,785	
6,639	Expenses	8,278	15,786	13,498	
585	Net Surplus/(Deficit)	-	-	2,287	

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$7.508 million was due to funding for the progression of four initiatives, namely Result 10, ICT Contact Centre Optimisation, ICT nz.govt.nz redevelopment and ICT Government Online Engagement Services (increase of \$4.750 million), funding for the Government Chief Information Officer to provide coordinated oversight and delivery of system-wide ICT assurance (increase of \$1.500 million), expense transfers from 2012/13 to 2013/14 for ICT Functional Leadership (increase of \$480,000), Result 10: Smart Digital Services programme (increase of \$400,000) and Optimise HR (increase of \$52,000), a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$199,000), Club Funding contributions from lead agencies for Optimise HR (increase of \$95,000) and a transfer of funding from the Civic Information Services MCOA to reflect the Department of Internal Affairs contribution towards Optimise HR (increase of \$32,000).

Actual expenditure was 14% lower than the Supplementary Estimates, primarily due to delays in implementation of Functional Leadership of Government ICT initiatives, Result 10: Virtual Citizen Account and Child Support/Sole Parent projects and the ICT – newzealand.govt.nz Redevelopment project. In-principle expense transfers from 2013/14 to 2014/15 up to a maximum of \$1.560 million were approved for delays associated with these projects.

Performance Information

	Standard	2012/13	2013/14
Actions due for delivery in 2013/14 in the "Government 2017: ICT Strategy and Action Plan" for which DIA is the lead agency, are delivered	Actions delivered	New measure	Achieved
Blueprint to deliver Result 10 developed and endorsed	Achieved	New measure	Achieved
Digital Service Council satisfied with the quality of advice and support received	Assessed as 'Satisfied' or better	New measure	Achieved

Activity Information

	Standard	2012/13	2013/14
Advice and support services provided to the Digital Service Council, with regular meetings organised	10–14 meetings	New measure	14 meetings held

OUTPUT EXPENSE: Government Information and Technology Services

Under this output expense we develop, deploy and operate technology services across the State sector.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
7,677	Revenue Crown	6,099	8,820	8,820
3,415	Revenue third parties	6,023	2,817	1,840
11,092	Total Revenue	12,122	11,637	10,660
13,768	Expenses	12,868	17,059	13,452
(2,676)	Net Surplus/(Deficit)	(746)	(5,422)	(2,792)

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$4.191 million was due to expense transfers from 2012/13 to 2013/14 for Infrastructure as a Service Transition (increase of \$1.000 million), the Government Information Services Online programme (increase of \$400,000) and an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$164,000), funding for the progression of the Software Acquisition Strategy (increase of \$1.505 million), a funding contribution from the Ministry of Business, Innovation and Employment for work associated with Telecommunications as a Service (increase of \$670,000), the provision of services by the Government Chief Information Officer to government agencies (increase of \$500,000) and an increase in expenditure associated with Government Common Capability products (increase of \$300,000). These increases were partially offset by a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$348,000).

Actual expenditure was 21% lower than the Supplementary Estimates, primarily due to delays in the Government Information Services Online Programme, Infrastructure as a Service Transition and the Software Acquisition Strategy. In-principle expense transfers from 2013/14 to 2014/15 up to a maximum of \$1.655 million were approved for delays associated with these projects.

Government Technology Services

Performance Information

	Standard	2012/13	2013/14
All-of-government Common Capability products, where DIA is the lead agency, meet service level agreements	Achieved	New measure	Achieved

Government Information Services

Performance Information

	Standard	2012/13	2013/14
Availability of cross-government online services, 24 hours a day, 7 days a week	99%	99.87%	Achieved (99.56%)

OUTPUT EXPENSE: Government Chief Privacy Officer

Under this output expense we develop and implement an all-of-government approach to privacy, including liaising with the regulator, developing and promulgating privacy standards for the public sector, supporting and working with agencies to build capability, and providing assurance on public sector performance in relation to privacy.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
-	Revenue Crown	-	463	463
-	Revenue third parties	-	-	-
-	Total Revenue	-	463	463
-	Expenses	-	463	262
-	Net Surplus/(Deficit)	-	-	201

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$463,000 was due to the establishment of a Government Chief Privacy Officer in the Department of Internal Affairs, with responsibility for privacy leadership across government.

Actual expenditure was 43% lower than the Supplementary Estimates, primarily due to the timing of staff recruitment.

Performance Information

Activity for 2013/14 financial year consisted of developing and setting up this function. Services will commence in the 2014/15 financial year. Performance measures have been developed and will be reported on in the 2014/15 Annual Report.

APPROPRIATION: Local Government Services

Under this appropriation we provide information to and about local government, administering the Local Government Act 2002 and other statutes, administer the Local Electoral Act 2001, administer the Rates Rebate Scheme, provide regulatory and boating services for Lake Taupo (including providing the Harbourmaster and managing the Lake Taupo Landing Reserve); and govern and manage the National Dog Control Information Database.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
2,036	Revenue Crown	1,931	1,892	1,892
786	Revenue third parties	1,062	922	782
2,822	Total Revenue	2,993	2,814	2,674
2,781	Expenses	2,611	2,572	2,364
41	Net Surplus/(Deficit)	382	242	310

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$39,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios.

Actual expenditure was 8% lower than the Supplementary Estimates, primarily due to lower than anticipated personnel costs associated with the lower use of contractors.

Local Government Services

Performance Information

	Standard	2012/13	2013/14
Responses to requests for information about the Rates Rebate Scheme within 10 days of receipt	At least 98% (of 300–600)	99% (of 444)	100% (of 501)
Eligible claims from councils for reimbursement of rates rebates processed within 30 days of receipt	At least 95% (of 110,000–120,000)	New measure	99.94% (of 105,622)
National Dogs Database snapshot statistics for the year as at May made available to the public by June	Achieved	New measure	Not Achieved*

* The Department was not able to upload the data prior to the June deadline because the third party supplier of the data had mistakenly scheduled a later date to generate the data spreadsheet. The provider is now aware of when the data is required and there are no problems anticipated for 2014/15.

Regulatory and Boating Services for Lake Taupo

Performance Information

	Standard	2012/13	2013/14
Boating facilities and navigational safety equipment inspected in accordance with an annual compliance programme	All	All	All
Customer satisfaction with the quality of Lake Taupo navigational safety services assessed as average or above, when surveyed every 2 years (next survey 2015)	At least 85%	Changed – measure was 100%	No survey*

* No survey was completed in the 2013/14 year. The next survey will be in 2015.

OUTPUT APPROPRIATION: Machinery of Government Transition Costs

This appropriation is limited to transition costs related to implementing Machinery of Government decisions.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
-	Revenue Crown	-	710	710
-	Revenue Third parties	-	-	-
-	Total Revenue	-	710	710
-	Expenses	-	710	679
-	Net Surplus/(Deficit)	-	-	31

This previously existing appropriation was re-established in 2013/14 to reflect the transition and stranded overhead costs associated with the transfer of Ministry of Civil Defence and Emergency Management functions to Vote Prime Minister and Cabinet.

MULTI-CLASS OUTPUT APPROPRIATION: Ministerial Support Services [MCOA]

OUTPUT EXPENSE: Ministerial Support Services – Crown Entity Monitoring

Under this output expense we provide support, information and advice to Ministers to enable them to discharge their responsibilities (other than policy decision-making) for the Crown entities for which they are responsible.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
847	Revenue Crown	1,000	969	969
-	Revenue third parties	-	-	-
847	Total Revenue	1,000	969	969
675	Expenses	1,000	969	730
172	Net Surplus/(Deficit)	-	-	239

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$31,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios.

Actual expenditure was 25% lower than the Supplementary Estimates, primarily due to lower than anticipated levels of personnel expenditure.

Performance Information

	Standard	2012/13	2013/14
Advice on accountability and performance documents delivered within statutory or agreed timeframes (based on delivery of documents to the Minister by the Crown entity)	100% (estimated volume 12-17)	New measure	100% (of 14)
Appointment processes for board vacancies managed consistent with the approach agreed with the Minister (including amendments agreed with the Minister)	100% (estimated volume 2-4)	All (of 8)	100% (of 4)

Activity Information

	Standard	2012/13	2013/14
Crown Entities monitored:			
>> New Zealand Fire Service Commission	-	-	-
>> Office of Film and Literature Classification	-	-	-

OUTPUT EXPENSE: Ministerial Support Services – Community and Voluntary Sector

Under this output expense we provide services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to the community and voluntary sector.

2012/13		2013/14		
Actual	Revenue and output expenses (\$'000)	Mains	Supps.	Actual
151	Revenue Crown	153	185	185
-	Revenue third parties	-	-	-
151	Total Revenue	153	185	185
174	Expenses	153	185	204
(23)	Net Surplus/(Deficit)	-	-	(19)

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$32,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios.

Actual expenditure was 10% higher than the Supplementary Estimates, primarily due to higher than anticipated personnel costs due to vacant positions being covered by contractors.

Ministerial Correspondence and Questions

Performance Information	Standard	2012/13	2013/14
Acceptance of first draft responses to ministerials and information briefings presented to the Minister	At least 95%	Not measured	100% (of 26)
Required timeframes are met: parliamentary questions (written) – within 3 days of notification or as agreed with the Minister	At least 95% (of 20–30)	Not measured	100% (of 3)
Required timeframes are met: ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95% (of 30–50)	Not measured	100% (of 9)
Required timeframes are met: Official Information and Privacy Act requests, and Ombudsmen inquiries – at least 5 days prior to statutory timeframes	At least 95% (of 0–10)	Not measured	100% (of 1)

OUTPUT EXPENSE: Ministerial Support Services – Emergency Management

Under this output expense we provide services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to civil defence and emergency management.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
189	Revenue Crown	210	240	240
-	Revenue third parties	-	-	-
189	Total Revenue	210	240	240
254	Expenses	210	240	240
(65)	Net Surplus/(Deficit)	-	-	-

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$30,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$117,000). The increase was partially offset by the transfer of Ministry of Civil Defence and Emergency Management functions and associated funding to Vote Prime Minister and Cabinet with effect from 1 April 2014 (decrease of \$87,000).

Ministerial Correspondence and Questions

Performance Information	Standard	2012/13	2013/14 ⁴⁵
Acceptance of first draft responses to ministerials and information briefings presented to the Minister	At least 95%	Not measured	100% (of 42)
Required timeframes are met: parliamentary questions (written) – within 3 days of notification or as agreed with the Minister	At least 95% (of 20–30)	Not measured	100% (of 17)
Required timeframes are met: ministerial correspondence (draft responses) within 15 days of receipt or as specifically agreed	At least 95% (of 30–50)	Not measured	100% (of 33)
Required timeframes are met: Official Information and Privacy Act requests, and Ombudsmen inquiries – at least 5 days prior to statutory timeframes	At least 95% (of 0–10)	Not measured	100% (of 2)

⁴⁵ MCDEM transferred to DPMC on 1 April 2014. Performance indicators are reported for the period up to 31 March 2014 and unless otherwise stated are an average of Q1, Q2 and Q3 data.

OUTPUT EXPENSE: Ministerial Support Services – Ethnic Affairs

Under this output expense we provide services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to ethnic affairs.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
89	Revenue Crown	87	87	87
-	Revenue third parties	-	-	-
89	Total Revenue	87	87	87
97	Expenses	87	87	96
(8)	Net Surplus/(Deficit)	-	-	(9)

The increase in the budget between the Main Estimates and the Supplementary Estimates was due to an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$1,000) offset by a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of (\$1000)).

Ministerial Correspondence and Questions

Performance Information	Standard	2012/13	2013/14
Acceptance of first draft responses to ministerials and information briefings presented to the Minister	At least 95%	Not measured	100%
Required timeframes are met: parliamentary questions (written) – within 3 days of notification or as agreed with the Minister	At least 95% (of 5–10)	Not measured	100% (of 4)
Required timeframes are met: ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95% (of 10–20)	Not measured	100% (of 14)
Required timeframes are met: Official Information and Privacy Act requests, and Ombudsmen inquiries – at least 5 days prior to statutory timeframes	At least 95% (of 1–5)	Not measured	100% (of 2)

OUTPUT EXPENSE: Ministerial Support Services – Internal Affairs

Under this output expense we provide services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to internal affairs, including regulatory and identity matters, all-of-government information and communications technology, the role of information in New Zealand's cultural and economic life, public recordkeeping and the management of national archives, and other areas that fall within the internal affairs portfolio.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
379	Revenue Crown	379	420	420
-	Revenue third parties	-	-	-
379	Total Revenue	379	420	420
326	Expenses	379	420	405
53	Net Surplus/(Deficit)	-	-	15

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$41,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$38,000) and an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$3,000).

Ministerial Correspondence and Questions

Performance Information	Standard	2012/13	2013/14
Acceptance of first draft responses to ministerials and information briefings presented to the Minister	At least 95%	Not measured	100% (of 340)
Required timeframes are met: parliamentary questions (written) – within 3 days of notification or as agreed with the Minister	At least 95% (of 40–70)	Not measured	100% (of 46)
Required timeframes are met: ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95% (of 300–400)	Not measured	100% (of 321)
Required timeframes are met: Official Information and Privacy Act requests, and Ombudsmen inquiries – at least 5 days prior to statutory timeframes	At least 95% (of 30–50)	Not measured	100% (of 12)

OUTPUT EXPENSE: Ministerial Support Services – Local Government

Under this output expense we provide services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to local government.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
295	Revenue Crown	291	511	511
-	Revenue third parties	-	-	-
295	Total Revenue	291	511	511
352	Expenses	291	511	532
(57)	Net Surplus/(Deficit)	-	-	(21)

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$220,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$218,000) and an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$2,000).

Ministerial Correspondence and Questions

Performance Information	Standard	2012/13	2013/14
Acceptance of first draft responses to ministerials and information briefings presented to the Minister	At least 95%	Not measured	100% (of 460)
Required timeframes are met: parliamentary questions (written) – within 3 days of notification or as agreed with the Minister	At least 95% (of 15–35)	Not measured	100% (of 115)
Required timeframes are met: ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95% (of 900–1,000)	Not measured	99.75% (of 405)
Required timeframes are met: Official Information and Privacy Act requests, and Ombudsmen inquiries – at least 5 days prior to statutory timeframes	At least 95% (of 30–50)	Not measured	100% (of 24)

OUTPUT EXPENSE: Ministerial Support Services – Ministerial Services

Under this output expense we provide services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to Ministerial Services.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
200	Revenue Crown	203	208	208
-	Revenue third parties	-	-	-
200	Total Revenue	203	208	208
175	Expenses	203	208	194
25	Net Surplus/(Deficit)	-	-	14

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$5,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios.

Actual expenditure was 7% lower than the Supplementary Estimates, primarily due to lower expenditure on staff training.

Ministerial Correspondence and Questions

Performance Information	Standard	2012/13	2013/14
Acceptance of first draft responses presented to the Minister	At least 95%	100%	100%
Parliamentary questions (written and oral) – within 3 days of notification or as agreed with the Minister	At least 95% (of 60–120)	New measure	90%* (of 114)
Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95% (of 5–15)	New measure	100% (of 7)
Official Information and Privacy Act requests, and Ombudsmen inquiries – at least 5 days prior to statutory timeframes	At least 95% (of 70–120)	New measure	98% (of 65)
Information briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Agreed quality criteria and standards met	Achieved	Achieved
Information briefings delivered to agreed timeframes	At least 95% (of 5–15)	New measure	100%

Activity Information	Standard	2012/13	2013/14
Information briefings and responses required for correspondence, information and parliamentary questions	140–270	169	187

* During the first quarter, 11 written parliamentary questions were not submitted in time due to an issue with the reliability of data.

OUTPUT EXPENSE: Ministerial Support Services – Racing

Under this output expense we provide services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to racing.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
47	Revenue Crown	48	60	60
-	Revenue third parties	-	-	-
47	Total Revenue	48	60	60
51	Expenses	48	60	57
(4)	Net Surplus/(Deficit)	-	-	3

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$12,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$11,000) and an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$1,000).

Ministerial Correspondence and Questions

Performance Information	Standard	2012/13	2013/14
Acceptance of first draft responses presented to ministerials and information briefings presented to the Minister	At least 95%	New measure	100% (of 74)
Required timeframes are met: parliamentary questions (written) – within 3 days of notification or as agreed with the Minister	At least 95% (of 0–10)	New measure	Not measured*
Required timeframes are met: ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95% (of 40–70)	New measure	100% (of 64)
Official Information and Privacy Act requests, and Ombudsmen inquiries – at least 5 days prior to statutory timeframes	At least 95% (of 0–10)	New measure	100% (of 4)

* No written parliamentary questions were received in the Racing portfolio during 2013/14.

MULTI-CLASS OUTPUT APPROPRIATION: Policy Advice [MCOA]

OUTPUT EXPENSE: Policy Advice – Community and Voluntary Sector

Under this output expense we provide advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters relating to the community and voluntary sector.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
1,747	Revenue Crown	1,190	649	649
-	Revenue third parties	-	-	-
1,747	Total Revenue	1,190	649	649
1,041	Expenses	1,190	649	583
706	Net Surplus/(Deficit)	-	-	66

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$541,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$563,000). The decrease was partially offset by an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$22,000).

Actual expenditure was 10% lower than the Supplementary Estimates, primarily due to lower than anticipated personnel costs resulting from delays in filling vacancies.

Performance Information

	Standard	2012/13	2013/14
Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Agreed quality criteria and standards met	Achieved	Achieved
Minister's satisfaction with the quality of policy advice (quarterly)	Assessed as 'Satisfied' or better	Q1: Satisfied Q2: Good Q3: Good Q4: Good	Q1–2: 9* Q3–4: 9
Total cost of an hour of professional staff time devoted to policy unit outputs.	\$90–\$120	New measure	\$99.02
Total cost of an hour of professional staff time devoted to policy unit outputs (updated**).	N/A		\$137.78

* In 2013/14 we changed the way we collect information for this measure. In accordance with the Treasury Common Policy Indicators Report Data Collection Guidelines, we now undertake surveys on a 6 monthly basis, using a standardised Ministerial Satisfaction Survey format. The different satisfaction results align as follows: Very Poor (1–2), Poor (3–4), Satisfactory (5–6), Good (7–8), Very Good (9–10).

** The TCPOH formula has recently been updated by Treasury to better align it with the amended definition of policy advice costs. Performance measures calculated using both the original and updated formulae have been provided to help readers understand how this change has affected the assessment of performance. Both formulae are shown below.

	Original formula	Updated formula
Total cost per output hour	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output and Non-Policy Output Hours}}$	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output Hours (excluding non-policy advice hours)}}$

OUTPUT EXPENSE: Policy Advice – Emergency Management

Under this output expense we provide advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to civil defence and emergency management.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
715	Revenue Crown	704	431	431
-	Revenue third parties	-	-	-
715	Total Revenue	704	431	431
582	Expenses	704	431	431
133	Net Surplus/(Deficit)	-	-	-

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$273,000 was due to the transfer of Ministry of Civil Defence and Emergency Management functions and associated funding to Vote Prime Minister and Cabinet with effect from 1 April 2014 (decrease of \$139,000) and a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$134,000).

Performance Information

	Standard	2012/13	2013/14
Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Agreed quality criteria and standards met	Achieved	Achieved
Minister's satisfaction with the quality of policy advice (quarterly)	Assessed as 'Satisfied' or better	Q1: Good Q2: Good Q3: Satisfied Q4: Satisfied	Q1-2: 7* Q3-4: 7
Total cost of an hour of professional staff time devoted to policy unit outputs.	\$90-\$120	New measure	\$99.02
Total cost of an hour of professional staff time devoted to policy unit outputs (updated**).	N/A		\$137.78

* In 2013/14 we changed the way we collect information for this measure. In accordance with the Treasury Common Policy Indicators Report Data Collection Guidelines, we now undertake surveys on a 6 monthly basis, using a standardised Ministerial Satisfaction Survey format. The different satisfaction results align as follows: Very Poor (1-2), Poor (3-4), Satisfactory (5-6), Good (7-8), Very Good (9-10).

** The TCPOH formula has recently been updated by Treasury to better align it with the amended definition of policy advice costs. Performance measures calculated using both the original and updated formulae have been provided to help readers understand how this change has affected the assessment of performance. Both formulae are shown below.

	Original formula	Updated formula
Total cost per output hour	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output and Non-Policy Output Hours}}$	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output Hours (excluding non-policy advice hours)}}$

OUTPUT EXPENSE: Policy Advice – Ethnic Affairs

Under this output expense we provide advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters relating to ethnic affairs.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
752	Revenue Crown	762	782	782
-	Revenue third parties	-	-	-
752	Total Revenue	762	782	782
722	Expenses	762	782	745
30	Net Surplus/(Deficit)	-	-	37

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$20,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios.

Performance Information	Standard	2012/13	2013/14
Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Agreed quality criteria and standards met	Achieved	Achieved
Minister's satisfaction with the quality of policy advice (quarterly)	Assessed as 'Satisfied' or better	Q1: Very Good Q2: Very Good Q3: Good Q4: Very Good	Q1-2: 9* Q3-4: 9
Total cost of an hour of professional staff time devoted to policy unit outputs.	\$90-\$120	New measure	\$99.02
Total cost of an hour of professional staff time devoted to policy unit outputs (updated**).	N/A		\$137.78

* In 2013/14 we changed the way we collect information for this measure. In accordance with the Treasury Common Policy Indicators Report Data Collection Guidelines, we now undertake surveys on a 6 monthly basis, using a standardised Ministerial Satisfaction Survey format. The different satisfaction results align as follows: Very Poor (1-2), Poor (3-4), Satisfactory (5-6), Good (7-8), Very Good (9-10).

** The TCPOH formula has recently been updated by Treasury to better align it with the amended definition of policy advice costs. Performance measures calculated using both the original and updated formulae have been provided to help readers understand how this change has affected the assessment of performance. Both formulae are shown below.

	Original formula	Updated formula
Total cost per output hour	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output and Non-Policy Output Hours}}$	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output Hours (excluding non-policy advice hours)}}$

OUTPUT EXPENSE: Policy Advice – Internal Affairs

Under this output expense we provide advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters relating to internal affairs, including regulatory and identity matters, all-of-government information and communications technology, the role of information in New Zealand's cultural and economic life, public recordkeeping and the management of national archives, and other areas that fall within the internal affairs portfolio.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
3,746	Revenue Crown	3,911	4,424	4,424
2	Revenue third parties	36	36	-
3,748	Total Revenue	3,947	4,460	4,424
4,046	Expenses	3,947	4,460	4,280
(298)	Net Surplus/(Deficit)	-	-	144

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$513,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$596,000). The increase was partially offset by a transfer of funding to The Department of the Prime Minister and Cabinet for a National Cyber Policy position (decrease of \$83,000).

Performance Information

	Standard	2012/13	2013/14
Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Agreed quality criteria and standards met	Achieved	Achieved
Minister's satisfaction with the quality of policy advice (quarterly)	Assessed as 'Satisfied' or better	Q1: Very Good Q2: Very Good Q3: Very Good Q4: Good to Very Good	Q1-2: 9* Q3-4: 8
Total cost of an hour of professional staff time devoted to policy unit outputs.	\$90-\$120	New measure	\$99.02
Total cost of an hour of professional staff time devoted to policy unit outputs [updated**].	N/A		\$137.78

* In 2013/14 we changed the way we collect information for this measure. In accordance with the Treasury Common Policy Indicators Report Data Collection Guidelines, we now undertake surveys on a 6 monthly basis, using a standardised Ministerial Satisfaction Survey format. The different satisfaction results align as follows: Very Poor (1-2), Poor (3-4), Satisfactory (5-6), Good (7-8), Very Good (9-10).

** The TCPOH formula has recently been updated by Treasury to better align it with the amended definition of policy advice costs. Performance measures calculated using both the original and updated formulae have been provided to help readers understand how this change has affected the assessment of performance. Both formulae are shown below.

	Original formula	Updated formula
Total cost per output hour	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output and Non-Policy Output Hours}}$	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output Hours (excluding non-policy advice hours)}}$

OUTPUT EXPENSE: Policy Advice – Local Government

Under this output expense we provide advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters relating to local government.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
5,011	Revenue Crown	6,465	6,007	6,007
-	Revenue third parties	-	-	-
5,011	Total Revenue	6,465	6,007	6,007
5,284	Expenses	6,465	6,007	5,395
(273)	Net Surplus/(Deficit)	-	-	612

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$458,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$758,000). The decrease was partially offset by an expense transfer from 2012/13 to 2013/14 for the Better Local Government Reform Programme (increase of \$300,000).

Actual expenditure was 10% lower than the Supplementary Estimates, primarily due to lower than anticipated personnel costs associated with delays in filling vacancies.

Performance Information

	Standard	2012/13	2013/14
Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Agreed quality criteria and standards met	Achieved	Achieved
Minister's satisfaction with the quality of policy advice (quarterly)	Assessed as 'Satisfied' or better	Q1: Very Good Q2: N/A Q3: Very Good Q4: Very Good	Q1-2: 9* Q3-4: No response**
Total cost of an hour of professional staff time devoted to policy unit outputs.	\$90-\$120	New measure	\$99.02
Total cost of an hour of professional staff time devoted to policy unit outputs (updated***).	N/A		\$137.78

* In 2013/14 we changed the way we collect information for this measure. In accordance with the Treasury Common Policy Indicators Report Data Collection Guidelines, we now undertake surveys on a 6 monthly basis, using a standardised Ministerial Satisfaction Survey format. The different satisfaction results align as follows: Very Poor (1-2), Poor (3-4), Satisfactory (5-6), Good (7-8), Very Good (9-10).

** The Minister for Local Government declined to respond to this survey. Treasury were advised of this result.

*** The TCPOH formula has recently been updated by Treasury to better align it with the amended definition of policy advice costs. Performance measures calculated using both the original and updated formulae have been provided to help readers understand how this change has affected the assessment of performance. Both formulae are shown below.

	Original formula	Updated formula
Total cost per output hour	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output and Non-Policy Output Hours}}$	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output Hours (excluding non-policy advice hours)}}$

OUTPUT EXPENSE: Policy Advice – Racing

Under this output expense we provide advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters relating to racing.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
198	Revenue Crown	200	196	196
-	Revenue Third parties	-	-	-
198	Total Revenue	200	196	196
175	Expenses	200	196	169
23	Net Surplus/(Deficit)	-	-	27

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$4,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios.

Actual expenditure was 14% lower than the Supplementary Estimates, primarily due to lower than anticipated turnover of staff and consequently lower recruitment costs.

Performance Information

	Standard	2012/13	2013/14
Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Agreed quality criteria and standards met	Achieved	Achieved
Minister's satisfaction with the quality of policy advice (quarterly)	Assessed as 'Satisfied' or better	Q1: Good to Very Good Q2: Good to Very Good Q3: Good Q4: Good	Q1-2: 7* Q3-4: 7
Total cost of an hour of professional staff time devoted to policy unit outputs.	\$90-\$120	New measure	\$99.02
Total cost of an hour of professional staff time devoted to policy unit outputs [updated**].	N/A		\$137.78

* In 2013/14 we changed the way we collect information for this measure. In accordance with the Treasury Common Policy Indicators Report Data Collection Guidelines, we now undertake surveys on a 6 monthly basis, using a standardised Ministerial Satisfaction Survey format. The different satisfaction results align as follows: Very Poor (1-2), Poor (3-4), Satisfactory (5-6), Good (7-8), Very Good (9-10).

** The TCPOH formula has recently been updated by Treasury to better align it with the amended definition of policy advice costs. Performance measures calculated using both the original and updated formulae have been provided to help readers understand how this change has affected the assessment of performance. Both formulae are shown below.

	Original formula	Updated formula
Total cost per output hour	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output and Non-Policy Output Hours}}$	$\frac{\text{Total Policy Advice Costs}}{\text{Total Policy Output Hours (excluding non-policy advice hours)}}$

MULTI-CLASS OUTPUT APPROPRIATION: **Regulatory Services [MCOA]**

OUTPUT EXPENSE: **Charities Administration**

Under this output expense we deliver services to register charities and that contribute to promoting public trust and confidence in the charitable sector.

2012/13				2013/14	
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual	
5,164	Revenue Crown	4,569	5,496	5,496	
769	Revenue third parties	852	852	802	
5,933	Total Revenue	5,421	6,348	6,298	
5,902	Expenses	5,421	6,348	6,342	
31	Net Surplus/(Deficit)	-	-	(44)	

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$927,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$683,000), a retention of underspend from 2012/13 to 2013/14 as a result of efficiency gains in the delivery of outputs (increase of \$175,000) and an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$69,000).

Performance Information	Standard	2012/13	2013/14
Fully completed applications for registration decided within 40 days of receipt	At least 70%	Changed measure	70.66%
Fully completed annual returns published within 10 days of receipt	At least 95% (of 15,000–30,000)	99.06%	99.28% (of 23,502)
Number of capability-building initiatives developed for the charitable sector	Minimum of 3	New measure	3
Stakeholders who accessed or used a capability-building initiative and provided positive feedback	At least 75%	New measure	100%
Investigations undertaken where no adverse comment was received from the Charities Registration Board or Judiciary on the quality of file preparation and investigative practice	At least 99%	New measure	100%
Number of registered charities that are reviewed and investigated to ensure that they continue to meet the requirements for registration as a charitable entity	200 investigations	311	218

OUTPUT EXPENSE: Regulatory Services

Under this output expense we provide operational policy advice and services to administer all aspects of the regulatory regime under the Public Records Act 2005, including where the Chief Archivist has statutory independence; services to regulate gambling activity, objectionable material and unsolicited electronic messages, and anti-money laundering and countering financing of terrorism; and the Private Security Personnel and Private Investigators Regulations 2011.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
11,119	Revenue Crown	12,205	12,068	12,068
21,641	Revenue third parties	21,470	21,470	19,211
32,760	Total Revenue	33,675	33,538	31,279
30,732	Expenses	32,484	34,096	33,674
2,028	Net Surplus/(Deficit)	1,191	[558]	[2,395]

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$1.612 million was due to expenditure associated with gaming activities (increase of \$1.749 million) and expense transfers from 2012/13 to 2013/14 for Anti-Money Laundering (increase of \$500,000) and for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$3,000). These increases were partially offset by a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$640,000).

Gambling

Performance Information

	Standard	2012/13	2013/14
Venue inspections conducted	Up to 200	225	343
Provisional audit report to non-club gaming machine societies completed within 6 months	4-10	Changed measure	7
Gambling sector organisation and operator satisfaction with information services – assessed as '3' or better	At least 85%	99%	94.24%

Activity Information

	Standard	2012/13	2013/14
Applications for gambling licences processed: club and non-club licence renewals	300-350	318	312
Applications for gambling licences processed: other Class 3 and 4 licence applications and Certificates of Approval	4,200-4,600	4,148	4,202

Censorship

Performance Information

	Standard	2012/13	2013/14
Number of offender-based reports received and reviewed (from national and international enforcement agencies)	50-300	453	440
Number of reports regarding identification of unidentified victims forwarded to enforcement agencies, and actioned within New Zealand	5-50	61	157
Number of images uploaded, as a result of investigation, to the Interpol Child Sexual Exploitation Database	500-800	New measure	4,664*
Number of child exploitation websites being filtered by the specialist software developed and maintained by DIA	300-800	578	585

Activity Information

	Standard	2012/13	2013/14
Number of justified appeals compared to the total number of appeals received from websites being filtered is no less than 10%	10%	New measure	Achieved (0%)

* This area is a high priority for the Censorship group and streamlining of the investigations process has contributed to this high number.

Unsolicited Electronic Messages

Performance Information

	Standard	2012/13	2013/14
Number of complaints received and analysed within 3 months	At least 70% (of 3,600–4,800)	New measure	94% (of 8,061)
Civil liability proceedings undertaken – covering warning letters, infringement notices and statements of claim	30–90	31	41

Public Sector Recordkeeping

Performance Information

	Standard	2012/13	2013/14
Public offices independently audited against recordkeeping standards (Public Records Act 2005)	40 (of 200)	47	40
Appraisal reports submitted to and received by the Chief Archivist processed within 10 weeks	At least 80% (of 50–70)	100%	100%
Recordkeeping advice requests responded to within 5 working days of receipt	At least 80% (of 300)	89.35% (of 235)	Not measured*
Attendee satisfaction with government recordkeeping training courses – assessed as 'Good' or 'Very Good' ⁴⁶	At least 80% (of 200–250)	92.30% (of 177)	96.42% (of 117)

* Due to an administrative error, data for this measure was not recorded in 2013/14. This measure is no longer meaningful as the number of advice queries has dropped considerably as the bulk of guidance is provided through online standards, guidelines and factsheets. The mechanism for measuring the timeliness of replies no longer exists.

Anti-Money Laundering and Countering Financing of Terrorism

Performance Information

	Standard	2012/13	2013/14
Number of programme reviews undertaken	100–150	New measure	64*
Number of onsite visits conducted	10–15	New measure	10
Remediation plan put in place after programme reviews: within six months	At least 70% (of 100–150)	New measure	100% (of 33)**
Number of education/information/follow up contacts	1,000–1,500	New measure	570*

* This is a new regulatory regime and the standard set for the year was based on a hypothetical estimate rather than historical activity. The standard has been revised for 2014/15.

** This is a new regulatory regime and the contextual volume for the year was based on a hypothetical estimate rather than historical activity.

Private Security Personnel and Private Investigators

Performance Information

	Standard	2012/13	2013/14
Ministry of Justice satisfaction with services provided ⁴⁷	Assessed as '3' or better	New measure	1–Very Satisfied
Number of complaints investigated, and investigation and validation requests received from the Licensing Authority	50–100	New measure	50

⁴⁶ Training course attendees are asked to assess the usefulness of the training received on a five point scale: Very Good, Good, Satisfied, Poor, Very Poor.

⁴⁷ The Ministry of Justice are asked to assess the service provided on a five point scale: 1–Very Satisfied, 2–Satisfied, 3–Neutral, 4–Unsatisfied, 5–Very Unsatisfied.

MULTI-CLASS OUTPUT APPROPRIATION: **Services Supporting the Executive [MCOA]**

OUTPUT EXPENSE: **Coordination of Official Visits and Events**

Under this output expense we manage programmes for visiting guests of government, State and ministerial functions, coordinating a range of services in support of ceremonial and commemorative events, and facilitating passage of New Zealand and foreign dignitaries and others authorised by the Crown into and out of New Zealand.

2012/13 Actual	Revenue and output expenses (\$'000)	Mains	2013/14 Supps.	Actual
5,263	Revenue Crown	4,348	5,588	5,588
-	Revenue third parties	5	5	-
5,263	Total Revenue	4,353	5,593	5,588
4,600	Expenses	4,353	5,593	5,062
663	Net Surplus/(Deficit)	-	-	526

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$1.240 million was due to funding for the visit by the Duke and Duchess of Cambridge in April 2014 (increase of \$1.200 million) and a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$40,000).

Actual expenditure was 9% lower than the Supplementary Estimates, primarily due to lower than anticipated costs associated with the Royal Tour and a lower level of official visits.

Performance Information

	Standard	2012/13	2013/14
Percentage of visits where the Sponsoring Minister rates as satisfactory the arrangements for:	90%	100%	100%
Design and implementation of programmes for guests of government			
Design and implementation of State and ministerial functions	90%	100%	Not measured*
Coordination and management of official events	90%	100%	100%

Activity Information

	Standard	2012/13	2013/14
Official visits – Heads of State and full guests of government	35-50 visits (average 1-2 days)	49	39
State and Ministerial functions	4-8	3	Not measured*
Commemorative and special events	10-15	15	13
Facilitations of parties through international airports (with an average 1-4 people in each party)	500-600 facilitations	715	782

* No events falling into either of these categories occurred in 2013/14.

OUTPUT EXPENSE: Support Services to Members of the Executive

Under this output expense we provide support services for Members of the Executive, including in their capacity as a Member of Parliament, primarily through office personnel and administrative services, information and communication technology, and the provision and management of residential accommodation.

2012/13		2013/14			
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual	
24,905	Revenue Crown	25,796	25,833	25,832	
2	Revenue third parties	35	35	1	
24,907	Total Revenue	25,831	25,868	25,833	
24,565	Expenses	25,831	25,868	25,975	
342	Net Surplus/(Deficit)	-	-	(142)	

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$37,000 was due to a retention of underspend from 2012/13 to 2013/14 as a result of efficiency gains in the delivery of outputs (increase of \$164,000), a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$143,000) and an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$47,000). These increases were partially offset by a transfer of funding to the Support for Statutory and Other Bodies MCOA and the non-departmental other expense Public Inquiries to provide funding for the Government Inquiry into the Whey Protein Concentrate Contamination Incident (decrease of \$300,000) and a reduction in capital charge as a result of asset revaluations in June 2013 (decrease of \$17,000).

Performance Information

	Standard	2012/13	2013/14
Availability of information and communications technology systems, 24 hours a day, 7 days a week	No less than 99.5%	99.73%	99.88%
Minister Responsible for Ministerial Services' satisfaction with the quality and level of support services provided to the Members of the Executive ⁴⁸	Assessed as 'Satisfied' or better	Very Good	Good to Very Good

Activity Information

	Standard	2012/13	2013/14
Average number of ministerial office personnel provided	150-170	152	151
Executive Council and Members of the Executive – Salaries and Allowances (PLA) (\$8.940m)	26-30 people	28	28
Former Governors-General – Annuities and Other Payments (PLA) (\$456,000)	4-8 people	6	6
Former Prime Ministers – Annuities (PLA) (\$0.168m)	3-7 people	5	5
Former Prime Ministers – Domestic Travel (\$0.270m)	Multiple journeys for 12-15 people	12	Multiple journeys for 11 people*
Members of the Executive – Travel (\$11.790m)	Multiple journeys for 200-240 people	272	267

* Two former PMs/spouses who are eligible for this entitlement have not used it in 2013/14.

⁴⁸ The Minister is asked to assess support services provided on a five-point scale: Very Good, Good, Satisfied, Poor, Very Poor.

OUTPUT EXPENSE: VIP Transport Services

Under this output expense we provide chauffeur-driven and self-drive vehicle services for parties specified in legislation, as authorised by Members of the Executive, or who otherwise meet qualifying criteria.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
-	Revenue Crown	-	-	-
7,053	Revenue third parties	7,415	7,415	7,054
7,053	Total Revenue	7,415	7,415	7,054
7,684	Expenses	7,415	7,415	7,480
(631)	Net Surplus/(Deficit)	-	-	(426)

Performance Information

	Standard	2012/13	2013/14
Chauffeur-driven services provided leading to no sustained complaints	At least 99.5% (of 17,000–20,000)	99.85 (15 sustained complaints out of 12,083 jobs)	99.94% (11 sustained complaints of 20,397 jobs)

Activity Information

	Standard	2012/13	2013/14
Total vehicle fleet	72–77	71	71

MULTI-CLASS OUTPUT APPROPRIATION: **Support for Statutory and Other Bodies [MCOA]**

OUTPUT EXPENSE: **Commissions of Inquiry and Similar Bodies**

Under this output expense we support commissions of inquiry and similar bodies.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
5,520	Revenue Crown	1,366	2,359	2,359
-	Revenue third parties	-	-	-
5,520	Total Revenue	1,366	2,359	2,359
5,086	Expenses	1,366	2,359	2,031
434	Net Surplus/(Deficit)	-	-	328

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$993,000 was due to funding for the Government Inquiry into the Whey Protein Concentrate Contamination Incident (increase of \$879,000), an expense transfer from 2012/13 to 2013/14 for the costs associated with administration of the Christchurch Earthquake Appeal Trust (increase of \$400,000) and a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$114,000). These increases were partially offset by a realignment of expenditure to the Support for Grant Funding Bodies – Internal Affairs output expense for costs associated with administration of the Christchurch Earthquake Appeal Trust (decrease of \$400,000).

Actual expenditure was 14% lower than the Supplementary Estimates, primarily due to the timing of costs associated with the Government Inquiry into the Whey Protein Concentrate Contamination Incident and the Confidential Listening and Assistance Service. In-principle expense transfers from 2013/14 to 2014/15 up to a maximum of \$0.300 million were approved due to the anticipated timing of expenditure.

Performance Information

	Standard	2012/13	2013/14
Commissions' satisfaction with the timeliness and quality of services received	Assessed as 'Good' or better	Good	Good

Activity Information

	Standard	2012/13	2013/14
Support services provided to the following commissions of inquiry and similar bodies: Confidential Listening and Assistance Service	-	-	-

OUTPUT EXPENSE: Statutory and Advisory Body Support – National Archives

Under this output expense we provide advisory and support services to statutory and advisory bodies established under the Public Records Act 2005 in respect of their statutory functions.

2012/13				2013/14	
Actual	Revenue and output expenses (\$'000)	Mains	Supps.	Actual	
101	Revenue Crown	101	116	116	
-	Revenue third parties	-	-	-	
101	Total Revenue	101	116	116	
70	Expenses	101	116	100	
31	Net Surplus/(Deficit)	-	-	16	

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$15,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios.

Actual expenditure was 14% lower than the Supplementary Estimates, primarily due to lower provision of services to third parties and accordingly, lower expenditure associated with the provision of services.

Performance Information

	Standard	2012/13	2013/14
Statutory body member satisfaction with the quality of support received ⁴⁹	Assessed as 'Satisfied' or better	Satisfied	Very Good
Support services provided to the following statutory bodies advising the Minister – meetings supported:			
» Archives Council	4	4	4

⁴⁹ Statutory body members are asked to assess the quality support received on a five-point scale: Very Good, Good, Satisfied, Poor, Very Poor.

OUTPUT EXPENSE: Statutory and Advisory Body Support – National Library

Under this output expense we provide services and advice to statutory and advisory bodies established under the National Library of New Zealand (Te Puna Mātauranga o Aotearoa) Act 2003 and the Public Lending Right for New Zealand Authors Act 2008 in respect of their statutory functions.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
93	Revenue Crown	98	98	98
–	Revenue third parties	7	7	–
93	Total Revenue	105	105	98
3	Expenses	105	105	62
90	Net Surplus/(Deficit)	–	–	36

Actual expenditure was 41% lower than the Supplementary Estimates, primarily due to lower than anticipated travel costs.

Performance Information

	Standard	2012/13	2013/14
Statutory body member satisfaction with the quality of support received	Assessed as 'Satisfied' or better	Good	Very Good

Activity Information

	Standard	2012/13	2013/14
Support services provided to the following statutory bodies – meetings supported:			
» Guardians Kaitiaki of the Alexander Turnbull Library	4	5	3*
» Library and Information Advisory Committee	4	5	4
» Public Lending Right Advisory Group	1	1	2

* This is a demand-driven measure. The statutory requirement is for the Guardians Kaitiaki of the Alexander Turnbull Library to meet 3 times a year.

OUTPUT EXPENSE: Statutory Body Support – Gambling Commission

Under this output expense we provide services and advice to the Gambling Commission to enable the Commission to discharge its responsibilities.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
-	Revenue Crown	-	-	-
894	Revenue third parties	1,158	1,158	835
894	Total Revenue	1,158	1,158	835
894	Expenses	1,158	1,158	835
-	Net Surplus/(Deficit)	-	-	-

Actual expenditure was 28% lower than the Supplementary Estimates, primarily due to a lower than anticipated number of appeals to the Gambling Commission resulting in lower legal costs.

Performance Information

	Standard	2012/13	2013/14
Gambling Commission's satisfaction with the support services provided ⁵⁰	Assessed as '4' or better	4.6	4.5

OUTPUT EXPENSE: Statutory Body Support – Local Government Commission

Under this output expense we provide advisory and support services to the Local Government Commission in respect of its statutory functions.

2012/13 Actual	Revenue and output expenses (\$000)	Mains	2013/14 Supps.	Actual
1,604	Revenue Crown	1,046	1,872	1,872
-	Revenue third parties	-	-	-
1,604	Total Revenue	1,046	1,872	1,872
1,190	Expenses	1,046	1,872	2,047
414	Net Surplus/(Deficit)	-	-	(175)

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$826,000 was due to expense transfers from 2012/13 to 2013/14 for Local Government Reorganisation (increase of \$400,000), an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$102,000) and a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$324,000).

Actual expenditure was 9% higher than the Supplementary Estimates, primarily due to additional complexities and accordingly, scoping of work associated with the amalgamation of local councils.

Performance Information

	Standard	2012/13	2013/14
Local Government Commission's satisfaction with the quality of advice and support services received ⁵¹	Assessed as '3' or above	4	3

⁵⁰ Commission members are asked to assess support received on a five point numerical scale.

⁵¹ The Local Government Commission is asked to assess the support it receives on a five point numerical scale.

OUTPUT EXPENSE: Support for Grant Funding Bodies – Community and Voluntary Sector

Under this output expense we provide operational and secretariat support for grant funding bodies, and includes supporting member appointment processes. The focus of operational support is on processing grant applications and grant decisions on behalf of the grant funding bodies.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
324	Revenue Crown	309	307	307
-	Revenue third parties	-	-	-
324	Total Revenue	309	307	307
322	Expenses	309	307	323
2	Net Surplus/(Deficit)	-	-	(16)

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$2,000 was due to a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (decrease of \$26,000). The decrease is partially offset by an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$24,000). Actual expenditure was 5% higher than the Supplementary Estimates, primarily due to higher business support costs.

Performance Information	Standard	2012/13	2013/14
Grant applications processed from receipt to payment within agreed timeframes	At least 95%	100% (of 176)	93%*

Activity Information	Standard	2012/13	2013/14
Support services provided to the following grant funding bodies – committee meetings organised:			
» Norman Kirk Memorial Trust	Combined: 10	11	10
» Pacific Development and Conservation Trust			
» Peace and Disarmament Education Trust			
» Vietnam Veterans and Their Families Trust			

* The Pacific Development and Conservation Trust, which has a two-tiered application process, is excluded from this analysis. There were difficulties in capturing the results accurately in our current system and it is likely the result is better than reported. These issues will be resolved with the introduction of a new Grants and Client Management System in October 2014 and with the valuable information gained this year we are confident the target will be met in 2014/15.

OUTPUT EXPENSE: Support for Grant Funding Bodies – Internal Affairs

Under this output expense we provide operational and secretariat support for grant funding bodies, including supporting member appointment processes. The focus of operational support is on processing grant applications and grant decisions on behalf of the grant funding bodies.

2012/13		2013/14		
Actual	Revenue and output expenses (\$000)	Mains	Supps.	Actual
1,194	Revenue Crown	66	911	911
8,241	Revenue third parties	9,617	9,232	8,885
9,435	Total Revenue	9,683	10,143	9,796
9,265	Expenses	9,683	10,143	9,572
170	Net Surplus/(Deficit)	-	-	224

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$460,000 was due to a realignment of expenditure from the Commissions of Inquiry and Similar Bodies output expense for costs associated with administration of the Christchurch Earthquake Appeal Trust (increase of \$400,000), a realignment of funding based on the provision of services across the Vote Internal Affairs portfolios (increase of \$369,000), a transfer of funding from the Community Information and Advisory Services MCOA to reflect a realignment of expenditure for the provision of secretariat support for the Chinese Poll Tax Heritage Trust (increase of \$74,000) and an expense transfer from 2012/13 to 2013/14 for an ongoing programme of initiatives to enable the transformation of systems and processes within the Department of Internal Affairs (increase of \$2,000). These increases were partially offset by a lower provision of services to the Lottery Grants Board (decrease of \$385,000).

Actual expenditure was 6% lower than the Supplementary Estimates, primarily due to lower provision of services to the Lottery Grants Board.

Performance Information

	Standard	2012/13	2013/14
Distribution committee member satisfaction with operational report received ⁵²	95% of sample reviewed	95%	100%
Funding grants processed from receipt to payment within agreed timeframes	At least 95%	Changed measure	90%*
Grant distribution committee decisions are consistent with priorities, policies and procedures	At least 95% of sample reviewed	New measure	99.6%: Lottery 100%: Trust

Activity Information

	Standard	2012/13	2013/14
Support services provided to the following grant funding bodies – committee meetings organised:			
» Distribution Committees of the New Zealand Lottery Grants Board	5,700–6,200	62	5,330**
» New Zealand Winston Churchill Memorial Trust	(Changed measure)		
» Chinese Poll Tax Heritage Trust			

* There are a number of problems related to extracting accurate dates from the systems used to process grant applications, resulting in an unknown margin of error. The implementation of the Grants and Client Management System during 2014/15 will resolve this problem.

** This is a demand-driven measure, and the actual number of applications received did not reach expected levels of demand.

52 This measure should refer to satisfaction with operational support, not report.

MULTI-CATEGORY APPROPRIATION: **Community Funding Schemes (MCA)**

The single overarching purpose of this appropriation is to support communities and voluntary sector organisations.

Performance information	Standard	2012/13	2013/14
Case studies completed that demonstrate benefits to community grant funding recipients	Achieved	N/A	Achieved

Category: Community Development Scheme

This category is limited to providing grants of up to three years to community organisations for projects to achieve improved economic, social and cultural well being.

Performance measure: Exempted from performance measurement.

Category: Community Internship Programme

This category is limited to providing grants for community groups with identified needs to employ experienced people from the public, private and community sectors in short-term internships.

Performance measure: Exempted from performance measurement.

Category: Community Organisation Grants Scheme

This category is limited to providing locally distributed grants to community organisations for programmes that provide social services.

Performance information	Standard	2012/13	2013/14
Two case studies completed to assess grants' communities benefit from social services provided by grass-roots non-profit organisations with these grants	Achieved	N/A	Achieved ⁵³

Category: Digital Literacy and Connection

This category is limited to providing funding to selected providers for improving communities' access to and capability to use digital tools.

Performance measure: Exempted from performance measurement.

Category: Disarmament Education Grants

This category is limited to providing grants to fund activities to support New Zealand non-government organisations in the disarmament education field.

Performance measure: Exempted from performance measurement.

Category: Support for Volunteering

This category is limited to providing funding to Volunteering New Zealand, regional volunteer centres and various targeted projects within the community.

Performance measure: Exempted from performance measurement.

Youth Workers Training Scheme

This category is limited to providing grants for information and training for both paid and voluntary youth workers.

Performance measure: Exempted from performance measurement.

⁵³ Two case studies have been completed and will be included in the November 2014 *Community Matters* online publication.

APPROPRIATION: **Pitt Island Wharf Reconstruction**

Under this appropriation we provide an operating grant to the Chatham Islands Enterprise Trust for the reconstruction of Pitt Island Wharf.

Performance information

	Standard	2012/13	2013/14
A deed in relation to the Pitt Island Wharf reconstruction is agreed and signed between the Chatham Islands Enterprise Trust and the Department	Achieved	N/A	Achieved

PART C – FINANCIAL STATEMENTS

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Comprehensive Income

Statement of Comprehensive Income for the year ended 30 June 2014

ACTUAL 2013 \$000		NOTE	ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
Income					
213,125	Crown		221,498	205,797	221,499
157,949	Other Revenue	2	161,341	180,370	162,480
371,074	Total Income		382,839	386,167	383,979
Expenditure					
180,245	Personnel Costs	3	197,295	186,619	196,121
33,243	Depreciation and Amortisation Expense	11,12	34,929	33,404	33,423
21,466	Capital Charge	6	21,935	22,362	23,344
277	Finance Costs	5	267	264	264
131,619	Other Operating Expenses	4	143,842	151,388	161,071
1,080	Loss on Sale of Property, Plant and Equipment		-	-	-
367,930	Total Expenditure		398,268	394,037	414,223
3,144	Net Surplus/(Deficit)		(15,429)	(7,870)	(30,244)
Other Comprehensive Income					
12,192	Revaluation Gains (Loss)	19	-	-	-
15,336	Total Comprehensive Income		(15,429)	(7,870)	(30,244)

Explanations of significant variances against budget are detailed in note 26.

The accompanying notes form part of these financial statements.

Financial Position

Statement of Financial Position as at 30 June 2014

ACTUAL 2013 \$000		NOTE	ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
Assets					
<i>Current Assets</i>					
50,858	Cash and Cash Equivalents	7	37,428	21,536	13,403
17,346	Debtors and Other Receivables	8	23,808	16,492	16,771
1,673	Inventories	9	1,701	1,497	1,650
5,447	Prepayments		4,108	3,943	4,943
75,324	Total Current Assets		67,045	43,468	36,767
<i>Non-Current Assets</i>					
213,588	Property, Plant and Equipment	11	204,032	218,906	210,177
69,922	Intangible Assets	12	68,387	79,921	72,711
283,510	Total Non-Current Assets		272,419	298,827	282,888
358,834	Total Assets		339,464	342,295	319,655
Liabilities and Taxpayers' Funds					
<i>Current Liabilities</i>					
33,642	Creditors and Other Payables	13	36,574	27,685	28,635
3,721	Provisions	14	4,972	4,115	4,115
7,389	Revenue Received in Advance	15	8,672	8,500	8,500
10,092	Employee Entitlements	16	10,281	14,348	14,548
1,322	Finance Leases	17	551	549	549
6,103	Provision for Repayment of Surplus	18	5,366	-	-
62,269	Total Current Liabilities		66,416	55,197	56,347
<i>Non-Current Liabilities</i>					
210	Provisions	14	210	-	-
1,874	Employee Entitlements	16	1,937	1,728	1,878
551	Finance Leases	17	-	-	-
2,635	Total Non-Current Liabilities		2,147	1,728	1,878
64,904	Total Liabilities		68,563	56,925	58,225
293,930	Net Assets		270,901	285,370	261,430
Equity					
235,667	Taxpayer's Funds	19	233,445	257,732	222,727
19,560	Memorandum Accounts	19	(1,235)	-	-
38,703	Revaluation Reserves	19	38,691	27,638	38,703
293,930	Total Equity		270,901	285,370	261,430

Explanation of significant variances against budget is detailed in note 26.

The accompanying notes form part of these financial statements.

Changes in Equity

Statement of Changes in Equity for the year ended 30 June 2014

ACTUAL 2013 \$000		NOTE	ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
3,144	Surplus/(deficit) for the year		(15,429)	(7,870)	(30,244)
12,192	Other Comprehensive Income		-	-	-
15,336	Total Comprehensive Income		(15,429)	(7,870)	(30,244)
-	Capital Injections	20	413	383	413
(15,000)	Capital Withdrawals	20		-	(2,669)
(6,103)	Provision for Payment of Surplus	18	(5,366)	-	-
Transfers of General Funds and Revaluation Reserves between Government Entities					
2,199	Charities Commission		-	-	-
-	Department of the Prime Minister and Cabinet		(2,635)	-	-
(200)	Parliamentary Services		-	-	-
-	Ministry of Justice		(12)	-	-
1,999	Total Transfers of General Funds and Revaluation Reserves between Government Departments		(2,647)	-	-
(3,768)	Movement in Equity for the year		(23,029)	(7,487)	(32,500)
297,698	Add Equity as at 1 July		293,930	292,857	293,930
293,930	Equity as at 30 June		270,901	285,370	261,430

Explanation of significant variances against budget is detailed in note 26.

The accompanying notes form part of these financial statements.

Cash Flows

Statement of Cash Flows for the year ended 30 June 2014

ACTUAL 2013 \$000		NOTE	ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
Cash Flows from Operating Activities					
<i>Cash was Provided from:</i>					
213,125	Supply of Outputs to the Crown		221,498	205,797	221,499
155,045	Supply of Outputs to Third Parties		156,162	180,257	162,760
585	Goods and Services Tax (Net)		–	–	–
368,755			377,660	386,054	384,259
<i>Cash was Disbursed to:</i>					
(318,667)	Suppliers and Employees		(324,894)	(339,660)	(356,913)
(21,466)	Capital Charge	6	(21,935)	(22,362)	(23,344)
–	Goods and Services Tax (Net)		(254)	–	(681)
(340,133)			(347,083)	(362,022)	(380,938)
28,622	Net Cash Flows from Operating Activities		30,577	24,032	3,321
Cash Flows from Investing Activities					
<i>Cash was Provided from:</i>					
3,123	Sale of Property, Plant and Equipment Held for Sale		–	–	–
548	Sale of Property, Plant and Equipment		174	910	910
3,671			174	910	910
<i>Cash was Disbursed to:</i>					
(12,078)	Purchase of Property, Plant and Equipment		(6,417)	(22,095)	(13,584)
(18,537)	Purchase of Intangibles		(29,523)	(22,596)	(21,776)
(30,615)			(35,940)	(44,691)	(35,360)
(26,944)	Net Cash Flows from Investing Activities		(35,766)	(43,781)	(34,450)
Cash Flows from Financing Activities					
<i>Cash was Provided from:</i>					
–	Capital Contribution	19,20	413	383	413
1,545	Transfers from Government Entities		–	–	–
1,545			413	383	413
<i>Cash was Disbursed to:</i>					
(15,000)	Capital Withdrawal	19,20	–	–	–
–	Transfers to Government Departments		(962)	–	(637)
(10,317)	Repayment of Net Surplus		(6,103)	–	(6,103)
–	Payment of Finance Leases		(1,589)	–	–
(25,317)			(8,654)	–	(6,740)
(23,772)	Net Cash Flows from Financing Activities		(8,241)	383	(6,327)
Movement in Cash					
72,952	Opening Cash and Cash Equivalents		50,858	40,902	50,859
(22,094)	Add Net Increase/(Decrease) in Cash Held		(13,430)	(19,366)	(37,456)
50,858	Closing Cash and Cash Equivalents	7	37,428	21,536	13,403

The accompanying notes form part of these financial statements.

Net Surplus to Net Cash Flow from Operating Activities

Reconciliation of Total Comprehensive Income to Net Cash Flow from Operating Activities for the year ended 30 June 2014

ACTUAL 2013 \$000	NOTE	ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
15,336	Total Comprehensive income	(15,429)	(7,870)	(30,244)
	Add/(Deduct) Non-Cash Items			
33,243	Depreciation and Amortisation	34,929	33,404	33,423
(12,192)	Asset Revaluation Loss/(Gain)	-	-	-
-	- Non-cash Personnel Costs associated with Transfer to Government Departments	339	-	-
-	- Impairment of Intangible Assets	2,515	-	-
-	- Loss on write off of Assets	4,518	-	-
10	10 Interest Unwind on Leased Premises	267	-	-
21,061		42,568	33,404	33,423
	Add/(Deduct) Items Classified as Investing Activities			
1,080	Loss/(Gain) on Sale of Property, Plant and Equipment	-	(382)	(382)
1,080		-	(382)	(382)
	Add/(Deduct) Movements in Working Capital Items			
(1,798)	(Increase)/Decrease in Debtors and Other Receivables	(6,462)	269	1,166
(1,759)	(Increase)/Decrease in Other Current Assets	1,311	47	23
(3,280)	Increase/(Decrease) in Creditors and Other Payables	6,059	(400)	313
(798)	Increase/(Decrease) in Other Current Liabilities	2,467	(1,036)	(978)
(1,220)	Increase/(Decrease) in Non-Current Liabilities	63	-	-
(8,855)		3,438	(1,120)	524
28,622	Net Cash Flows From Operating Activities	30,577	24,032	3,321

The accompanying notes form part of these financial statements.

Commitments

Statement of Commitments as at 30 June 2014

ACTUAL 2013 \$000		ACTUAL 2014 \$000
	Capital Commitments	
	<i>Capital Contracts for Goods and Services</i>	
249	Less than one year	9,322
-	- One to two years	-
-	- Two to five years	-
249	Total Capital Contracts for Goods and Services	9,322
249	Total Capital Commitments	9,322
	Operating Commitments	
	<i>Non-Cancellable Leases</i>	
10,933	Less than one year	11,677
8,125	One to two years	11,174
16,812	Two to five years	15,076
12,226	Over five years	10,657
48,096	Total Operating Commitments	48,584
48,345	Total Commitments	57,906

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for, or not recognised as a liability, at the balance date.

Non-Cancellable Lease Commitments

The Department leases property, plant and equipment in the normal course of its business. The majority of the leases are for premises and office equipment. The non-cancellable leasing period for these leases varies.

The accompanying notes form part of these financial statements.

Contingent Assets and Liabilities

Statement of Contingent Assets and Liabilities as at 30 June 2014

Quantifiable Contingent Assets

ACTUAL 2013 \$000		ACTUAL 2014 \$000
3,309	Insurance Recoveries from Canterbury Earthquakes	-
3,309	Total Contingent Assets	-

The Department has no quantifiable contingent assets as at 30 June 2014. In 2013 these related to business interruption and material damage insurance claims due to the Department following the 2010/11 Canterbury earthquakes.

Non-quantifiable Contingent Assets

As at 30 June 2014, the Department had one non-quantifiable contingent asset relating to an insurance claim for building damage as a consequence of the 2010/11 Canterbury earthquakes.

As at 30 June 2013 the Department had one non-quantifiable contingent asset relating to yet to be quantified insurance recoveries as a consequence of the 2010/11 Canterbury earthquakes.

Quantifiable Contingent Liabilities

There were no quantifiable contingent liabilities as at 30 June 2014 (2013: Nil).

Non-quantifiable Contingent Liabilities

There were no non-quantifiable contingent liabilities as at 30 June 2014 (2013: Nil).

Unappropriated Expenditure

Statement of Unappropriated Expenditure and Capital Expenditure for the year ended 30 June 2014

There was no unappropriated expenditure for the year ended 30 June 2014. (2013: \$Nil)

The accompanying notes form part of these financial statements.

Statement of Departmental Expenditure and Capital Appropriations

for the year ended 30 June 2014

EXPENDITURE AFTER REMEASURE- MENT 2013 \$000		EXPENDITURE BEFORE REMEASURE- MENT 2014 \$000	REMEASURE- MENT 2014 \$000	EXPENDITURE AFTER REMEASURE- MENT 2014 \$000	APPROP- RIATION VOTED 2014* \$000
Appropriations for Output Expenses					
Vote Internal Affairs					
<i>Multi-Class Output Appropriation:</i>					
Civic Information Services					
127,064	Managing and Accessing Identity Information	139,749	(3)	139,746	150,130
87,440	Managing and Accessing Knowledge Information	96,688	52	96,740	92,720
1,022	Publishing Civic Information	1,017	(2)	1,015	1,018
215,526	Total Civic Information Services	237,454	47	237,501	243,868
<i>Multi-Class Output Appropriation:</i>					
Community Information and Advisory Services					
5,136	Advisory and Information Services to Ethnic Communities	5,536	(6)	5,530	5,490
123	Community Archives Support	69	-	69	115
5,688	Community Development and Engagement Advice	4,768	(1)	4,767	4,884
1,570	Community Information – Civil Defence Emergency Management	1,220	-	1,220	1,220
12,517	Total Community Information and Advisory Services	11,593	(7)	11,586	11,709
<i>Multi-Class Output Appropriation:</i>					
Emergency Management Services					
3,721	Emergency Sector Support and Development	3,377	-	3,377	3,377
4,235	Management of National Emergency Management Readiness, Response and Recovery	3,196	-	3,196	3,196
7,956	Total Emergency Management Services	6,573	-	6,573	6,573
<i>Multi-Class Output Appropriation:</i>					
Information and Technology Services					
6,639	Cross-Government Service Delivery and ICT Investment Proposals	13,505	(7)	13,498	15,786
13,768	Government Information and Technology Services	13,488	(36)	13,452	17,059
-	Government Chief Privacy Officer	262	-	262	463
20,407	Total Information and Technology Services	27,255	(43)	27,212	33,308

* This includes adjustments made in the Supplementary Estimates and transfers under section 26A of the Public Finance Act

The accompanying notes form part of these financial statements.

EXPENDITURE AFTER REMEASURE- MENT 2013 \$000		EXPENDITURE BEFORE REMEASURE- MENT 2014 \$000	REMEASURE- MENT 2014 \$000	EXPENDITURE AFTER REMEASURE- MENT 2014 \$000	APPROP- RIATION VOTED 2014* \$000
<i>Multi-Class Output Appropriation:</i>					
Ministerial Support Services					
675	Crown Entity Monitoring	730	–	730	969
174	Ministerial Support Services – Community and Voluntary Sector	204	–	204	185
254	Ministerial Support Services – Emergency Management	240	–	240	240
97	Ministerial Support Services – Ethnic Affairs	96	–	96	87
326	Ministerial Support Services – Internal Affairs	405	–	405	420
352	Ministerial Support Services – Local Government	532	–	532	511
175	Ministerial Support Services – Ministerial Services	193	1	194	208
51	Ministerial Support Services – Racing	57	–	57	60
2,104	Total Ministerial Support Services	2,457	1	2,458	2,680
<i>Multi-Class Output Appropriation:</i>					
Policy Advice					
1,041	Policy Advice – Community and Voluntary Sector	583	–	583	649
582	Policy Advice – Emergency Management	431	–	431	431
722	Policy Advice – Ethnic Affairs	745	–	745	782
4,046	Policy Advice – Internal Affairs	4,279	1	4,280	4,460
5,284	Policy Advice – Local Government	5,402	(7)	5,395	6,007
175	Policy Advice – Racing	169	–	169	196
11,850	Total Policy Advice	11,609	(6)	11,603	12,525
<i>Multi-Class Output Appropriation:</i>					
Regulatory Services					
5,902	Charities Administration	6,350	(8)	6,342	6,348
30,732	Regulatory Services	33,682	(8)	33,674	34,096
36,634	Total Regulatory Services	40,032	(16)	40,016	40,444
<i>Multi-Class Output Appropriation:</i>					
Services Supporting the Executive					
4,600	Coordination of Official Visits and Events	5,061	1	5,062	5,593
24,565	Support Services to Members of the Executive	25,986	(11)	25,975	25,868
7,684	VIP Transport Services	7,479	1	7,480	7,415
36,849	Total Services Supporting the Executive	38,526	(9)	38,517	38,876

* This includes adjustments made in the Supplementary Estimates and transfers under section 26A of the Public Finance Act

The accompanying notes form part of these financial statements.

EXPENDITURE AFTER REMEASURE- MENT 2013 \$000		EXPENDITURE BEFORE REMEASURE- MENT 2014 \$000	REMEASURE- MENT 2014 \$000	EXPENDITURE AFTER REMEASURE- MENT 2014 \$000	APPROP- RIATION VOTED 2014* \$000
<i>Multi-Class Output Appropriation:</i>					
Support to Statutory and Other Bodies					
5,086	Commissions of Inquiry & Similar Bodies	2,032	(1)	2,031	2,359
70	Statutory and Advisory Body Support – National Archives	100	–	100	116
3	Statutory and Advisory Body Support – National Library	62	–	62	105
894	Statutory Body Support – Gambling Commission	835	–	835	1,158
1,190	Statutory Body Support – Local Government Commission	2,047	–	2,047	1,872
322	Support for Grant Funding Bodies – Community and Voluntary Sector	322	1	323	307
9,265	Support for Grant Funding Bodies – Internal Affairs	9,572	–	9,572	10,143
16,830	Total Support to Statutory and Other Bodies	14,970	–	14,970	16,060
<i>Departmental Output Expenses</i>					
3,588	Administration of Grants	3,761	2	3,763	3,788
2,781	Local Government Services	2,361	3	2,364	2,572
888	Contestable Services	1,023	3	1,026	1,010
–	– Film Archive Services	–	–	–	100
–	– Machinery of Government Transition Costs	679	–	679	710
7,257	Total Departmental Output Expenses	7,824	8	7,832	8,180
367,930	Total Departmental Appropriations for Output Expenses	398,293	(25)	398,268	414,223
Appropriation for Capital Expenditure					
24,756	Department of Internal Affairs	32,689	–	32,689	35,360
24,756	Total Department Appropriations for Capital Expenditure	32,689	–	32,689	35,360
392,686	Total Department Appropriations	421,982	(25)	430,957	449,583

* This includes adjustments made in the Supplementary Estimates and transfers under section 26A of the Public Finance Act

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Notes to the Financial Statements for the year ended 30 June

1. Statement of Accounting Policies

Reporting Entity

The Department of Internal Affairs (the Department) is a government department as defined by Section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

The Department has also reported the Crown activities and trust money which it administers.

Transfer of Ministry of Civil Defence and Emergency Management functions

On 11 November 2013 Cabinet approved the transfer of the Ministry of Civil Defence and Emergency Management from the Department to the Department of Prime Minister and Cabinet (DPMC) from 1 April 2014. As a result of this decision the carrying values of related assets were transferred to DPMC on 1 April 2014.

Reporting Period

The reporting period for these financial statements is the year ended 30 June 2014. The financial statements were authorised for issue by the Chief Executive of the Department on 30 September 2014.

Basis of Preparation

Statement of Compliance

The financial statements of the Department have been prepared in accordance with the requirements of the Public Finance Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP), and Treasury Instructions.

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with NZ IFRS.

Measurement Base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, antiques and art, and derivative financial instruments to fair value.

Budget Figures

The budget figures are those presented in the Budget Estimates of Appropriation (Main Est) for the Department and also the Supplementary Estimates (Supp Est). The budgets also include other amendments made through the course of the Supplementary Estimates process.

Budgets are prepared consistently with NZ GAAP and accounting policies used in the financial statements.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements.

Comparatives

When presentation or, classification of items in the financial statements is amended or, accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Long Service, Sick and Retirement Leave

The long service and retirement leave valuations include the use of discount rates and inflationary estimates. These valuations are independently conducted.

Finance Leases

The Department has exercised its judgement on the appropriate classification of equipment leases and has determined one lease arrangement to be a finance lease as identified in note 17. To determine if a lease arrangement is a finance lease or an operating lease requires judgement as to whether the arrangement transfers substantially all the risks and rewards of ownership to the Department. Judgement is involved in determining the fair value of the leased asset, useful life and discount rate to calculate the present value of the minimum lease payments.

Effects from Accounting Standard Adoption

The Department has not adopted any new revisions to accounting standards during the financial year.

Standards, Amendments, and Interpretations Issued that are not yet Effective and have not been Early Adopted

Standards, amendments, and interpretations issued that are not yet effective, and have not been early adopted, and are relevant to the Department, are outlined below:

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Department is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means the Department will transition to the new standards in preparing its 30 June 2015 financial statements.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

The Department anticipates that these standards will have no material impact on the financial statements in the period of initial application. It is likely that the changes arising from this framework will affect the disclosures required in the financial statements. However, it is not practical to provide a reasonable estimate until a detailed review has been completed.

Functional and Presentation Currency

The functional currency of the Department is New Zealand dollars. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Significant Accounting Policies

The measurement base used in preparing the financial statements is historical cost modified by the revaluation of land and buildings and antiques and artworks and certain financial instruments (including derivative instruments). The accrual basis of accounting has been used unless otherwise stated.

The particular accounting policies that have been applied are outlined below:

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue Crown

The Department derives revenue for the provision of outputs (services) to the Crown. Revenue Crown is recognised when earned and reported in the financial period to which it relates.

Third Party Revenue

The Department derives revenue from third parties for the provision of outputs (products or services) to third parties. Revenue from the supply of goods and services is measured at the fair value of consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer unless an alternative method better represents the stage of completion of the transaction. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Donated or Subsidised Assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue in the Statement of Comprehensive Income.

Revenue Received in Advance

Revenue is recognised in the Statement of Financial Position as a liability when the revenue has been received but does not meet the criteria for recognition as revenue in the Statement of Comprehensive Income.

Expenses

Expenses are recognised and reported in the Statement of Comprehensive Income in the period in which the service is provided or the goods are received.

Statement of Cost Accounting Policies

Criteria for Direct and Indirect Costs

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

Cost Allocation Policy

Direct costs are charged directly to significant activities. Indirect costs are charged to outputs based on cost drivers and related activity/usage information.

There were no changes in cost allocation policies since the last audited financial statements.

Method of Assigning Costs to Outputs

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). For the year ended 30 June 2014, 80% of output costs were direct costs (2012/13: 80%).

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. For the year ended 30 June 2014, indirect costs accounted for 20% of the Department's costs (2012/13: 20%).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in transit, and funds on deposit with banks.

Debtors and Other Receivables

Accounts receivable have been designated as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables entered into, with duration of less than 12 months, are recognised at their nominal value. At each balance date, the Department assesses whether there is any objective evidence that loans and receivables are impaired. Any impairment losses are recognised in the Statement of Comprehensive Income as bad debts.

Provision for Doubtful Debts

A provision is established when there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the provision is the difference between the receivables carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

Inventories

Inventories held for distribution or consumption in the provision of services that are not issued on a commercial basis are measured at the lower of cost (determined on the first-in first-out method) and current replacement costs. Where inventories are acquired at no cost, or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

The replacement cost of the economic benefits or service potential of inventory held for distribution reflects any obsolescence or any other impairment.

Any write-down from cost to current replacement cost is recognised in the Statement of Comprehensive Income in the period when the write-down occurs.

Accounting for Derivative Financial Instruments, Hedging Activities and Foreign Currency Transactions

The Department uses derivative financial instruments to hedge exposure to foreign exchange. In accordance with its foreign exchange policy, the Department does not hold or issue derivative financial instruments for trading purposes. The Department has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. Movements in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income.

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Property, Plant and Equipment

Additions

Items of property, plant and equipment costing more than \$0.003m are initially capitalised and recorded at cost.

For each property, plant and equipment asset project, borrowing costs incurred during the period required to complete and prepare the asset for its intended use are expensed.

Under the Department's Assets Grouping Policy plant and equipment that individually cost less than \$0.003m and are acquired as a group purchase with a total cost in excess of \$0.030m will be treated as a capital acquisition and capitalised as a fixed asset.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Realised gains and losses arising from disposal of property, plant and equipment are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to Other Comprehensive Income.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised on the Statement of Comprehensive Income. Losses resulting from impairment are reported in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

Revaluations

Revaluations are carried out for a number of classes of property, plant and equipment to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset with changes reported by class of asset.

Classes of property, plant and equipment that are revalued are revalued at least every five years or whenever the carrying amount differs materially to fair value. Unrealised gains and losses arising from changes in the value of property, plant and equipment are recognised as at balance date and are debited or credited to *Other Comprehensive Income* in the Statement of Comprehensive Income.

To the extent that a gain reverses a loss previously charged to the Statement of Comprehensive Income for the asset class, the gain is credited to the Statement of Comprehensive Income. Otherwise, gains are credited to an asset revaluation reserve for that class of asset. To the extent that there is a balance in the asset revaluation reserve for the asset class any loss is debited to the reserve. Otherwise, losses are reported in the Statement of Comprehensive Income.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

Specific Asset Class Policies

The asset class specific policies that have been applied are outlined below:

Land and Buildings

Land and buildings are recorded at fair value less impairment losses and, for buildings, less depreciation accumulated since the assets were last revalued. Valuations are undertaken in accordance with the standards issued by the New Zealand Property Institute.

Collections

Collections include both general and school library collections. These current use collections are recorded at cost less accumulated depreciation and accumulated impairment losses.

Other Property, Plant and Equipment

Other property, plant and equipment, which include motor vehicles and office equipment, are recorded at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment or collections, less any estimated residual value, over its estimated useful life.

Depreciation is not charged on land, antiques, artworks or capital work in progress.

The estimated useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

ASSET CATEGORY	ASSET LIFE
Buildings	30–90 Years
Leasehold Improvements	The unexpired period of the lease or the estimated life of the improvements, whichever is shorter
National Library General and Schools Collections	5–50 Years
Plant and Equipment	5–60 Years
Furniture and Fittings	5–30 Years
Office Equipment	5–10 Years
Motor Vehicles	3–6 Years
IT Equipment	3–5 Years
Leased Assets	3 Years

Intangible Assets

Additions

Intangible assets are initially recorded at cost. The cost of an internally generated intangible asset represents expenditure incurred in the development phase of the asset only. The development phase occurs after the following can be demonstrated: technical feasibility; ability to complete the asset; intention and ability to sell or use; and development expenditure can be reliably measured. Expenditure incurred on research of an internally generated intangible asset is expensed when it is incurred. Where the research phase cannot be distinguished from the development phase, the expenditure is expensed when it is incurred.

Disposal

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs. Unrealised gains and losses arising from changes in the value of intangible assets are recognised as at balance date. To the extent that a gain reverses a loss previously charged to the Statement of Comprehensive Income, the gain is credited to the Statement of Comprehensive Income. Otherwise, gains are credited to an asset revaluation reserve for that asset. To the extent that there is a balance in the asset revaluation reserve for the intangible asset a revaluation loss is debited to the reserve. Otherwise, losses are reported in the Statement of Comprehensive Income.

Impairment

Intangible assets with finite lives are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are recognised in the Statement of Comprehensive Income.

Amortisation

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. Amortisation is not charged on capital work in progress. The estimated useful lives of intangible assets are as follows:

ASSET CATEGORY	ASSET LIFE
Computer Software	3–8 Years
Births, Deaths and Marriages Historical Records Databases	10 Years
Digitised Collections	8–20 Years

Non-Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the Statement of Comprehensive Income.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale (including those as part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Treatment of Non-Current Assets Transferred from Other Government Entities

All assets are transferred at net book value which was considered to equate to fair value. The assets, where applicable, will continue to be depreciated or amortised over their remaining useful lives.

Financial Instruments

Financial assets and financial liabilities are measured at fair value plus transaction costs. Any profit or loss from the financial transaction is recognised in the Statement of Comprehensive Income.

Financial Liabilities

Financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

Leases

Finance Leases

Finance leases transfer to the Department, as lessee, substantially all the risks and rewards incident on the ownership of a leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The capitalised values are amortised over the period in which the Department expects to receive benefits from their use.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Department. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas with an operating lease no such asset is recognised.

The Department has exercised its judgement on the appropriate classification of an equipment lease. Approval is held under section 50 of the Public Finance Act 1989 for the Department to be able to enter into a finance lease for supply of specialist printing equipment for the production of passport books.

Operating Leases

Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease. Accommodation and motor vehicle leases are recognised as operating leases.

Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

Employee Entitlements

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave, sick leave and other similar benefits are recognised in the Statement of Comprehensive Income when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported as the present value of the estimated future cash outflows, taking into account the likelihood of staff reaching the point of entitlement.

Termination benefits are recognised in the Statement of Comprehensive Income only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

Long Service, Retirement and Sick Leave

Long service, retirement leave and sick leave are calculated on an actuarial basis. The portion not considered payable in the next 12 months is recognised as a term liability as per note 16. The current portion is recognised as a current liability.

Defined Contribution Superannuation Schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, Kiwi Saver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Income when incurred.

Other Liabilities and Provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Capital Charge

The capital charge is recognised as an expense in the period to which the charge relates.

Commitments

Operating and capital commitments arising from non-cancellable contractual or statutory obligations are disclosed within the Statement of Commitments to the extent that both parties have not performed their obligations.

Contingent Assets and Liabilities

Contingent assets and contingent liabilities are recorded in the Schedule of Contingent Assets and Contingent Liabilities at the point at which the contingency is evident. Contingent assets are disclosed if it is probable that the benefits will be realised. Contingent liabilities are disclosed when there is a possibility they will crystallise.

Equity

Equity is the Crown's investment in the Department and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds, memorandum accounts and property revaluation reserves.

Memorandum Accounts

Memorandum accounts reflect the cumulative surplus/(deficit) on those departmental services provided that are intended to be fully cost recovered from third parties through fees, levies, or charges. The balance of each memorandum account is expected to trend toward zero over time.

Property Revaluation Reserve

These reserves relate to the revaluation of land and buildings and works of art and antiques to fair value.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Taxation

The Department is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided. The Department is subject to fringe benefit tax (FBT), and goods and services tax (GST). It administers pay as you earn tax (PAYE), employer superannuation contribution tax (ESCT) and withholding tax (WHT).

Goods and Services Tax (GST)

All items in the financial statements including commitments and contingencies are GST exclusive, except for receivables and payables that are GST inclusive. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The amount of GST owing by or payable to the Department at balance date, being the difference between output GST and input GST, is included in either receivables or payables.

Commitments and contingencies are disclosed exclusive of GST.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Other Revenue

ACTUAL 2013 \$000		ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
80,189	Passport Fees	77,548	87,328	79,312
13,065	Citizenship Fees	12,644	13,044	12,850
10,253	Birth, Death, Marriage and Civil Union Fees	10,496	10,387	10,260
17,098	Non-casino Gaming Licences and Fees	14,663	16,341	16,058
5,353	Casino Operators' Levies	4,992	5,242	5,242
7,053	VIP Transport	7,054	7,415	7,415
8,239	Recovery from New Zealand Lottery Grants Board	8,885	9,617	9,232
902	New Zealand Gazette	876	1,000	937
896	Translation Services	1,030	900	1,010
1,189	Language Line Interpreter Services	1,323	1,291	1,356
3,161	e-Government Development and Operations	859	7,195	2,912
2,660	Electronic Purchasing in Collaboration (EPIC)	2,413	2,691	2,411
1,323	Te Puna Catalogue and Interloan Library Services	1,322	3,974	1,336
1,195	Kotui Library Services	1,050	1,238	1,394
769	Charities Registrations	802	852	852
-	Result 10 Service Transformation	2,400	2,400	2,400
789	Authentications	1,361	895	928
-	Insurance Recoveries relating to Christchurch Earthquakes	6,019	-	-
3,815	Other Third Party Revenue	5,604	8,470	6,575
157,949	Total Other Revenue	161,341	180,370	162,480

3. Personnel Costs

ACTUAL 2013 \$000		ACTUAL 2014 \$000
172,166	Salaries, Wages and Contractors	187,749
3,350	Employer Contribution to Defined Contribution Plans	4,276
785	Increase/(Decrease) in Employee Entitlements	626
-	Restructuring Costs	1,043
3,944	Other Personnel Costs	3,601
180,245	Total Personnel Costs	197,295

The increase in Personnel between 2013 and 2014 is mainly due to the increases in funding for personnel costs associated with:

- » The Software Acquisition Strategy;
- » Better Public Services Seed funded projects including Result 10 Digital Service Council, ICT Contact Centre Optimisation, ICT nz.govt.nz redevelopment and ICT Government Online Engagement;
- » Improving Government Information and Communications Technology Assurance;
- » The Government Chief Privacy Officer;
- » The Royal Visit – Duke and Duchess of Cambridge; and
- » The Government Inquiry into the Whey Protein Concentrate Contamination Incident.

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, Kiwi saver, the Government Superannuation Fund and the National Provident Fund.

4. Other Operating Expense

ACTUAL 2013 \$000		ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
10,332	Agency Fees	11,998	10,631	10,725
27,449	Computer Costs	31,513	33,127	30,520
6,681	Consultants	6,015	5,926	4,833
17,730	Inventory Costs	18,560	20,539	18,480
13,453	Office Expenses	13,906	14,137	13,613
12,021	Professional Fees	9,387	11,399	9,936
2,034	Publicity and Promotion	1,331	2,218	1,909
12,602	Rental and Leasing Costs	12,152	17,312	18,114
2,534	Staff Development	2,024	2,855	2,985
3,505	Library Resources and Subscriptions	3,652	3,758	3,758
6,641	Travel Expenses	6,520	6,108	6,957
299	Fee for Auditor (for the Financial Statement Audit)	351	292	292
8	Fees to Auditor (for Assurance and Related Services)	34	-	-
-	Increase/(Decrease) in Provision for Doubtful Debts	150	-	-
72	Realised Foreign Exchange Losses	-	-	-
(21)	Unrealised Foreign Exchange Losses/(Gains)	-	-	-
-	Impairment of Intangible Assets	2,515	-	-
-	Loss on Write off of assets	4,518	-	-
16,279	Other Departmental Operating Costs	19,216	23,086	38,949
131,619	Total Operating Expenses	143,842	151,388	161,071

The fees for assurance services were for witness duties connected with Citizenship ceremonies.

5. Finance Costs

ACTUAL 2013 \$000		ACTUAL 2014 \$000
267	Interest on Finance Leases	267
10	Make Good on Lease Premises	-
277	Total Finance Costs	267

6. Capital Charge Expense

The Department pays a capital charge to the Crown based on the taxpayers' funds held as at 30 June and 31 December each year. The capital charge rate in 2013/14 was 8.0% (2012/13: 8.0%).

7. Cash and Cash Equivalents

ACTUAL 2013 \$000		ACTUAL 2014 \$000
49,870	New Zealand Bank Accounts	36,398
	Overseas Bank Accounts	
353	Australian Bank Accounts	246
635	UK Bank Accounts	784
50,858	Total Cash and Cash Equivalents	37,428

Overseas bank accounts are shown in New Zealand dollars converted at the closing mid-point exchange rate.

8. Debtors and Other Receivables

ACTUAL 2013 \$000		ACTUAL 2014 \$000
6,703	Trade Receivables	7,296
-	Insurance Receivables relating to Christchurch Earthquakes	6,019
10,650	Debtor Crown	10,650
(7)	Less Provision for Doubtful Debts	(157)
17,346	Total Accounts Receivable	23,808

The carrying value of trade receivables approximates their fair value.

As at balance date, all overdue receivables have been assessed for impairment, and appropriate provisions applied, as detailed below.

2013				2014		
GROSS \$000	IMPAIRMENT \$000	NET \$000		GROSS \$000	IMPAIRMENT \$000	NET \$000
16,143	-	16,143	Not past due	22,266	-	22,266
693	-	693	Past due 1-30 days	1,390	-	1,390
142	-	142	Past due 31-60 days	20	-	20
169	-	169	Past due 61-90 days	89	-	89
206	(7)	199	Past due > 91 days	200	(157)	43
17,353	(7)	17,346	Total Accounts Receivable	23,965	(157)	23,808

The provision for doubtful debts has been calculated based on expected losses for the Department's pool of receivables. The expected losses have been determined based on analysis of the Department's losses in prior periods, and a review of individual receivables.

Movements in the provision for doubtful debts are as follows:

ACTUAL 2013 \$000		ACTUAL 2014 \$000
(7)	Opening Doubtful Debts as at 1 July	(7)
8	Additional Provisions Made During the Year	(150)
-	Provisions Released During the Year	-
(8)	Trade Receivables Written Off	-
(7)	Closing Doubtful Debts as at 30 June	(157)

9. Inventories

ACTUAL 2013 \$000		ACTUAL 2014 \$000
	Birth, Death and Marriage Certificates	
62	Stock on Hand	41
	Citizenship	
49	Stock on Hand	52
571	Work in Progress	524
	National Library	
48	Stock on Hand	48
	Passports	
26	Stock on Hand	10
917	Work in Progress	1,026
1,673	Total Inventories	1,701

No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses.

10. Derivative Financial Instruments

There were no outstanding forward exchange contracts at balance date. (2013: Nil)

11. Property, Plant and Equipment

2014

Cost or Valuation

Asset Class	Balance at 1 July \$000	Additions \$000	Revaluations/ Impairments \$000	Disposals \$000	Transfers \$000	Balance at 30 June \$000
Land	49,815	–	–	–	–	49,815
Buildings	115,873	291	–	(52)	355	116,467
Leasehold Improvements	13,680	319	–	(298)	(137)	13,564
Antiques and Works of Art	1,056	–	–	(22)	–	1,034
Furniture and Fittings	11,418	783	–	(258)	(6)	11,937
General Collections	27,876	787	–	–	–	28,663
Schools Collections	14,742	1,180	–	–	–	15,922
Office Equipment	5,670	173	–	(379)	(188)	5,276
Motor Vehicles	7,900	369	–	(328)	(244)	7,697
Plant and Equipment	13,310	883	–	(90)	(425)	13,678
IT Equipment	34,608	1,642	–	(14,706)	1,753	23,297
Leased Assets	6,608	–	–	–	–	6,608
Total Cost	302,556	6,427	–	(16,133)	1,108	293,958

Accumulated Depreciation

Asset Class	Balance at 1 July \$000	Depreciation \$000	Revaluations/ Impairments \$000	Disposals \$000	Transfers \$000	Balance at 30 June \$000
Land	–	–	–	–	–	–
Buildings	274	4,434	–	–	–	4,708
Leasehold Improvements	9,602	1,202	–	(286)	(90)	10,428
Antiques and Works of Art	–	–	–	–	–	–
Furniture and Fittings	6,535	543	–	(255)	(5)	6,818
General Collections	16,928	1,388	–	–	–	18,316
Schools Collections	11,678	1,180	–	–	–	12,858
Office Equipment	4,947	243	–	(378)	(190)	4,622
Motor Vehicles	3,853	1,242	–	(192)	(48)	4,855
Plant and Equipment	4,826	522	–	(75)	(52)	5,221
IT Equipment	25,589	4,653	(1,880)	(12,274)	(46)	16,042
Leased Assets	4,736	1,322	–	–	–	6,058
Total Accumulated Depreciation	88,968	16,729	(1,880)	(13,460)	(431)	89,926

2013

Cost or Valuation

Asset Class	Balance at 1 July \$000	Additions \$000	Revaluations/ Impairments \$000	Disposals \$000	Transfers \$000	Balance at 30 June \$000
Land	49,825	–	(10)	–	–	49,815
Buildings	108,454	6,120	1,275	–	24	115,873
Leasehold Improvements	14,141	31	–	(14)	(478)	13,680
Antiques and Works of Art	1,193	63	–	–	(200)	1,056
Furniture and Fittings	11,822	476	–	(977)	97	11,418
General Collections	27,097	779	–	–	–	27,876
Schools Collections	13,449	1,293	–	–	–	14,742
Office Equipment	5,261	481	–	(124)	52	5,670
Motor Vehicles	8,097	866	–	(1,063)	–	7,900
Plant and Equipment	12,537	737	–	(58)	94	13,310
IT Equipment	43,531	1,223	–	(9,052)	(1,094)	34,608
Leased Assets	6,608	–	–	–	–	6,608
Total Cost	302,015	12,069	1,265	(11,288)	(1,505)	302,556

Accumulated Depreciation

Asset Class	Balance at 1 July \$000	Depreciation \$000	Revaluations/ Impairments \$000	Disposals \$000	Transfers \$000	Balance at 30 June \$000
Land	–	–	–	–	–	–
Buildings	7,791	3,683	(11,149)	(51)	–	274
Leasehold Improvements	8,978	1,188	–	(9)	(555)	9,602
Antiques and Works of Art	–	–	–	–	–	–
Furniture and Fittings	6,887	512	–	(938)	74	6,535
General Collections	15,540	1,388	–	–	–	16,928
Schools Collections	10,508	1,170	–	–	–	11,678
Office Equipment	4,778	256	–	(118)	31	4,947
Motor Vehicles	3,084	1,384	–	(615)	–	3,853
Plant and Equipment	4,526	538	–	(50)	(188)	4,826
IT Equipment	29,621	4,799	–	(9,051)	220	25,589
Leased Assets	3,414	1,322	–	–	–	4,736
Total Accumulated Depreciation	95,127	16,240	(11,149)	(10,832)	(418)	88,968

* Transfers include transfers between government entities.

Summary of Property, Plant and Equipment

2013				2014		
Cost or Valuation \$000	Accumulated Depreciation \$000	Carrying Value \$000	Asset Class	Cost or Valuation \$000	Accumulated Depreciation \$000	Carrying Value \$000
49,815	–	49,815	Land	49,815	–	49,815
115,873	274	115,599	Buildings	116,467	4,708	111,759
13,680	9,602	4,078	Leasehold Improvements	13,564	10,428	3,136
1,056	–	1,056	Antiques and Works of Art	1,034	–	1,034
11,418	6,535	4,883	Furniture and Fittings	11,937	6,818	5,119
27,876	16,928	10,948	General Collections	28,663	18,316	10,347
14,742	11,678	3,064	School Collections	15,922	12,858	3,064
5,670	4,947	723	Office Equipment	5,276	4,622	654
7,900	3,853	4,047	Motor Vehicles	7,697	4,855	2,842
13,310	4,826	8,484	Plant and Equipment	13,678	5,221	8,457
34,608	25,589	9,019	IT Equipment	23,297	16,042	7,255
6,608	4,736	1,872	Leased Assets	6,608	6,058	550
302,556	88,968	213,588	Total Property, Plant and Equipment	293,958	89,926	204,032

Leased Assets

The net carrying amount of the leased assets (Passport Printers) held under finance lease is \$0.550m (2012/13: \$2.093m).

Capital Work in Progress

The total amount of property, plant and equipment in the course of construction is \$0.881m (2012/13: \$1.158m).

Revaluation Movement

Details of valuations and revaluation movements are contained in note 19.

Impairment Losses

Adjustments have been made within the accounts for all potential impairment losses resulting from IT Equipment obsolescence. The impairment for RealMe assets totalled \$1.880m.

Restrictions of Title

There are no restrictions over the title of the Department's Property, Plant and Equipment and no Property, Plant and Equipment assets are pledged as security for liabilities.

Non-Current Property, Plant and Equipment Held for Sale

As at 30 June 2014 there were no non-current assets held for sale (2012/13 \$nil).

12. Intangible Assets

2014

Cost or Valuation

Asset Class	Balance at 1 July \$000	Additions \$000	Revaluations/ Impairments \$000	Disposals \$000	Transfers \$000	Balance at 30 June \$000
Cost						
Software Acquired	56,975	1,804	-	(10,719)	(19,288)	28,772
Software Internally Generated	100,254	26,837	-	(15,568)	15,184	126,707
Total Software Cost	157,229	28,641	-	(26,287)	(4,104)	155,479

Asset Class	Balance at 1 July	Amortisation	Revaluations/ Impairments	Disposals	Transfers	Balance at 30 June
Less Accumulated Amortisation						
Software Acquired	29,586	701	56	(8,728)	(246)	21,369
Software Internally Generated	57,721	17,498	2,459	(11,648)	(307)	65,723
Total Software Amortisation	87,307	18,199	2,515	(20,376)	(553)	87,092
Net Book Value	69,922					68,387

2013

Asset Class	Balance at 1 July \$000	Additions \$000	Revaluations/ Impairments \$000	Disposals \$000	Transfers \$000	Balance at 30 June \$000
Cost						
Computer Software	135,384	23,091	-	(4,188)	2,942	157,229

Asset Class	Balance at 1 July	Amortisation	Revaluations/ Impairments	Disposals	Transfers	Balance at 30 June
Less Accumulated Amortisation						
Computer Software	72,224	17,003	-	(3,108)	1,188	87,307
Net Book Value	63,160					69,922

Capital Work in Progress

The total amount of intangibles in the course of construction is \$17.886m (2012/13: \$17.875m).

Impairment Losses

Total impairment losses for the year are \$2.515m (2012/13: \$nil).

Restrictions of Title

There are no restrictions over the title of the Department's intangible assets and no intangible assets are pledged as security for liabilities.

13. Creditors and Other Payables

ACTUAL 2013 \$000		ACTUAL 2014 \$000
5,423	Creditors	7,892
19,356	Accrued Expenses	19,236
6,583	Accrued Salaries	7,420
2,280	GST Payable	2,026
33,642	Total Accounts Payable	36,574

Accounts payable are non-interest bearing and are normally settled on 30 day terms; therefore the carrying value of account payables approximates their fair value.

14. Provisions

ACTUAL 2013 \$000		ACTUAL 2014 \$000
	Current portion	
488	Restructuring	2,493
427	Lease Make Good	387
2,806	Other	2,092
3,721	Total current portion	4,972
	Non-current portion	
210	Lease Make Good	210
210	Total non-current portion	210
3,931	Total Provisions	5,182

	Restructuring \$000	Lease Make Good \$000	Other \$000	TOTAL \$000
2013				
Balance as at 1 July	876	736	2,571	4,183
Additional provisions made	30	–	405	435
Charge against provision for the year	(398)	(52)	(170)	(620)
Unused provisions reversed	(20)	(57)	–	(77)
Discount unwind (see note 5)	–	10	–	10
Balance as at 30 June	488	637	2,806	3,931
2014				
Balance as at 1 July	488	637	2,806	3,931
Additional provisions made	2,100	–	672	2,772
Charge against provision for the year	(95)	(40)	(1,386)	(1,521)
Unused provisions reversed	–	–	–	–
Discount unwind (see note 5)	–	–	–	–
Balance as at 30 June	2,493	597	2,092	5,182

Restructuring Provision

The 2013 provision represents one-off costs for remaining integration activities related to Machinery of Government changes and other minor restructuring across the Department which are ongoing.

The 2014 provision includes \$2.100m for transforming business and financial performance across the Department.

Lease Make Good Provision

A number of the Department's property leases require, at the expiry of the lease term, restoration of the properties to an agreed condition, repairing any damage and removing any fixtures and fittings installed by the Department. A provision has been recorded to recognise this liability.

Other Provisions

The rental savings from the Canterbury earthquakes and the Executive Leadership Team Development fund are the major components of the other provisions.

15. Revenue Received in Advance

ACTUAL 2013 \$000		ACTUAL 2014 \$000
3,236	Identity Products	3,252
1,612	Licensing Fees	2,022
670	Kotui	883
1,798	Electronic Purchasing in Collaboration (EPIC)	2,132
73	Other	383
7,389	Total Revenue Received in Advance	8,672

16. Employee Entitlements

ACTUAL 2013 \$000		ACTUAL 2014 \$000
Current Entitlements		
8,989	Annual Leave	9,475
89	Sick Leave	104
1,014	Long Service and Retirement Leave	702
10,092	Total Current Entitlements	10,281
Term Entitlements		
1,874	Long Service and Retirement Leave	1,937
1,874	Total Term Entitlements	1,937
11,966	Total Entitlements	12,218

Long Service and Retirement Leave

The assessment was undertaken of the Long Service and Retirement Leave liability for each employee as at balance date. Actuarial services were provided by Mercer Human Resource Consulting Ltd and were prepared by Mark Channon, Fellow of the New Zealand Society of Actuaries.

The measurement of the retiring and long service leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and salary inflation factor. Any changes in these assumptions will affect the carrying value of the liability.

	2013	2014
Discount Rate		
Long Service Leave	3.78%	4.02%
Retiring Leave	2.92%	3.42%
Salary Inflation Factor		
Salary Inflation Factor	3.50%	3.50%

17. Finance Leases

ACTUAL 2013 \$000		ACTUAL 2014 \$000
Total Minimum Lease Payments Payable		
1,589	Not later than one year	662
708	Later than one year and not later than five years	-
2,297	Total Minimum Lease Payments	662
(424)	Future Finance Charges	(111)
1,873	Present Value of Minimum Lease Payments	551
Present Value of Minimum Lease Payments Payable		
1,322	Not later than one year	551
551	Later than one year and not later than five years	-
1,873	Total Present Value of Minimum Lease Payments	551
Represented by:		
1,322	Current	551
551	Non-Current	-
1,873	Total Finance Leases	551

The Department has entered into a finance lease for the supply of specialist printing equipment required for printing passport books. The net carrying amount of the leased assets is shown within Property, Plant and Equipment.

There are no restrictions placed on the Department by the finance lease arrangement.

Finance lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default. The effective interest rate used for this lease is 7.5%.

18. Return of Operating Surplus

ACTUAL 2013 \$000		ACTUAL 2014 \$000
15,336	Total Comprehensive Income	(15,429)
(12,192)	Revaluation Loss/(Gain)	-
2,959	(Surplus)/deficit on Memorandum Accounts	20,795
6,103	Total Return of Operating Surplus	5,366

The Department is required to repay the operating surplus to the Crown by 31 October each year.

19. Equity

ACTUAL 2013 \$000		ACTUAL 2014 \$000
Taxpayers' Funds		
247,541	Opening balance at 1 July	235,667
15,336	Total Comprehensive Income	(15,429)
1,999	Transfer of General Funds between Government Departments	(2,647)
(12,192)	Revaluation losses/(gains)	–
1,127	Transfer Revaluation Reserve to Taxpayers' Funds on Disposal	12
2,959	Transfer of Memorandum Account net (surplus)/deficit for the year	20,795
–	– Capital Injections	413
(15,000)	Capital Withdrawals	–
(6,103)	Return of operating surplus to the Crown	(5,366)
235,667	Balance at 30 June	233,445
Memorandum Accounts		
22,519	Opening Balance 1 July	19,560
(2,959)	Net Memorandum Account surpluses/(deficits) for the year	(20,795)
19,560	Balance at 30 June	(1,235)
Revaluation Reserves		
27,638	Opening Balance 1 July	38,703
12,192	Revaluation gains/(losses)	–
(1,127)	Transfer to Taxpayers' Funds on Disposal	(12)
38,703	Balance at 30 June	38,691
293,930	Total Equity at 30 June	270,901
Revaluation Reserves Consist of:		
12,669	Land Revaluation Reserve	12,669
25,322	Buildings Revaluation Reserve	25,322
712	Antiques and Works of Art	700
38,703	Total Revaluation Reserves	38,691

Transfers of General Funds between Government Departments includes \$2.635m to the Department of the Prime Minister and Cabinet relating to the transfer of Ministry of Civil Defence and Emergency Management and \$0.012m to the Ministry of Justice for the transfer of artworks.

Land and Buildings – Ministerial Properties and Department Accommodation

Darroch Ltd, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer, conducted a valuation of ministerial properties and Departmental land and buildings in March 2013, with valuations effective 30 June 2013.

The 2012/13 revaluation reserve transfer to Taxpayers' Funds is a result of the sale of two ministerial properties.

Antiques and Works of Art

A valuation of antiques and works of art was undertaken by Dunbar Sloane Ltd, an independent expert, in June 2011 with valuations effective 30 June 2011.

Memorandum Accounts

Memorandum accounts are accounts to record the accumulated balance of surpluses and deficits for outputs funded by fees charged to third parties. They are intended to provide a long-run perspective to the pricing of outputs.

ACTUAL 2013 \$000		ACTUAL 2014 \$000
New Zealand Gazette		
516	Balance at 1 July	424
930	Revenue Movement for the year	876
1,022	Expense Movement for the year	1,016
(92)	Net Memorandum Account surpluses/(deficits) for the year	(140)
424	Balance at 30 June	284
Use of Facilities and Access to Lake Taupo by Boat Users		
(183)	Balance at 1 July	(183)
459	Revenue Movement for the year	538
459	Expense Movement for the year	452
-	Net Memorandum Account surpluses/(deficits) for the year	86
(183)	Balance at 30 June	(97)
Passport Products		
27,368	Balance at 1 July	20,843
80,405	Revenue Movement for the year	77,548
86,930	Expense Movement for the year	92,102
(6,525)	Net Memorandum Account surpluses/(deficits) for the year	(14,554)
20,843	Balance at 30 June	6,289
Citizenship Products		
3,226	Balance at 1 July	8,743
13,095	Revenue Movement for the year	12,644
7,578	Expense Movement for the year	11,597
5,517	Net Memorandum Account surpluses/(deficits) for the year	1,047
8,743	Balance at 30 June	9,790
Marriage and Civil Union Products		
(566)	Balance at 1 July	(876)
2,843	Revenue Movement for the year	3,066
3,153	Expense Movement for the year	2,873
(310)	Net Memorandum Account surpluses/(deficits) for the year	193
(876)	Balance at 30 June	(683)
Issue of Birth, Death and Marriage Certifications and other Products		
672	Balance at 1 July	1,620
7,412	Revenue Movement for the year	7,430
6,464	Expense Movement for the year	9,007
948	Net Memorandum Account surpluses/(deficits) for the year	(1,577)
1,620	Balance at 30 June	43
Administration of Non-casino Gaming		
(6,958)	Balance at 1 July	(6,719)
17,637	Revenue Movement for the year	14,663
17,398	Expense Movement for the year	17,117
239	Net Memorandum Account surpluses/(deficits) for the year	(2,454)
(6,719)	Balance at 30 June	(9,173)

ACTUAL 2013 \$000		ACTUAL 2014 \$000
Infrastructure as a Service (IaaS)		
(2,318)	Balance at 1 July	(2,453)
253	Revenue Movement for the year	980
388	Expense Movement for the year	342
(135)	Net Memorandum Account surpluses/(deficits) for the year	638
(2,453)	Balance at 30 June	(1,815)
Kotui Library Services		
762	Balance at 1 July	837
1,211	Revenue Movement for the year	1,050
1,136	Expense Movement for the year	1,148
75	Net Memorandum Account surpluses/(deficits) for the year	(98)
837	Balance at 30 June	739
All-of-Government Adoption of Cloud Computing		
-	Balance at 1 July	(2,964)
-	Revenue Movement for the year	-
2,964	Expense Movement for the year	3,346
(2,964)	Net Memorandum Account surpluses/(deficits) for the year	(3,346)
(2,964)	Balance at 30 June	(6,310)
Electronic Purchasing in Collaboration (EPIC)		
-	Balance at 1 July	288
2,665	Revenue Movement for the year	2,413
2,377	Expense Movement for the year	2,703
288	Net Memorandum Account surpluses/(deficits) for the year	(290)
288	Balance at 30 June	(2)
Result 10		
-	Balance at 1 July	-
-	Revenue Movement for the year	2,400
-	Expense Movement for the year	2,030
-	Net Memorandum Account surpluses/(deficits) for the year	370
-	Balance at 30 June	370
Common Capability Products		
-	Balance at 1 July	-
-	Revenue Movement for the year	579
-	Expense Movement for the year	1,249
-	Net Memorandum Account surpluses/(deficits) for the year	(670)
-	Balance at 30 June	(670)

Actions Taken to Address Surpluses and Deficits

New Zealand Gazette (Established 30 June 2002)

Purpose: The cost of publishing and distributing the *New Zealand Gazette* is recovered through third party fees.

Actions: The surplus is expected to reduce as project costs to improve the *New Zealand Gazette*'s online capability are incurred to transition the *Gazette* to online publication. Fees will be reviewed and any fee changes resulting from the review are expected to come into effect from 1 July 2015.

Use of Facilities and Access to Lake Taupo by Boat Users (Established 30 June 2002)

Purpose: The Department manages berths, jetties and boat ramps located at Lake Taupo. Fees are charged to third parties for the use of boat ramps and marina berths. These fees are used to cover the cost of the administration and maintenance of these facilities and, over time, to cover costs relating to depreciation on Crown assets utilised and the rental paid to the Tuwharetoa Maori Trust Board for the portions of the lake bed used for berths, jetties and boat ramps.

Actions: Staggered fee increases were approved in July 2012 designed to move fees towards full cost recovery, including the Crown costs identified above. A review of fees is expected to be completed in 2015/16.

Passport Products (Established 30 June 2002)

Purpose: To support a strategy to stabilise fees based on full cost recovery over a four- to five-year planning horizon. This strategy supports the introduction of new technologies, including the replacement of the ageing passport system within that timeframe.

Actions: The memorandum account surplus has reduced significantly from \$20.843m at 1 July 2013 to \$6.289m at 30 June 2014 due to the reduction in passport fees. Passport fees were reduced in November 2012 to below cost.

The balance in this account is also affected by fluctuating volumes and the timing of system changes. The Passport Redevelopment Programme was completed in March 2014 to replace ageing technology and to handle the progressive increase in passport application volumes resulting from the 2005 move to a five-year passport.

Other initiatives to improve the passport services and to extend the online passport application service to child applicants will be rolled out over the next two years.

Passport fees will be reviewed to reinstate fees to full cost recovery.

Citizenship Products (Established 30 June 2002)

Purpose: To support a strategy to stabilise fees based on full cost recovery over a four- to five-year planning horizon.

Actions: The current fees schedule for citizenship products was approved with effect from 1 September 2003. The balance in this account in recent years has been affected by fluctuating volumes and legislative changes that increased the citizenship eligibility qualifying period from three to five years for permanent residence.

The balance in the Citizenship memorandum account is expected to contribute to the costs of replacing ageing technology, including system process improvement and integrity. Citizenship fees are likely to be reviewed in 2014/15 following the completion of this programme of work.

Marriage and Civil Union Products (Established 30 June 2002, amended to include Civil Unions 1 July 2012)

Purpose: To support a strategy to stabilise fees based on full cost recovery over a four- to five-year planning horizon. This strategy supports the introduction of new technologies including the replacement of the ageing Births, Deaths and Marriages (BDM) systems within that timeframe.

Actions: The basis for the current fees schedule for marriages and civil unions was approved with effect from 1 September 2003 to recover full costs.

The favourable movement in 2013/14 reflects lower costs since fees were last reviewed and higher than expected revenue for Marriage Licences and Civil Unions.

Work is expected to commence in 2014/15 to upgrade or replace the ageing legacy Life data system including developing access to marriage/civil union licence/registration on line. Marriage product fees will be reviewed in 2014/15 and will incorporate the results of the foregoing initiatives and the impact of volume changes.

Births, Deaths and Marriages Certificates, and Other Products (Established 30 June 2002)

Purpose: To support a strategy to stabilise fees based on full cost recovery over a four- to five-year planning horizon. This strategy includes the introduction of new technologies that allow greater access by applicants through the Internet.

Actions: The current fees schedule was approved with effect from 1 September 2003 to recover full costs. The unfavourable movement in 2013/14 is due to changes to the Marriages (Definition of Marriages) Amendment Act 2013, and consequential impacts on the births and deaths registration processes. Work is expected to commence in 2014/15 to upgrade/replace the ageing BDM legacy Life data system used for registering and accessing BDM data by customers.

Administration of Non-casino Gaming (Established 30 June 2002)

Purpose: Fees established to recover the cost of administration and regulation of non-casino gaming are reflected in gaming machine fees, licence fees and similar charges for differing types of gaming activity, in addition to charges relating to the electronic monitoring of non-casino gaming machines.

Actions: The current fees schedule was approved with effect from 1 February 2008. Since that time, permanent reductions in the number of gaming machines has resulted in lower than anticipated fees income over a number of years. Cost pressures and specific expenditure on a major investigation have also contributed to the memorandum account deficit. The lower revenue in 2013/14 compared with 2012/13 reflects the lower number of gaming machines in use. A review of fees is expected to be completed in 2014/15.

Infrastructure as a Service (IaaS) (Established 1 January 2011)

Purpose: IaaS was established to provide government agencies with access to shared storage, computing and data center facilities on a self-service, pay-as-you-use basis. The model is flexible so that agencies can choose service elements that best fit their business needs, and can join the initiative in a staged way as existing infrastructure assets require replacement or as new capacity is required.

This approach consolidates Public Sector demand, reduces duplication (in respect of infrastructure and capital expenditure), allows agencies to manage resources better and provides agencies with the improved ability to understand the total cost of ownership of their use of ICT infrastructure.

The cost of establishing and managing the IaaS will be recovered through fees charged to government agencies for use of the service.

Actions: Uptake was constant through 2013/14 with 54 agencies signed up for IaaS services at 30 June 2014. It is projected that the establishment costs will be fully recovered by 2017/18 at which point the Agency fee will be reduced.

Kōtūi Library Services (Established 30 January 2011)

Purpose: The National Library provides Kōtūi as a shared service of integrated library management and resource discovery systems for public libraries. The business model is a subscription service where public libraries pay a one-off license fee followed by annual subscription charges.

Actions: The Kōtūi shared library and resource discovery service was launched to public libraries in September 2011. Kōtūi is a shared library service and one of the effects it has had is to increase collaborative opportunities between geographically dispersed libraries and realise the resulting efficiencies. This allows library staff around New Zealand to participate in experts' groups to help shape the development of the service into the future.

All of Government Adoption of Cloud Computing (Established 2012)

Purpose: Establish the foundational capabilities of cloud computing for All-of-Government use. The Department will recover all capital and operating costs incurred in implementing the cloud initiative, including establishing the foundational capabilities and implementing specific services from agencies through service charges on individual deployments.

Actions: The deficit is increasing because the service is in establishment phase. When the service moves into the operational support phase there will be a decrease in expenses and an increase in revenue as agencies take up the service provided via the deployment of cloud initiatives. The rate of recovery will depend on the take up rate by agencies, and the recovery charges set.

EPIC (Electronic Purchasing in Collaboration) (Established 2012)

Purpose: The purpose of EPIC is to negotiate group licenses to electronic resources and to provide member libraries and all New Zealand schools with access to high quality subscription electronic resources at more favorable rates than they would be able to achieve individually.

Actions: EPIC Operations are funded through an administration component of member libraries' subscriptions. Fees are reviewed annually and are based on member uptake and vendor costs.

Result 10 (Established 2013)

Purpose: This memorandum account was established to manage funding from agencies and expenditure associated with supporting Result 10 to enable New Zealanders to complete their most common transactions with Government easily in a digital environment.

Actions: In 2014/15, Result 10 will be funded by seven contributing agencies

Common Capability Products (Established 2013)

Purpose: This memorandum account was established to record both the amount of revenue received from agencies for Government ICT Common Capability products (GCC) products, not otherwise accounted for via separate memorandum accounts, and the amount of expenses incurred in supporting the development (where not funded separately), delivery, operation and renewal of these GCC products.

The products are funded through fees charged to consuming agencies.

Actions: A number of services are in the establishment phase. A fee recovery is in place across a range of Common Capability products and these fees will be regularly reviewed.

20. Capital Injections and Withdrawals

2013 \$000	2014 \$000
- Result 10 Digital Service Council	30
- Archives New Zealand – Government Digital Archive	383
- Total Capital Injections	413
15,000 Capital to Operating Swap	-
15,000 Total Capital Withdrawals	-

The capital withdrawal in 2013 was the result of a fiscally neutral adjustment between capital and operating for the department to support a shift from funding owned assets to purchasing services.

21. Related Parties Transactions and Key Management Personnel

All related party transactions have been entered into on an arms' length basis.

The Department is a government department and is wholly owned and controlled by the Crown. The Government significantly influences the roles of the Department as well as being its major source of revenue.

Significant Transactions with Government-related Entities

In conducting its activities the Department is required to pay various taxes and levies (such as GST, PAYE, FBT and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on standard terms and conditions that apply to all tax and levy payers. The Department is exempt from Income Tax.

The Department undertakes a number of trading activities with the Crown, other government departments, Crown entities and state-owned enterprises who are similarly related to the Crown. Purchases from these entities for the year ended 30 June totalled \$6.695m (2012/13 \$4.489m). These purchases included the purchase of electricity from Meridian, air travel from Air New Zealand, legal services from the Crown Law Office, auditing and assurance services from Audit New Zealand, postal services from New Zealand Post and other services from the Privacy Commissioner, Learning State Ltd, Leadership Development Centre, Statistics New Zealand, Research and Education Advanced Network, Office of Film and Literature Classification and Agresearch Limited.

The Department receives third party revenue for administering the Lottery Grants Board grants. See note 2.

Transactions with Key Management Personnel and Their Close Family Members

Key Management Personnel Compensation.

ACTUAL 2013 \$000		ACTUAL 2014 \$000
2,332	Salaries and Other Short-term Employee Benefits	2,692
72	Post-employment Benefits	69
9	Other Long-term Benefits	8
-	Termination Benefits	-
2,413	Total Key Management Personnel Compensation	2,769

In 2013/14 key management personnel of the Department comprised nine ministers, the Chief Executive Officer and six members of the Executive Leadership Team (ELT).

In 2012/13 key management personnel of the Department comprised seven ministers, the Chief Executive Officer and six members of the Executive Leadership Team (ELT).

Key management personnel compensation excludes the remuneration and other benefits of the Responsible Ministers for the Department. For 2013/14 these were Hon Chris Tremain, Hon Nathan Guy, Hon Nikki Kaye, Rt Hon John Key, Hon Jo Goodhew, Hon Judith Collins, Hon Peter Dunne, Hon Paula Bennett and Hon Hekia Parata. For 2012/13 these were Hon Chris Tremain, Rt Hon John Key, Hon Judith Collins, Hon David Carter, Hon Nathan Guy, Hon Nikki Kaye, and Hon Jo Goodhew. The Ministers' remuneration and other benefits are not received for their role as a member of key management personnel of the Department. The Ministers' remuneration and other benefits are set out by the remuneration authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority.

Related party transactions involving key management personnel (or their close family members)

Treasury has confirmed that there were no related party transactions with the Responsible Ministers of the Department.

Where there are close family members of key management personnel employed by the Department, the terms and conditions of the employment arrangements are no more favourable than the Department would have adopted if there were no relationship to key management personnel.

The Department purchased goods and services from entities that some key management personnel have a relationship with. Purchases from these related entities are set out in the table below:

ACTUAL 2013 \$000		ACTUAL 2014 \$000	OUTSTANDING BALANCE 2014 \$000
594	Deloitte	631	20

22. Financial Instrument Risks

The Department is party to financial instrument arrangements as part of its daily operations. These include cash and cash equivalents, accounts receivable, accounts payable and provisions, accrued expenses, term accrued expenses and foreign currency forward contracts.

The Department's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Department has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Currency Risk

Currency risk is the risk that accounts receivable and accounts payable due in foreign currency will fluctuate because of changes in foreign exchange rates.

The Department maintains bank accounts denominated in foreign currencies. Balances are regularly cleared to minimise exposure risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the return on investment or the cost of borrowing.

Under section 46 of the Public Finance Act 1989, the Department cannot raise a loan without approval of the Minister of Finance. Equipment leases are identified as finance leases in accordance with NZ IAS 17 Leases. The Department has received the approval of the Minister of Finance for this lease. The fixed interest rate on the term of these leases reduces the exposure on borrowed funds.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Department, causing the Department to incur a loss.

Financial instruments, which potentially subject the Department to credit risk, consist of cash and bank balances and trade receivables.

The Department banks with Treasury approved financial institutions.

The Department holds cash with Westpac Banking Corporation (Westpac). Westpac is part of the Crown Retail Deposit Guarantee Scheme and so all deposits up to \$1.000m held with Westpac are guaranteed by the Crown.

Credit evaluations are undertaken on customers requiring credit. Collateral or other security is not generally required to support financial instruments with credit risk. Other than cash and bank balances and trade receivables, the Department does not have any significant credit risk.

Maximum Exposures to Credit Risk

ACTUAL 2013 \$000		ACTUAL 2014 \$000
50,858	Cash and Cash Equivalents	37,428
17,346	Debtors and Other Receivables	23,808
68,204	Total Exposure to Credit Risk	61,236

Cash and cash equivalents excludes any cash physically held including as petty cash as cash is not exposed to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Department will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Department closely monitors its forecast cash requirements with expected drawdowns from the New Zealand Debt Management Office. The Department maintains a target level of available cash to meet liquidity requirements.

The table below analyses the Department's financial liabilities that will be settled based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Total \$000	Less Than 6 Months \$000	Between 6 Months & 1 Year \$000	Between 1 Year & 5 Years \$000	Over 5 Years \$000
2014					
Creditors and Other Payables	36,574	36,574	-	-	-
Derivative Financial Instruments – Assets	-	-	-	-	-
Derivative Financial Instruments – Liabilities	-	-	-	-	-
2013					
Creditors and Other Payables	33,642	33,642	-	-	-
Derivative Financial Instruments – Assets	-	-	-	-	-
Derivative Financial Instruments – Liabilities	-	-	-	-	-

23. Categories of Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

ACTUAL 2013 \$000		ACTUAL 2014 \$000
Loans and receivables		
50,858	Cash and Cash Equivalents	37,428
17,346	Debtors and Other Receivables	23,808
68,204	Total Loans and Receivables	61,236
Fair Value Through Profit and Loss		
-	Derivative Financial Instrument Liabilities	-
-	Total Fair Value Through Profit and Loss	-
Financial Liabilities Measured at Amortised Cost		
33,642	Creditors and Other Payables	36,574

24. Fair Value Hierarchy Disclosures

For those financial instruments recognised at fair value in the Statement of Financial Position, fair values are determined using the following hierarchy:

- i) Level 1 – Quoted market price – financial instruments with quoted prices for identical instruments in active markets
- ii) Level 2 – Valuation technique using observable inputs – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- iii) Level 3 – Valuation techniques with significant non-observable inputs – financial instruments valued using models where one or more significant inputs are not observable.

There are no Fair Value Hierarchy Disclosures for the 2013/14 year (12/13 year: Nil)

25. Capital Management

The Department's capital is its taxpayers' funds, which comprise general funds and revaluation reserves. Equity is represented by net assets.

The Department manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Department's taxpayers' funds are largely managed by a by-product of managing income, expenses, assets, liabilities and compliance with the Government Budget processes and with Treasury Instructions and the Public Finance Act 1989.

The objective of managing the Department's taxpayers' funds is to ensure the Department effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

26. Explanation of Significant Variances against Budget

Statement of Comprehensive Income

Variance between the Main Estimates and the Supplementary Estimates

The changes in the budgets between the Main Estimates and the Supplementary Estimates, together with explanations for the significant variances between actual expenditure and the Supplementary Estimates, are detailed by output expense in the revenue and output expense section.

The primary factors contributing to the overall increase in the expense budgets between the Main Estimates and the Supplementary Estimates of \$20.186 million are outlined below:

REASON FOR BUDGET CHANGE	\$000
Expense transfers from 2012/13 to 2013/14	6,051
New funding in 2013/14 for Information and Technology Services	7,755
New funding in 2013/14 for the Government Chief Privacy Officer	463
New funding in 2013/14 for Machinery of Government	710
New funding in 2013/14 for the Visit by the Duke and Duchess of Cambridge	1,200
New funding in 2013/14 for the Government Inquiry into the Whey Protein Concentrate Contamination	749
Increased expenditure associated with gaming activities	1,749
Transfer of emergency management functions to the Department of the Prime Minister and Cabinet	(2,468)
Increased demand for services	3,654
Decrease in expenditure associated with the 2012 passport fee reduction	(1,200)
Other changes	1,523
Total Budget Change	20,186

Variance between Actual 2013/14 and the Supplementary Estimates

Other Revenue

Other Revenue is \$1.139 million lower than budgeted. This reflects lower gaming activity, lower than expected revenue from All-of-Government Products and reduced demand for services provided by the National Library and identity products, offset by insurance recoveries relating to the Christchurch Earthquakes.

Other Operating Expenses

Other Operating Expenses were less than budgeted by \$17.229 million primarily due to lower than anticipated expenditure associated with identity products and delays in a number of projects for which in-principle expense transfers were sought.

The changes between the Supplementary Estimates and actual expenditure are further detailed by output expenses in the Statement of Service Performance.

Statement of Financial Position

Variance between the Main Estimates and the Supplementary Estimates

The primary factors contributing to the decrease in general funds between the Main Estimates and the Supplementary Estimates of \$23.940 million are outlined below:

REASON FOR BUDGET CHANGE	\$000
Movement in opening balance is mainly due to the revaluation of the National Library building in Wellington. This was partially offset by movements in the 2012/13 net surplus and the provision for repayment of surplus	(28,745)
Increase in capital contribution for Result 10	30
Capital withdrawal in 2013/14, mainly reflects the transfer of net assets associated with the transfer of Ministry of Civil Defence and Emergency Management functions to the Department of the Prime Minister and Cabinet	(2,669)
Movement in forecast net deficit for 2013/14	(22,374)
Total Budget Change	(23,940)

Variance between Actuals and the Supplementary Estimates

Explanations for significant variances between actual and the Supplementary Estimates are outlined below:

Current Assets

Current Assets are above budget by \$30.278 million mainly due to higher cash and cash equivalents as a result of lower operating and capital expenditure, and insurance receivables related to the Christchurch Earthquakes.

Non-Current Assets

Non-Current Assets are below budget by \$10.469 million primarily due delays in the timing of capital expenditure and higher than anticipated retirement of IT hardware and software.

Current Liabilities

Current Liabilities are above budget by \$10.069 million mainly due to increased creditors and other payables activity in June 2014, and a provision for repayment of surplus related to insurance recoveries.

Equity

Equity was \$9.471 million higher than budgeted due to 2013/14 operating loss being lower than forecasted, therefore resulting in a lower reduction to the Department's Taxpayer's Funds.

27. Significant Events after Balance Date

There were no significant events after the balance date that would have led to an amended view of the values of assets or liabilities at the date of the balance sheet.

PART D – FINANCIAL STATEMENTS

NON-DEPARTMENTAL

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Non-Departmental Statements and Schedules for the year ended 30 June 2014

The following non-departmental statements and schedules record the income, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets, and trust accounts that the Department manages on behalf of the Crown.

Expenditure and Capital Expenditure Against Appropriation

Statement of Non-Departmental Expenditure and Capital Expenditure Against Appropriations for the year ended 30 June 2014

ACTUAL 2013 \$000		ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
	Non-Departmental Expenses			
	Vote Internal Affairs			
	<i>Non-Departmental Output Expenses</i>			
1,960	Classification of Films, Videos and Publications	1,960	1,960	1,960
116	Development of On-Line Authentication Services	116	116	116
1,991	Public Lending Right for New Zealand Authors	1,997	2,000	2,000
	Benefits and Other Unrequited Expenses			
53,347	Rates Rebate Scheme	50,789	55,550	55,550
	<i>Other Expenses to be Incurred by the Crown</i>			
3,387	Chatham Islands Council	3,220	2,233	3,220
4,297	Community Development Scheme	2,320	4,215	2,320
147	Community Internship Programme	27	231	27
12,491	Community Organisation Grants Scheme	1,603	12,500	1,603
719	Crown-owned Assets at Lake Taupo – Maintenance Costs	417	2,247	1,416
13	Debt Write-down	41	–	42
192	Depreciation on Official Residences	192	193	193
3,881	Digital Literacy and Connection	3,723	2,123	3,723
150	Disarmament Education Grants	143	150	143
9,840	Emergency Expenses	1,805	2,000	1,805
9,015	Executive Council and Members of the Executive – Salaries and Allowances PLA	9,278	8,940	9,285
41	February 2011 Christchurch Earthquake National Controller Costs	21	–	21

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

ACTUAL 2013 \$000		ACTUAL 2014 \$000	MAIN EST 2014 \$000	SUPP EST 2014 \$000
443	Former Governors-General – Annuities and Other Payments PLA	429	456	456
159	Former Prime Ministers – Annuities PLA	164	168	171
143	Former Prime Ministers – Domestic Travel	198	270	270
11,696	Members of the Executive – Travel	11,770	11,790	11,790
9	Miscellaneous Grants – Internal Affairs	49	49	49
41	Pike River Royal Commission of Inquiry – Legal Representation and Assistance	–	–	–
–	– Pitt Island Wharf Reconstruction Project	5,000	–	5,000
597	Public Inquiries	395	–	486
988	Racing Safety Development Fund	946	1,000	1,000
(5,415)	Release of funds previously applied to Canterbury Earthquake – Payments in respect of Indemnity for Response and Recovery Costs	(64)	–	–
792	Subsidies to Local Government	59	889	59
498	Support for Volunteering	502	502	502
–	– Te Oneroa a Tohe Beach Management	–	–	400
1,500	Tuwharetoa Maori Trust Board PLA	1,500	1,500	1,500
199	Youth Workers Training Scheme	167	200	167
	<i>Multi Category Appropriation:</i>			
	Community Funding Schemes			
–	– Community Development Scheme	894	–	2,752
–	– Community Internship Programme	193	–	204
–	– Community Organisation Grants Scheme	10,823	–	10,897
–	– Disarmament Education Grants	–	–	7
–	– Youth Workers Training Scheme	28	–	33
–	– Total Community Funding Scheme MCA	11,938	–	13,893
113,237	Total Non-Departmental Expenditure	110,705	111,282	119,167

ACTUAL 2013 \$000		ACTUAL 2014 \$000	MAINS EST 2014 \$000	SUPP EST 2014 \$000
	Non-Departmental Capital Expenses			
	Vote Internal Affairs			
1,025	Capital Investments Lake Taupo	335	337	337
1,784	Heritage Collection – Annual	1,518	1,546	1,546
2,809	Total Non-Departmental Capital Expenditure	1,853	1,883	1,883
116,046	Total Non-Departmental Appropriations	112,558	113,165	121,050

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

Reconciliation between the Non-Departmental Expenditure against Appropriations Schedule and the Non-Departmental Schedule of Expenditure

ACTUAL 2013 \$000		ACTUAL 2014 \$000
112,437	Total Expenses in Schedule of Expenditure	110,310
478	Former Governors-General – Annuities and Other Payments Re-measurement	275
(175)	Former Prime Ministers – Annuities Re-measurement	182
497	Former Prime Ministers – Domestic Travel Re-measurement	(62)
113,237	Total Expenses in Schedule of Non-Departmental Expenditure and Capital Expenditure Against Appropriation	110,705

Unappropriated Expenditure

Schedule of Non-Departmental Unappropriated Expenditure and Capital Expenditure for the year ended 30 June 2014

The Statement of Unappropriated Expenditure details the amount of expenditure incurred above appropriation.

2013/14 Unappropriated Expenditure against Main Estimates

There was unappropriated expenditure of \$1.600 million between the period of Main Estimates and the October Baseline Update for the Digital Literacy and Connection appropriation. Payments against this appropriation were incurred prior to a funding transfer from Vote Education being confirmed (2012/13: \$nil).

2013/14 Unappropriated Expenditure against Supplementary Estimates

There was no unappropriated expenditure against Supplementary Estimates for the year ended 30 June 2014 (2012/13: \$nil).

Section 25 Public Finance Act Expenditure

Under section 25 of the Public Finance Act 1989, the Minister of Finance can approve expenses to meet emergency costs. Approval was given as a direct result of declaring a state of national emergency for the Canterbury earthquakes under the Civil Defence Act 1983 and the Civil Defence Emergency Management Act 2002. In the year to 30 June 2014 there was no expenditure under this approval (2012/13: \$nil).

Details of the costs incurred under section 25 of the Public Finance Act are in note 11.

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

Revenue and Expenditure

Schedule of Non-Departmental Revenue for the year ended 30 June 2014

ACTUAL 2013 \$000		ACTUAL 2014 \$000	MAINS EST 2014 \$000	SUPP EST 2014 \$000
Operating Revenue				
57	Crown Revenue	29	451	-
3,885	Donations Received	32,256	1,000	1,000
43	Fines and Penalties	19	-	-
581	Refunds of Unspent Grants	525	-	-
-	Dividends Received	303	-	-
4,566	Total Operating Revenue	33,132	1,451	1,000
Other Revenue				
-	Revaluation Gain	82,884	-	-
536	Unrealised Gain on the Remeasurement of Shares	1,083	-	-
5,102	Total Revenue	117,099	1,451	1,000

Schedule of Non-Departmental Expenditure for the year ended 30 June 2014

ACTUAL 2013 \$000		ACTUAL 2014 \$000	MAINS EST 2014 \$000	SUPP EST 2014 \$000
Output Expenses				
20,656	Personnel and Travel Expenses – Members of the Executive Council, Former Governors-General and Prime Ministers	21,444	21,624	21,972
78,790	Grants	74,263	79,409	81,036
12,655	Other Expenses	14,225	10,056	15,966
336	Depreciation	378	193	193
112,437	Total Output Expenses	110,310	111,282	119,167
112,437	Total Operating Expenses	110,310	111,282	119,167

Explanation of significant variances against budget are detailed in note 9.

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

Assets and Liabilities and Revaluation Reserves

Schedule of Non-Departmental Assets as at 30 June 2014

This schedule summarises the assets the Department administers on behalf of the Crown.

ACTUAL 2013 \$000		NOTE	ACTUAL 2014 \$000	MAINS EST 2014 \$000	SUPP EST 2014 \$000
Assets					
<i>Current Assets</i>					
26,115	Cash and Cash Equivalents		17,921	34,398	25,458
259	Debtors and Other Receivables	2	90	180	180
26,374	Total Current Assets		18,011	34,578	25,638
<i>Non-Current Assets</i>					
113	Debtors and Other Receivables	2	119	117	117
4,687	Shares	3	5,770	4,151	4,687
22,521	Property, Plant and Equipment	4	24,208	22,811	22,663
1,297,687	Heritage Collections	4	1,627,627	1,297,360	1,300,562
1,325,008	Total Non-Current Assets		1,657,724	1,324,439	1,328,029
1,351,382	Total Assets		1,675,735	1,359,017	1,353,667

Schedule of Non-Departmental Liabilities and Revaluation Reserves as at 30 June 2014

This schedule summarises the Liabilities and Revaluation Reserves the Department administers on behalf of the Crown.

ACTUAL 2013 \$000		NOTE	ACTUAL 2014 \$000	MAINS EST 2014 \$000	SUPP EST 2014 \$000
Liabilities					
<i>Current Liabilities</i>					
6,856	Creditors and Other Payables	6	5,227	4,426	5,631
6,856	Total Current Liabilities		5,227	4,426	5,631
<i>Non-Current Liabilities</i>					
13,402	Provisions	7	13,008	14,203	13,703
13,402	Total Non-Current Liabilities		13,008	14,203	13,703
20,258	Total Liabilities		18,235	18,629	19,334
Revaluation Reserves					
<i>Revaluation Reserves</i>					
296,123	Revaluation Reserves	8	510,806	296,123	296,123
296,123	Total Revaluation Reserves		510,806	296,123	296,123

Explanations of significant variances against budget are detailed in note 9.

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

Non-Departmental Commitments

Schedule of Non-Departmental Commitments as at 30 June 2014

ACTUAL 2013 \$000		ACTUAL 2014 \$000
	Other Operating Commitments	
627	Less than one year	-
-	- One to two years	-
-	- Two to five years	-
627	Total Other Operating Commitments	-
627	Total Commitments	-

Non-Departmental Contingent Assets and Liabilities

Schedule of Non-Departmental Contingent Assets and Liabilities as at 30 June 2014

Quantifiable Contingent Assets

At 30 June 2014, the Crown had a quantifiable contingent asset of \$300,000 for a dividend payment from the Local Government Funding Agency. (2013: \$300,000).

Non-quantifiable Contingent Assets

There were no non-quantifiable contingent assets as at 30 June 2014 (2013: \$nil).

Quantifiable Contingent Liabilities

There were no quantifiable contingent liabilities as at 30 June 2014 (2013: \$nil).

Non-quantifiable Contingent Liabilities

There were no non-quantifiable contingent liabilities as at 30 June 2014 (2013: \$nil).

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

Notes to the Non-Departmental Financial Schedules

1. Statement of Accounting Policies

Reporting Entity

These Non-Departmental schedules and statements present financial information on public funds managed by the Department of Internal Affairs (the Department) on behalf of the Crown.

These Non-Departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2014. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the consolidated Financial Statements of the Government.

Basis of Preparation

The Non-Departmental schedules have been prepared in accordance with the Government's accounting policies as set out in the Consolidated Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury circulars.

Measurement and recognition rules applied in the preparation of these Non-Departmental schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

The accrual basis of accounting has been used unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Budget Figures

The budget figures are those presented in the Budget Estimates of Appropriation (Main Est) for the Department.

The Supplementary Estimates (Supp Est) figures incorporate the Department's full year estimates. The budgets also include other amendments made through the course of the Supplementary Estimates process.

Comparatives

When presentation or classifications of items in the financial schedules are amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Functional and Presentation Currency

The functional currency of the Department is New Zealand dollars. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

Significant Accounting Policies

The following particular accounting policies have been applied:

Revenue

Revenues from the supply of services are recognised when earned in the Non-Departmental Schedule of Revenue on a straight-line-basis over the specified period for the services.

Donation Revenue

When a heritage collection asset is acquired by donation or legal deposit for nil or nominal consideration, the fair value of the asset received is recognised as revenue in the Non-Departmental Schedule of Revenue.

Expenses

Grants

Discretionary grants are only recognised when a constructive obligation exists. This is deemed to occur both when the grant has been approved and the approval has been communicated to the recipient. Non-discretionary grants are recognised when specified criteria have been fulfilled and notice has been given to the Department.

Cash

Cash includes cash in transit and bank accounts.

Debtors and Other Receivables

Accounts receivable have been designated as debtors and other receivables. Debtors and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Debtors and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Debtors and other receivables entered into with duration of less than 12 months are recognised at their nominal value. At each balance date, the Department assesses whether there is any objective evidence that any loans or receivables are impaired. Any impairment losses are recognised in the Non-Departmental Schedule of Expenses.

Shares

Where the Department holds a non-controlling minority interest, the shares are valued at cost in the financial statements. Associates are entities in which the Department has significant influence, but not control over their operating and financial policies. In the Department's financial statements, the Crown investment in associates has been valued by the equity method.

Property, Plant and Equipment

Disposal

Realised gains and losses arising from disposal of land and property are recognised in the Non-Departmental Schedule of Revenue and Expenditure in the period in which the transaction occurs.

Impairment

The carrying amounts of land and property are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Schedule of Revenue and Expenditure, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

Revaluations

Unrealised gains and losses arising from changes in the value of land, buildings and heritage collections are recognised as at balance date. To the extent that a gain reverses a loss previously charged to the Schedule of Revenue and Expenditure for the asset class, the gain is credited to the Schedule of Revenue and Expenditure. Otherwise, gains are credited to an asset revaluation reserve for that class of asset. To the extent that there is a balance in the asset revaluation reserve for the asset class, any loss is debited to the reserve. Otherwise, losses are reported in the Schedule of Revenue and Expenditure.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

Specific Asset Class Policies

The asset class specific policies are described below:

Land and Buildings

Land and buildings are revalued at least every five years or whenever the carrying amount differs materially to fair value.

Revaluations are carried out for land and buildings to reflect the service potential or economic benefit obtained through control of these assets. Land and buildings are recorded at fair value less impairment losses and, for buildings, less depreciation accumulated since the assets were last revalued. Valuations are undertaken in accordance with the standards issued by the New Zealand Property Institute.

Depreciation on buildings is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, less any estimated residual value, over its estimated useful life. The estimated useful lives for buildings range from 10 to 50 years. Depreciation is not charged on land.

Alexander Turnbull Library Heritage Collections

Section 11 of the National Library of New Zealand (Te Puna Mātauranga o Aotearoa) Act 2003 requires the Crown to own the collections held in the Alexander Turnbull Library in perpetuity.

The Alexander Turnbull Library Heritage Collections are measured at fair value. The methodology used to value the Heritage Collections was to take a sample of each category in the collection to analyse the variety and quality of each category in order to determine a benchmark market value to be extrapolated over the entire category. The market values are obtained from an independent valuer through market assessments and from other collections of a similar nature to government collections. There are also difficulties associated with obtaining an objective valuation for the specified cultural and heritage assets.

The carrying value includes the value of purchases for the collections since the last revaluation and the value of material received through donations and legal deposits.

A valuation is performed every three years. The collections are not depreciated.

National Archives Collection

Non-exceptional National Archives Collection items are revalued every three years using a methodology that divided the collection into categories by format and age, to associate records that together could be said to have a broad commonality of value. Benchmark valuations were obtained from an independent valuer through market assessments and from other collections of a similar nature to government archives. Accessions since the date of valuation are valued on the basis of these benchmarks.

Independent valuations of other exceptional items, including the Treaty of Waitangi, are conducted every three years and are based on market assessments from similar nature collections.

The valuation of the National Archives Collection includes only public archives in the possession of Archives New Zealand. Public archives held in other approved repositories do not form part of the valuation.

The collection is not depreciated.

Financial Liabilities

Financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

Other Liabilities and Provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

The balance of provisions represents the estimated value of future benefits payable to former Governors-General and former Prime Ministers over their expected lives payable under the Governor-General Act 2010 and the Members of Parliament (Remuneration and Services) Act 2013.

Commitments

Operating and capital commitments arising from non-cancellable contractual or statutory obligations are disclosed within the Schedule of Commitments to the extent that both parties have not performed their obligations.

Contingent Assets and Liabilities

Contingent assets and contingent liabilities are recorded in the Schedule of Contingent Assets and Contingent Liabilities at the point at which the contingency is evident. Contingent assets are disclosed if it is probable that the benefits will be realised. Contingent liabilities are disclosed when there is a possibility that they will crystallise.

Goods and Services Tax (GST)

Amounts in the financial statements, including appropriation schedules, are reported exclusive of GST except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

2. Debtors and Other Receivables

ACTUAL 2013 \$000	Debtors and Other	ACTUAL 2014 \$000
259	Debtors and Other Receivables (Current)	90
113	Debtors and Other Receivables (Non-Current)	119
372	Total Debtors and Other Receivables	209

The carrying value of receivables approximates their fair value.

3. Shares

Local Government Funding Agency

The Crown holds \$5.000 million of the \$25.000 million paid-up capital of the Local Government Funding Agency (LGFA). The shares have been valued by the equity method as, although the Crown does not have direct representation on the LGFA Board of Directors, it may solely appoint, remove and replace one member of the Shareholders' Council. The Shareholders' Council, makes recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors. The share value has therefore been adjusted to reflect the Crown's share of any changes in the net assets of the LGFA.

LGFA Net Assets at 30 June 2014 were \$28.848 million (2013: \$23.436 million). The Crown's share of the net assets is \$5.770 million (2013: \$4.687 million).

The summarised financial information of LGFA is:

ACTUAL 2013 \$000		ACTUAL 2014 \$000
5,673	Revenues	149,115
2,688,189	Assets	3,918,187
2,664,753	Liabilities	3,889,339
2,678	Surplus/(Deficit)	6,974

The above figures are unaudited.

The Crown is not a guarantor of the LGFA and has no share of any contingent liabilities of the LGFA.

4. Property, Plant and Equipment

2014

Asset Class	Balance 1 July \$000	Additions \$000	Revaluation/ Impairments \$000	Disposals \$000	Transfers* \$000	Balance 30 June \$000
Cost or Valuation						
<i>Property, Plant and Equipment</i>						
Land	10,800	-	-	-	-	10,800
Buildings – Residential	6,543	-	(58)	-	-	6,485
Buildings – Commercial	6,163	335	1,050	-	-	7,548
Total Cost or Valuation of Property, Plant and Equipment	23,506	335	992	-	-	24,833
Heritage Collections						
Archives Heritage Collection	448,562	31,154	142,839	-	328	622,883
Total Archives Heritage Collection	448,562	31,154	142,839	-	328	622,883
Alexander Turnbull Library Heritage Collections						
Cartographic	24,756	65	52,230	-	-	77,051
Children's Historical	1,784	126	(1,806)	-	-	104
Digital	-	-	4,432	-	-	4,432
Drawings and Prints	63,795	619	294,273	-	-	358,687
Ephemera	4,750	89	6,395	-	-	11,234
Formed	446	-	-	-	(446)	-
General	99,197	14	(90,633)	-	-	8,578
Manuscripts/Archives	73,629	403	70,863	-	-	144,895
Music	1,632	13	127	-	-	1,772
Newspapers	44,845	36	32,959	-	-	77,840
New Zealand and Pacific	30,021	372	(15,162)	-	875	16,106
Oral History	12,875	121	3,011	-	-	16,007
Others	429	-	-	-	(429)	-
Photographic	66,379	311	(25,473)	-	-	41,217
Serials	39,862	276	(15,148)	-	-	24,990
Short Title	4,636	18	2,042	-	-	6,696
Rare Books and Fine Prints	380,089	158	(165,112)	-	-	215,135
Total Alexander Turnbull Library Heritage Collections	849,125	2,621	152,998	-	-	1,004,744
Total Cost of Heritage Collections	1,297,687	33,775	295,837	-	328	1,627,627
Total Cost	1,321,193	34,110	296,829	-	328	1,652,460
Accumulated Depreciation						
<i>Property, Plant and Equipment</i>						
Buildings – Residential	396	198	(17)	-	-	577
Buildings – Commercial	589	180	(721)	-	-	48
Total Accumulated Depreciation	985	378	(738)	-	-	625
Net Book Value						
Property, Plant and Equipment	22,521	(43)	1,730	-	-	24,208
Heritage Collections	1,297,687	33,775	295,837	-	328	1,627,627
Total Net Book Value	1,320,208	33,732	297,567	-	328	1,651,835

* Transfers between Government Departments and reclassification between asset categories.

2013

Asset Class	Balance 1 July \$000	Additions \$000	Revaluation/ Impairments \$000	Disposals \$000	Transfers* \$000	Balance 30 June \$000
Cost or Valuation						
<i>Property, Plant and Equipment</i>						
Land	10,800	–	–	–	–	10,800
Buildings – Residential	6,543	–	–	–	–	6,543
Buildings – Commercial	5,138	1,025	–	–	–	6,163
Total Cost or Valuation of Property, Plant and Equipment	22,481	1,025	–	–	–	23,506
Heritage Collections						
Archives Heritage Collection	445,845	2,717	–	–	–	448,562
Total Archives Heritage Collection	445,845	2,717	–	–	–	448,562
Alexander Turnbull Library Heritage Collections						
Cartographic	24,726	30	–	–	–	24,756
Children's Historical	1,569	215	–	–	–	1,784
Digital	–	–	–	–	–	–
Drawings and Prints	63,525	270	–	–	–	63,795
Ephemera	4,672	78	–	–	–	4,750
Formed	446	–	–	–	–	446
General	99,181	16	–	–	–	99,197
Manuscripts/Archives	72,798	831	–	–	–	73,629
Music	1,604	28	–	–	–	1,632
Newspapers	44,803	42	–	–	–	44,845
New Zealand and Pacific	29,624	397	–	–	–	30,021
Oral History	12,763	112	–	–	–	12,875
Others	429	–	–	–	–	429
Photographic	66,067	312	–	–	–	66,379
Serials	39,567	295	–	–	–	39,862
Short Title	4,617	19	–	–	–	4,636
Rare Books and Fine Prints	379,782	307	–	–	–	380,089
Total Alexander Turnbull Library Heritage Collections	846,173	2,952	–	–	–	849,125
Total Cost of Heritage Collections	1,292,018	5,669	–	–	–	1,297,687
Total Cost	1,314,499	6,694	–	–	–	1,321,193
Accumulated Depreciation						
<i>Property, Plant and Equipment</i>						
Buildings – Residential	198	198	–	–	–	396
Buildings – Commercial	451	138	–	–	–	589
Total Accumulated Depreciation	649	336	–	–	–	985
Net Book Value						
Property, Plant and Equipment	21,832	689	–	–	–	22,521
Heritage Collections	1,292,018	5,669	–	–	–	1,297,687
Total Net Book Value	1,313,850	6,358	–	–	–	1,320,208

* Transfers between Government Departments and reclassification between asset categories.

Capital Work in Progress

The total amount of property, plant and equipment in the course of construction is \$235,000 (2012/13: \$1,338,000).

Revaluation Movement

Details of valuations and revaluation movements are contained in note 8.

5. Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

2013 \$000		2014 \$000
Financial assets at Fair Value Through Profit or Loss		
4,687	Shares	5,770
4,687	Total Financial assets at Fair Value Through Profit or Loss	5,770
Loans and Receivables		
26,115	Cash and Cash Equivalents	17,921
372	Debtors and Other Receivables	209
26,487	Total Loans and Receivables	18,130
Financial Liabilities Measured at Amortised Cost		
6,856	Creditors and Other Payables	5,227
6,856	Total Financial Liabilities Measured at Amortised Cost	5,227

The Department is party to financial instrument arrangements as part of its daily operations. These include cash and cash equivalents, accounts receivable, accounts payable and provisions, accrued expenses, and foreign currency forward contracts.

The Department's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Department has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit Risk

Credit risk is the risk that a third party will default on its obligations, causing a loss to be incurred. Credit risk arises from debtors and deposits with banks. Funds must be deposited with Westpac, a registered bank.

Credit evaluations are undertaken on customers requiring credit. Collateral or other security is not generally required to support financial instruments with credit risk. Other than cash and bank balances and trade receivables, the Department does not have any significant credit risk.

Maximum Exposures to Credit Risk

ACTUAL 2013 \$000		ACTUAL 2014 \$000
26,115	Cash and Cash Equivalents	17,921
372	Debtors and Other Receivables	209
4,687	Shares	5,770
31,174	Total Exposure to Credit Risk	23,900

Cash and cash equivalents excludes any cash physically held including as petty cash as cash is not exposed to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Department will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Department closely monitors its forecast cash requirements with expected drawdowns from the New Zealand Debt Management Office. The Department maintains a target level of available cash to meet liquidity requirements.

The table below analyses the Department's financial liabilities that will be settled based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Total \$000	Less Than 6 Months \$000	Between 6 Months and 1 Year \$000	Between 1 Year and 5 Years \$000	Over 5 Years \$000
2014					
Creditors and Other Payables	5,227	5,227	-	-	-
2013					
Creditors and Other Payables	6,856	6,856	-	-	-

6. Creditors and Other Payables

ACTUAL 2013 \$000		ACTUAL 2014 \$000
6,329	Accrued Expenses	4,951
148	Accrued Canterbury Earthquake Expenses	-
379	Accrued Heritage Collection Purchases	276
6,856	Total Creditors and Other Payables	5,227

The carrying value of creditors and other payables approximates their fair value. Other payables and Accrued Heritage Collection purchases are non-interest bearing and are normally settled on 30 day terms.

7. Provisions

The balance of the provisions account represents the estimated value of future benefits payable to Former Governors-General and Prime Ministers over their expected lives payable under the Members of Parliament (Remuneration and Services) Act 2013 and Governor-General Act 2010 as at balance date.

Actuarial services were provided by Mercer Human Resource Consulting Ltd and were prepared by Mark Channon, Fellow of the New Zealand Society of Actuaries.

The measurement of the estimated future benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the consumer price index. Any changes in these assumptions will affect the carrying value of the liability.

	2014	2013
Discount Rate	4.47%	3.91%
Consumer Price Index	2.50%	2.50%

8. Revaluation of Property, Plant and Equipment

	Balance 1 July \$000	Revaluation Movement \$000	Balance 30 June \$000
2014			
Land and Buildings	10,735	1,730	12,465
Archives Heritage Collection	–	59,955	59,955
Alexander Turnbull Library Heritage Collections	285,388	152,998	438,386
Total Revaluation Reserves	296,123	214,683	510,806
2013			
Land and Buildings	10,735	–	10,735
Archives Heritage Collection	–	–	–
Alexander Turnbull Library Heritage Collections	285,388	–	285,388
Total Revaluation Reserves	296,123	–	296,123

Land and Buildings

Ministerial Properties

Based on the advice of independent third parties and Department management that there have been no material changes to the carrying value of the Non-Departmental Ministerial Properties during the accounting period, full valuations as at 30 June 2014 have not been sought.

Darroch Ltd, a Licensed Real Estate Agent (REAA 2008), a registered independent valuer, conducted a valuation of Non-Departmental Ministerial Properties land and buildings during May 2011 with valuations effective 30 June 2011.

The Ministerial Properties comprising Premier House, Vogel House and Bolton Street are restricted for Government use. The carrying value of the restricted use land and buildings is \$14.666 million (2012/13: \$14.844 million).

Lake Taupo Boating and Building Facilities

Building Facilities

Building facilities were valued by Darroch Ltd, a Licensed Real Estate Agent (REAA 2008), registered independent valuer, who conducted a valuation during May 2014 with valuations effective 30 June 2014.

Boating Facilities

Boating facilities were valued by DTZ New Zealand Ltd (MREINZ), a registered independent valuer, in May 2014 with valuations effective 30 June 2014.

National Archives Collection

The National Archives Collection was revalued as at 30 June 2014 by an independent valuer, Dunbar Sloane, through market assessments and from other collections of a similar nature to government archives.

The Treaty of Waitangi and other exceptional items were revalued as at 30 June 2014 by an independent valuer, Dunbar Sloane. These valuations were based on market assessments and from other collections of a similar nature.

Alexander Turnbull Library Heritage Collections

The Alexander Turnbull Library Heritage Collections were revalued as at 30 June 2014 by an independent valuer, Webb's. These valuations were based on thorough market assessments and from other collections of a similar nature to the government collection.

9. Explanation of Significant Variances against Budget

Variance between the Main Estimates and the Supplementary Estimates

Non-Departmental Appropriations

The significant variances for Appropriated Expenditure are explained below:

Chatham Islands Council

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$987,000 was due to an expense transfer from 2012/13 to 2013/14 for the Chatham Islands Solid Waste Management Programme.

Community Development Scheme

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$1.895 million was due to the establishment of the Community Funding Schemes Multi-Category Expenses and Capital Expenditure Appropriation with effect from 1 November 2013 (decrease \$2.752 million). The decrease was partially offset by an expense transfer from 2012/13 to 2013/14 to reflect the timing of the implementation of specific projects within the community-led initiatives (increase of \$857,000).

Community Internship Programme

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$204,000 was due to the establishment of the Community Funding Schemes Multi-Category Expenses and Capital Expenditure Appropriation with effect from 1 November 2013.

Community Organisation Grants Scheme

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$10.897 million was due to the establishment of the Community Funding Schemes Multi-Category Expenses and Capital Expenditure Appropriation with effect from 1 November 2013.

Crown-owned Assets at Lake Taupo – Maintenance Costs

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$831,000 was due to an expense transfer from 2013/14 to 2014/15 due to delays in the completion of the multi-year project to remedy deferred maintenance of Crown-owned Lake Taupo boating facilities (decrease of \$1.050 million). The decrease is partially offset by depreciation associated with capitalisation of Crown-owned assets at Lake Taupo (increase of \$190,000) and an expense transfer from 2012/13 to 2013/14 due to delays in the completion of the multi-year programme to remedy the deferred maintenance of Crown-owned Lake Taupo boating facilities (increase of \$29,000).

Debt Write-down

This previously existing appropriation was re-established in 2013/14 to write down unrecoverable non-departmental debts relating to the Community Organisation Grants Scheme (increase of \$42,000).

Digital Literacy and Connection

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$1.600 million was due to a fiscal transfer from Vote Education to provide additional funding for the Computers in Homes programme.

Disarmament Education Grants

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$7,000 was due to the establishment of the Community Funding Schemes Multi-Category Expenses and Capital Expenditure Appropriation with effect from 1 November 2013.

Emergency Expenses

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$195,000 was due to the transfer of Ministry of Civil Defence and Emergency Management functions and associated funding to Vote Prime Minister and Cabinet with effect from 1 April 2014 (decrease of \$2.822 million). The decrease was partially offset by expense transfers from 2012/13 to 2013/14 to reimburse local authorities for response and recovery costs incurred as a result of the 2012 Nelson-Tasman flood events (increase of \$2.000 million) and to provide assistance to Environment Bay of Plenty for hazard mitigation work (increase of \$627,000).

Executive Council and Members of the Executive – Salaries and Allowances PLA

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$345,000 was due to an increase in costs pursuant to the Parliamentary Salaries and Allowances Determination 2013 and Fringe Benefit Tax associated with accommodation provided to Ministers.

February 2011 Christchurch Earthquake National Controller Costs

This previously existing appropriation was re-established in 2013/14 due to an expense transfer from 2012/13 to 2013/14 for the costs incurred at the direction of the National Controller Civil Defence for response costs after 21 March 2011 as part of the response to the 22 February 2011 Christchurch earthquake (increase of \$240,000). The increase was partially offset by the transfer of Ministry of Civil Defence and Emergency Management functions and associated funding to Vote Prime Minister and Cabinet with effect from 1 April 2014 (decrease of \$219,000).

Former Prime Ministers – Annuities PLA

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$3,000 was due to an increase in costs pursuant to the Parliamentary Annuities Determination 2014.

Pitt Island Wharf Reconstruction Project

This appropriation was created in 2013/14 to provide a grant to the Chatham Islands Enterprise Trust for reconstruction of the Pitt Island Wharf in the Chatham Islands (increase of \$5.000 million).

Public Inquiries

This previously existing appropriation was re-established in 2013/14 due to the Government Inquiry into the Whey Protein Concentrate Contamination Incident (increase of \$486,000).

Subsidies to Local Government

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$830,000 was due to the transfer of Ministry of Civil Defence and Emergency Management functions and associated funding to Vote Prime Minister and Cabinet with effect from 1 April 2014 (decrease of \$875,000). The decrease was partially offset by an expense transfer from 2012/13 to 2013/14 for the Civil Defence and Emergency Management Resilience Fund (increase of \$45,000).

Te Oneroa a Tohe Beach Management

This previously existing appropriation was re-established in 2013/14 due to an expense transfer from 2012/13 to 2013/14 for the development of the Te Hiku Beach Management Plan (increase of \$400,000).

Youth Workers Training Scheme

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$33,000 was due to the establishment of the Community Funding Schemes Multi-Category Expenses and Capital Expenditure Appropriation with effect from 1 November 2013.

Multi-Category Expenses and Capital Expenditure

Community Funding Schemes

The Community Funding Schemes Multi-Category Expenses and Capital Expenditure Appropriation was established with effect from 1 November 2013 following the changes to the Public Finance Act 1989. This appropriation provides greater flexibility for allocating resources, while contributing to an overarching purpose and retaining transparency at the category level on expenditure and performance. Previously, the seven appropriations were non-departmental other expenses.

Schedule of Non-Departmental Assets and Liabilities

The significant variances within the Schedule of Non-Departmental Assets and Liabilities are explained below:

The increase in the budget between the Main Estimates and the Supplementary Estimates reflects the closing balances as at 30 June 2013.

Variance between the Actual 2013/14 and the Supplementary Estimates

Actual expenditure was 7.0 percent lower than the Supplementary Estimates. The overall under-expenditure of \$8.492 million is primarily attributable to the following factors as outlined in the vote commentary below.

Non-Departmental Appropriations

The significant variances for Appropriated Expenditure are explained below:

Community Development Scheme

Actual expenditure was lower than Supplementary Estimates by \$1.858 million due to the timing of the implementation of the Community-led Development pilot in the communities for which an in-principle expense transfer up to a maximum of \$1.876 million from 2013/14 to 2014/15 was approved.

Crown-owned Assets at Lake Taupo – Maintenance Costs

Actual expenditure was lower than Supplementary Estimates by \$0.999 million resulting from delays in the completion of the multiyear project to remedy deferred maintenance of Crown-owned Lake Taupo boating facilities. An in-principle expense transfer up to a maximum of \$0.960 million from 2013/14 to 2014/15 was approved.

Former Governors-General – Annuities and Other Payments PLA

Actual expenditure was lower than Supplementary Estimates by \$27,000 mainly due to lower than anticipated demand for travel.

Former Prime Ministers – Domestic Travel

Actual expenditure was lower than Supplementary Estimates by \$72,000 mainly due to lower than anticipated demand for travel.

Public Inquiries

Actual expenditure was lower than Supplementary Estimates by \$91,000 due to delays in the commencement of Stage Two of the Government Inquiry into the Whey Protein Concentrate Contamination Incident. An in-principle expense transfer up to a maximum of \$120,000 was approved.

Racing Safety Development Fund

Actual expenditure was lower than Supplementary Estimates by \$54,000 due to lower contributions towards improving the safety and facilities at racecourses.

Rates Rebate Scheme

Actual expenditure was lower than Supplementary Estimates by \$4.761 million mainly due to lower than anticipated demand for the rates rebates scheme in 2013/14.

Te Oneroa a Tohe Beach Management

Actual expenditure was lower than Supplementary Estimates by \$400,000 as a result of the timing of the payment to the Northland Regional Council associated with development of the Ninety Mile Beach Management Plan with Te Hiku iwi, due to delays in the passing of the enabling legislation. An in-principle expense transfer from 2013/14 to 2014/15 up to a maximum of \$400,000 was approved.

Schedule of Non-Departmental Revenue

Actual operating revenue was \$32.132 million higher than Supplementary Estimates primarily resulting from the value of accession of documents, including a significant accession of maps from NIWA, received by Archives New Zealand during the 2013/14 year.

Schedule of Non-Departmental Assets and Liabilities

The significant variances within the Schedule of Non-Departmental Assets and Liabilities are explained below:

Cash and Cash Equivalents

The actual cash balance as at 30 June 2014 was \$7.537 million lower than Supplementary Estimates, primarily due to the high level of grants paid during the year.

Heritage Collections

The increase in the value of the Heritage Collections reflects the revaluation of the Archives Heritage Collection and the Alexander Turnbull Library Heritage Collections undertaken in 2013/14 and significant accessions received by Archives New Zealand in 2013/14 including maps from NIWA.

10. Payments to or in respect of benefits and privileges of former Governors General

The terms of the appointment of a person as Governor-General may include an agreement for that person and his or her spouse or partner to be provided with specified benefits or privileges by way of payments in respect of domestic travel and the use of chauffeured cars when he or she no longer holds office as Governor-General.

This statement sets out the details of any benefits or privileges paid to or in respect of any former Governor-General under an agreement made under section 11(1) or section 28(1)(d) of the Governor-General Act 2010.

2013/14	FBT \$	Airfares \$	Surface Travel \$	Total \$
Lady Norma Beattie	1,385	2,212	3,295	6,892
Lady Jane Blundell	-	-	-	-
Lady Beverley Reeves	1,088	2,058	6,255	9,401
Dame Catherine Tizard	1,000	1,403	11,436	13,839
The Rt Hon Sir Michael Hardie-Boyes	-	395	4,581	4,976
Dame Sylvia Cartwright	2,265	3,617	4,450	10,332
The Rt Hon Sir Anand Satyanand	6,713	11,899	1,344	19,956
Total	12,451	21,584	31,361	65,396

2012/13	FBT \$	Airfares \$	Surface Travel \$	Total \$
Lady Norma Beattie	1,831	2,424	3,820	8,075
Lady Jane Blundell	273	–	–	273
Lady Beverley Reeves	1,327	2,395	4,834	8,556
Dame Catherine Tizard	1,741	2,692	9,707	14,140
The Rt Hon Sir Michael Hardie-Boyes	–	–	3,957	3,957
Dame Sylvia Cartwright	1,043	1,622	2,933	5,598
The Rt Hon Sir Anand Satyanand	12,193	16,253	2,522	30,968
Total	18,408	25,386	27,773	71,567

11. Emergency Expenditure for Canterbury Earthquakes

The Canterbury region was significantly affected by two major earthquakes and a number of aftershocks during the 2010/11 and 2011/12 financial years, resulting in significant damage to property and infrastructure. The two major earthquakes were a magnitude 7.1 on 4 September 2010 and a magnitude 6.3 on 22 February 2011. Significant aftershocks that caused further damage occurred on 26 December 2010 and on 13 June 2011.

These Non-Departmental financial statements include expenses incurred in relation to these earthquakes, under Non-Departmental Other Expenses.

	Actual 2011 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual Since Feb 2011 \$000
National Controller Direct Response Expenses					
February 2011 Christchurch Earthquake National Controller Costs	3,324	362	41	21	3,748
Section 25 Public Finance Act	19,281	–	–	–	19,281
Total National Controller Direct Response Expenses	22,605	362	41	21	23,029
Canterbury Local Authorities' Response and Recovery Expenses					
Expenses recognised in respect of Indemnity for Response and Recovery Costs – Section 65ZG Public Finance Act	108,457	80,539	–	–	188,996
Emergency Expenses	15,849	46	9,840	–	25,735
Section 25 Public Finance Act	8,696	–	–	–	8,696
Total Canterbury Local Authorities' Response and Recovery Expenses	133,002	80,585	9,840	–	223,427
Total Canterbury Earthquake Expenses	155,607	80,947	9,881	21	246,456

National Controller Direct Response Expenses

Following the 22 February earthquake, and declaration of a State of National Emergency, the National Controller incurred necessary expenses in response to the emergency during 2010/11. These included expenses for freighting in emergency supplies and teams, chemical toilets, emergency fences and specialist equipment. The bulk of this expenditure was approved when the Minister of Finance invoked Section 25 of the Public Finance Act 1989 (expenses may be incurred in emergencies) immediately following the February earthquake.

National Controller Direct Response Expenses incurred in 2013/14 totalling \$0.021 million (2012/13: \$0.041 million, 2011/12: \$0.362 million, 2010/11: \$3.324 million) have arisen as a result of claims against the Crown for actions incurred during the State of National Emergency.

Local Authorities' Response and Recovery Expenses

Under current Government policy settings, outlined in the National Civil Defence Emergency Management Plan ('the Plan') and Guide to the National Civil Defence Emergency Management Plan⁵⁴ ('the Guide'), the four affected Canterbury local authorities will be reimbursed, in whole or part, for certain types of response and recovery costs incurred as a result of the earthquakes. Under the Plan and the Guide, primary responsibility for managing these claims rests with the Department.

The Government provided an indemnity in favour of the four affected Canterbury authorities under 65ZD of the Public Finance Act 1989 for these costs. The indemnity formalises the implicit guarantee under the Guide.

In March 2012 the indemnity was extended to include CERA for recovery costs, along with transfer of the responsibility for assessment and management of these claims. The indemnity enables both the Department and CERA to recognise their respective obligations in respect of response and recovery costs without further appropriation.

The Department therefore did not record any liability for recovery costs at 30 June 2012.

Response Costs – Four Affected Canterbury Authorities

Under the Guide the standard financial support policy is for the Government to:

- » fully reimburse response costs associated with caring for displaced people; and
- » reimburse 60% of response costs associated with precautionary measures to reduce immediate danger and temporary repairs to essential infrastructure.

The Government subsequently decided to fully reimburse Christchurch City Council for costs associated with temporary repairs to essential infrastructure because of the earthquakes.

Response Costs – Other Councils Assisting

The Government has also agreed to reimburse costs totalling \$0.035 million for other councils that provided assistance to the four affected Canterbury authorities in the immediate aftermath of the September 2010 and February 2011 earthquakes. The other Councils assisting were reimbursed for travel, accommodation, food and minor incidental costs for staff and volunteers who provided on-the-ground support during the immediate post-quake response periods.

Recovery Costs

Recovery costs shown by the Department are those that were settled with the affected Councils prior to transfer of responsibility to CERA. Following transfer of responsibility for the recovery cost claims process to CERA, the Department no longer records any liability for recovery cost claims.

⁵⁴ The Guide is issued by the Director of Civil Defence Emergency Management (CDEM) under Section 9 of the Civil Defence Emergency Management Act 2002.

Summary of Claims Lodged, Paid and Accrued

	Christchurch City Council \$000	Waimakariri District Council \$000	Environment Canterbury \$000	Selwyn District Council \$000	Other Councils Assisting \$000	Total \$000
2010/11						
Claims From Councils						
Emergency expenses	11,712	3,774	182	181	–	15,849
Response costs claims lodged	107,652	714	1,584	2,267	–	112,217
Estimated response costs	–	–	4,936	–	–	4,936
Total Claims	119,364	4,488	6,702	2,448	–	133,002
Payments made to Councils						
Emergency expenses	(11,712)	(3,774)	(182)	(181)	–	(15,849)
Response costs	(8,696)	–	–	–	–	(8,696)
Total Payments	(20,408)	(3,774)	(182)	(181)	–	(24,545)
Claims accrued at 30 June 2011	98,956	714	6,520	2,267	–	108,457
2011/12						
Accrued Claims carried forward	98,956	714	6,520	2,267	–	108,457
Claims From Councils						
Emergency expenses	–	–	11	–	35	46
Response costs claims lodged	81,156	588	–	–	–	81,744
Estimated response costs	22,236	–	–	–	–	22,236
Total Claims	103,392	588	11	–	35	104,026
Less claims declined or requiring special policy decisions	(17,516)	–	(3,703)	(2,222)	–	(23,441)
Payments made to Councils						
Emergency expenses	–	–	(11)	–	(35)	(46)
Payments made to Councils	(94,471)	(1,302)	(2,817)	(45)	–	(98,635)
Total Payments	(94,471)	(1,302)	(2,828)	(45)	(35)	(98,681)
Claims accrued at 30 June 2012	90,361	–	–	–	–	90,361
2012/13						
Accrued Claims carried forward	90,361	–	–	–	–	90,361
Claims From Councils						
Emergency expenses	8,340	–	129	–	–	8,469
Total Claims	8,340	–	129	–	–	8,469
Less claims declined and accruals reversed	(6,376)	–	–	–	–	(6,376)
Payments made to Councils						
Emergency expenses	(92,325)	–	–	–	–	(92,325)
Total Payments	(92,325)	–	–	–	–	(92,325)
Claims accrued at 30 June 2013	–	–	129	–	–	129

	Christchurch City Council \$000	Waimakariri District Council \$000	Environment Canterbury \$000	Selwyn District Council \$000	Other Councils Assisting \$000	Total \$000
2013/14						
Accrued Claims carried forward	-	-	129	-	-	129
Claims From Councils						
Emergency expenses	-	-	-	-	-	-
Total Claims	-	-	-	-	-	-
Less claims declined and accruals reversed	-	-	(64)	-	-	(64)
Payments made to Councils						
Emergency expenses	-	-	(65)	-	-	(65)
Total Payments	-	-	(65)	-	-	(65)
Claims accrued at 30 June 2014	-	-	-	-	-	-

Trust Money Administered on Behalf of the Crown

Schedule of Trust Money Administered on Behalf of the Crown for the year ended 30 June 2014

The following trust money is administered on behalf of the Crown under Part VII of the Public Finance Act 1989.

Description of Trusts

Vogel House Trust:

This trust was established to hold bonds for the hire of Vogel House and Premier House.

Christchurch Earthquake Appeal Fund:

This trust was established by Government as a result of the Canterbury Earthquake of 22 February 2011. It is a registered charity and administers donations and grants made to affected people in Canterbury.

New Zealand 1990 Scholarships:

The New Zealand 1990 Scholarship Trust was established to provide scholarships for top overall students in University Bursaries examinations.

Macklin Bequest Fund:

The Macklin Bequest Fund is used to fund special projects relating to the National Library and may include collaborative projects between the National Library and other institutions in the galleries, libraries, archives and museum sector or between the National Library and other libraries, that, supplement and further the work of other libraries in New Zealand.

Interloans Billing System Fund:

The Interloans Billing System Fund is administered by the National Library. The trust manages the on-charging of fees for national inter-lending of books between participating New Zealand libraries and fees for Trans-Tasman inter-lending between participating New Zealand and Australian libraries.

Schedule of Trust Money

The schedule shows the opening and closing trust balances including bank and investments at cost, and the movements during the year.

Under the Public Finance Act 1989, and by delegation from the Secretary to The Treasury, trust money can only be invested on deposit with New Zealand registered banks or in New Zealand government stock. Trust money is also managed so there is no significant concentration of credit risk. Interest rate risk is managed by investing across a wide range of maturity dates, but subject to liquidity requirements.

These figures are subject to audit.

Trust	Opening Balance	Contributions \$000	Distributions \$000	Revenue \$000	Expenses \$000	Closing Balance
	2013 \$000					2014 \$000
Vogel House	–	–	–	–	–	–
Christchurch Earthquake Appeal Trust	22,916	1,867	(15,817)	1,991	(1,762)	9,195
New Zealand 1990 Scholarships	743	–	–	20	–	763
Macklin Bequest Fund	290	13	–	11	(28)	286
Interloans Billing System Fund	58	–	–	404	(422)	40
Total Trusts	24,007	1,880	(15,817)	2,426	(2,212)	10,284

PART E – FORECAST FINANCIAL STATEMENTS

DEPARTMENTAL

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Comprehensive Income

Statement of Forecast Comprehensive Income for the year ending 30 June 2015

	Actual 2014 \$000	Forecast 2015 \$000
Income		
Crown	221,498	198,728
Other Revenue (see note 1)	161,341	163,061
Total Income	382,839	361,789
Expenditure		
Personnel Costs	197,295	190,181
Depreciation and Amortisation Expense	34,929	38,247
Capital Charge	21,935	23,319
Finance Costs	267	264
Other Operating Expenses (see note 2)	143,842	132,656
Total Expenditure	398,268	384,667
Net Surplus/(Deficit)	(15,429)	(22,878)
Net Comprehensive Income	(15,429)	(22,878)

Financial Position

Statement of Forecast Financial Position as at 30 June 2015

	Actual 2014 \$000	Forecast 2015 \$000
Assets		
<i>Current Assets</i>		
Cash and Cash Equivalents	37,428	25,865
Debtors and Other Receivables	23,808	16,771
Inventories	1,701	1,700
Prepayments	4,108	4,943
Total Current Assets	67,045	49,279
<i>Non-Current Assets</i>		
Property, Plant and Equipment (see note 3)	204,032	219,085
Intangible Assets (see note 4)	68,387	74,858
Total Non-Current Assets	272,419	293,943
Total Assets	339,464	343,222
Liabilities and Taxpayers' Funds		
<i>Current Liabilities</i>		
Creditors and Other Payables	36,574	32,416
Employee Entitlements	10,281	14,548
Other Current Liabilities	14,195	8,500
Provision for Repayment of Surplus	5,366	–
Total Current Liabilities	66,416	55,464
<i>Non-Current Liabilities</i>		
Employee Entitlements	1,937	1,908
Other Non-Current Liabilities	210	–
Total Non-Current Liabilities	2,147	1,908
Total Liabilities	68,563	57,372
Equity		
Taxpayer's Funds	232,210	247,147
Revaluation Reserves	38,691	38,703
Total Equity	270,901	285,850
Total Liabilities and Equity	339,464	343,222

Changes in Equity

Statement of Forecast Changes in Equity for the year ending 30 June 2015

	Actual 2014 \$000	Forecast 2015 \$000
Surplus/(deficit) for the year	(15,429)	(22,878)
Total Comprehensive Income	(15,429)	(22,878)
Capital Injections	413	46,389
Capital Withdrawals	–	(2,000)
Provision for Repayment of Surplus	(5,366)	–
Transfers of General Funds and Revaluation Reserves between Government Departments		
Department of the Prime Minister and Cabinet	(2,635)	–
Ministry of Justice	(12)	–
Total Transfers of General Funds and Revaluation Reserves between Government Departments	(2,647)	–
Movement in Equity for the year	(23,029)	21,511
Add Equity as at 1 July	293,930	264,339
Equity as at 30 June	270,901	285,850

Cash Flows

Statement of Forecast Cash Flows for the year ending 30 June 2015

	Actual 2014 \$000	Forecast 2015 \$000
Cash Flows from Operating Activities		
<i>Cash was Provided from:</i>		
Supply of Outputs to the Crown	221,498	198,728
Supply of Outputs to Third Parties	156,162	162,679
Total Cash was Provided from:	377,660	361,407
<i>Cash was Disbursed to:</i>		
Suppliers and Employees	(324,894)	(324,004)
Capital Charge	(21,935)	(23,319)
Goods and Services Tax (Net)	(254)	-
Total Cash was Disbursed to:	(347,083)	(347,323)
Net Cash Flows from Operating Activities	30,577	14,084
 Cash Flows from Investing Activities		
<i>Cash was Provided from:</i>		
Sale of Property, Plant and Equipment	174	400
Total Cash was Provided from:	174	400
<i>Cash was Disbursed to:</i>		
Purchase of Property, Plant and Equipment	(6,417)	(24,150)
Purchase of Intangibles	(29,523)	(25,170)
Total Cash was Disbursed to:	(35,940)	(49,320)
Net Cash Flows from Investing Activities	(35,766)	(48,920)
 Cash Flows from Financing Activities		
<i>Cash was Provided from:</i>		
Capital Contribution	413	46,389
Total Cash was Provided from:	413	46,389
<i>Cash was Disbursed to:</i>		
Capital Withdrawal	-	(2,000)
Transfers to Government Departments	(962)	-
Payment of Finance Leases	(1,589)	-
Repayment of Net Surplus	(6,103)	-
Total Cash was Disbursed to:	(8,654)	(2,000)
Net Cash Flows from Financing Activities	(8,241)	44,389
 Movement in Cash		
Opening Cash and Cash Equivalents	50,858	16,312
Add Net Increase/(Decrease) in Cash Held	(13,430)	9,553
Closing Cash and Cash Equivalents	37,428	25,865

Net Surplus to Net Cash Flow from Operating Activities

Reconciliation of Total Comprehensive Income to Net Cash Flow from Operating Activities for the year ending 30 June 2015

	Actual 2014 \$000	Forecast 2015 \$000
Total Comprehensive Income	(15,429)	(22,878)
Add/(Deduct) Non Cash Items		
Depreciation and Amortisation	34,929	38,247
Impairment of assets	2,515	-
Loss on write off of assets	4,518	-
Interest Unwind on Leased Premises	267	-
Non-cash Personnel Costs associated with Transfer to Government Departments	339	-
Revenue from Collection Donations and Legal Deposits	-	(382)
	42,568	37,865
Add/(Deduct) Movements in Working Capital Items		
(Increase)/Decrease in Debtors and Other Receivables	(6,462)	-
(Increase)/Decrease in Other Current Assets	1,311	(50)
Increase/(Decrease) in Creditors and Other Payables	6,059	(853)
Increase/(Decrease) in Other Current Liabilities	2,467	-
Increase/(Decrease) in Non-Current Liabilities	63	-
	3,438	(903)
Net Cash Flows From Operating Activities	30,577	14,084

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. Actual results are as reported in Part C of the 2013/14 Annual Report.

The main assumptions are as follows:

- » the Department's activities will remain substantially the same as for the previous year
- » operating costs are based on the best estimate at the time the financial statements are finalised, and
- » estimated year end information for 2013/14 is used as the opening position for the 2014/15 Forecast Statement of Financial Position.

These assumptions are adopted as at 27 March 2014, the same information used in the Budget Economic and Fiscal Update (BEFU: exercise 466, OY1).

Factors that could lead to material differences between the forecast financial statements and the 2014/15 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.

Statement of Entity-Specific Accounting Policies

The Department of Internal Affairs (the Department) has applied the accounting policies set out in the Statement of Accounting Policies included in the Notes section of the 2013/14 Annual Report.

Reporting Entity

The Department of Internal Affairs is a Government Department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand. For the purpose of financial reporting the Department is a public benefit entity.

Authorisation Statement

These forecast financial statements were authorised for issue by the Department of Internal Affairs on 27 March 2014. The Department is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

The forecast financial statements fairly reflect the forecast financial position and operations of the Department for the financial year ending 30 June 2015. Post-BEFU accounting adjustments to the actual balances as at 30 June 2014 have not been incorporated into these forecasts, as no significant changes have occurred between BEFU and the time of finalising the 2013/14 Annual Report.

It is not intended that the forecast financial statements will be updated subsequent to presentation.

Basis of Preparation

These forecast financial statements have been prepared in accordance with New Zealand Public Benefit Entity (NZ PBE) International Public Sector Accounting Standards (IPSAS). While a detailed impact assessment has yet to be completed, no significant impact is expected on transition from NZ IFRS to IPSAS.

These are the first set of prospective financial statements presented by the Department under NZ PBE IPSAS. They are compliant with Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS-42) and are consistent with Generally Accepted Accounting Practice. The purpose of the forecast financial statements is to facilitate Parliament's consideration of the appropriations for, and planned performance of the Department. Use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the forecast information presented and that the variations may be material.

The actual results for 30 June 2014 are based on NZ IFRS for public benefit entities.

The forecast financial statements are unaudited.

Notes to the Financial Statements

Note 1 – Other Revenue

	Actual 2014 \$000	Forecast 2015 \$000
Passport Fees	77,548	78,000
Citizenship Fees	12,644	12,700
Birth, Death, Marriage and Civil Union Fees	10,496	10,200
Non-casino Gaming Licences and Fees	14,663	16,058
Casino Operators' Levies	4,992	5,242
VIP Transport	7,054	7,414
Recovery from New Zealand Lottery Grants Board	8,885	9,673
New Zealand Gazette	876	844
Translation Services	1,030	1,000
Language Line Interpreter Services	1,323	1,291
e-Government Development and Operations	859	4,351
Electronic Purchasing in Collaboration (EPIC)	2,413	2,411
Te Puna Catalogue and Interloan Library Services	1,322	1,312
Kotui Library Services	1,050	1,027
Charities Registrations	802	852
Result 10 Service Transformation	2,400	2,400
Authentications	1,361	2,570
Insurance Recoveries relating to Christchurch Earthquakes	6,019	–
Other Third Party Revenue	5,604	5,716
Total Other Revenue	161,341	163,061

Note 2 – Operating Expenses

	Actual 2014 \$000	Forecast 2015 \$000
Agency Fees	11,998	14,434
Computer Costs	31,513	35,499
Consultants	6,015	7,140
Inventory Costs	18,560	18,510
Office Expenses	13,906	12,251
Professional Fees	9,387	7,445
Publicity and Promotion	1,331	1,117
Rental and Leasing Costs	12,152	18,497
Staff Development	2,024	3,778
Library Resources and Subscriptions	3,652	3,392
Travel Expenses	6,520	6,327
Fee for Auditor (for the Financial Statement Audit)	351	360
Fees to Auditor (for Assurance and Related Services)	34	–
Increase/(Decrease) in Provision for Doubtful Debts	150	–
Other Departmental Operating Costs	26,249	3,906
Total Operating Expenses	143,842	132,656

Note 3 – Property, Plant and Equipment

	Land \$000	Buildings \$000	Plant & Equipment \$000	Furniture/ Office equipment \$000	Other \$000	Total \$000
Cost or revaluation						
Balance as at 1 July 2014	49,815	136,112	20,274	54,532	53,424	314,157
Additions by purchase	–	18,838	1,364	1,800	2,530	24,532
Disposals	–	–	–	–	(400)	(400)
Balance as at 30 June 2015	49,815	154,950	21,638	56,332	55,554	338,289
Accumulated depreciation and impairment losses						
Balance as at 1 July 2014	–	14,389	10,284	42,940	36,367	103,980
Depreciation expense	–	5,470	1,063	5,341	3,350	15,224
Balance as at 30 June 2015	–	19,859	11,347	48,281	39,717	119,204
Carrying amount as at 30 June 2015	49,815	135,091	10,291	8,051	15,837	219,085

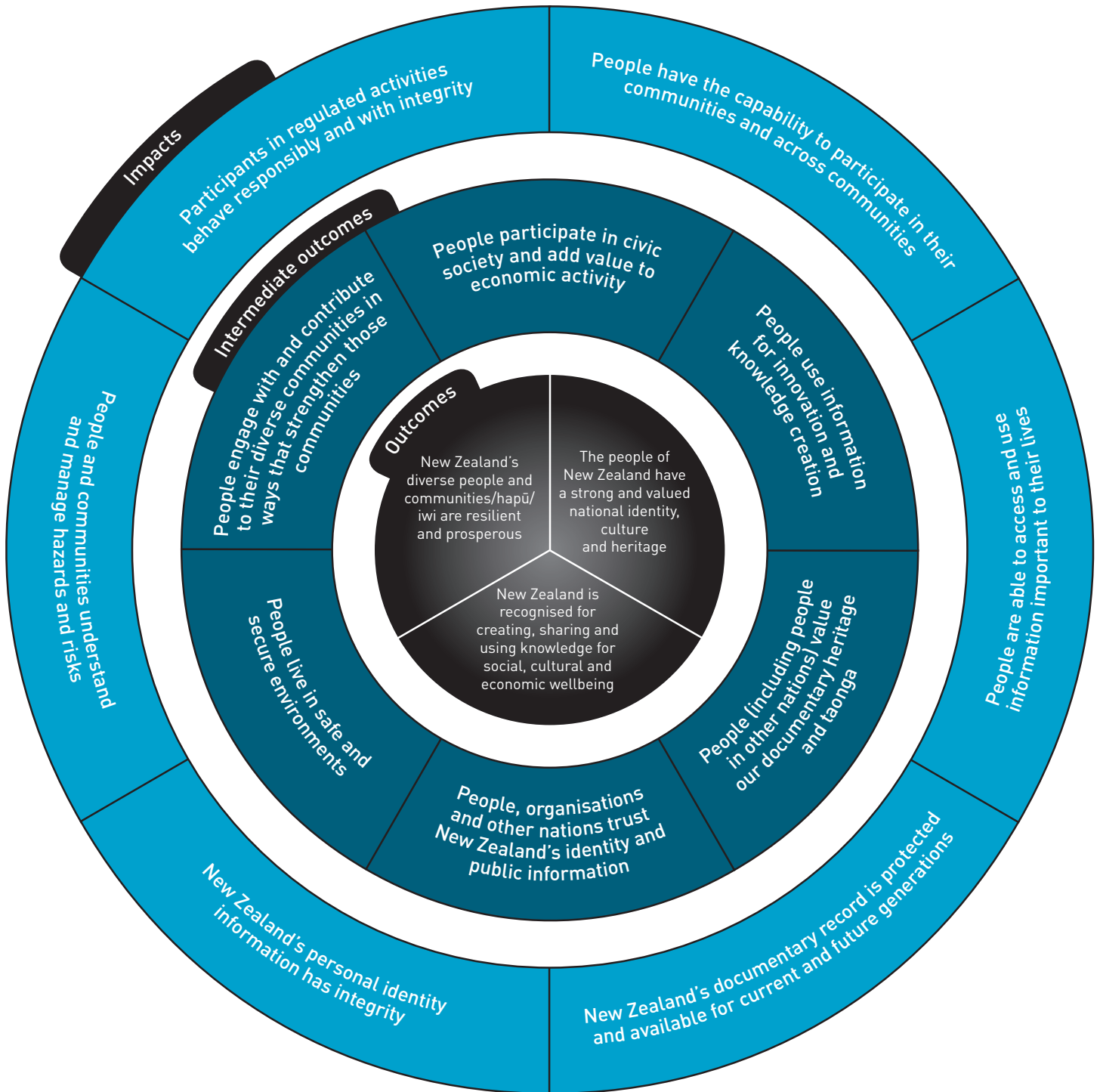
Note 4 – Intangible Assets

	Software \$000
Cost	
Balance as at 1 July 2014	177,512
Additions	25,170
Revaluations	–
Balance as at 30 June 2015	202,682
Accumulated amortisation	
Balance as at 1 July 2014	104,801
Amortisation Expense	23,023
Balance as at 30 June 2015	127,824
Carrying amount as at 30 June 2015	74,858

APPENDICES

PERFORMANCE FRAMEWORK:

The Department of Internal Affairs provides services to people and communities that contribute to the following outcomes:

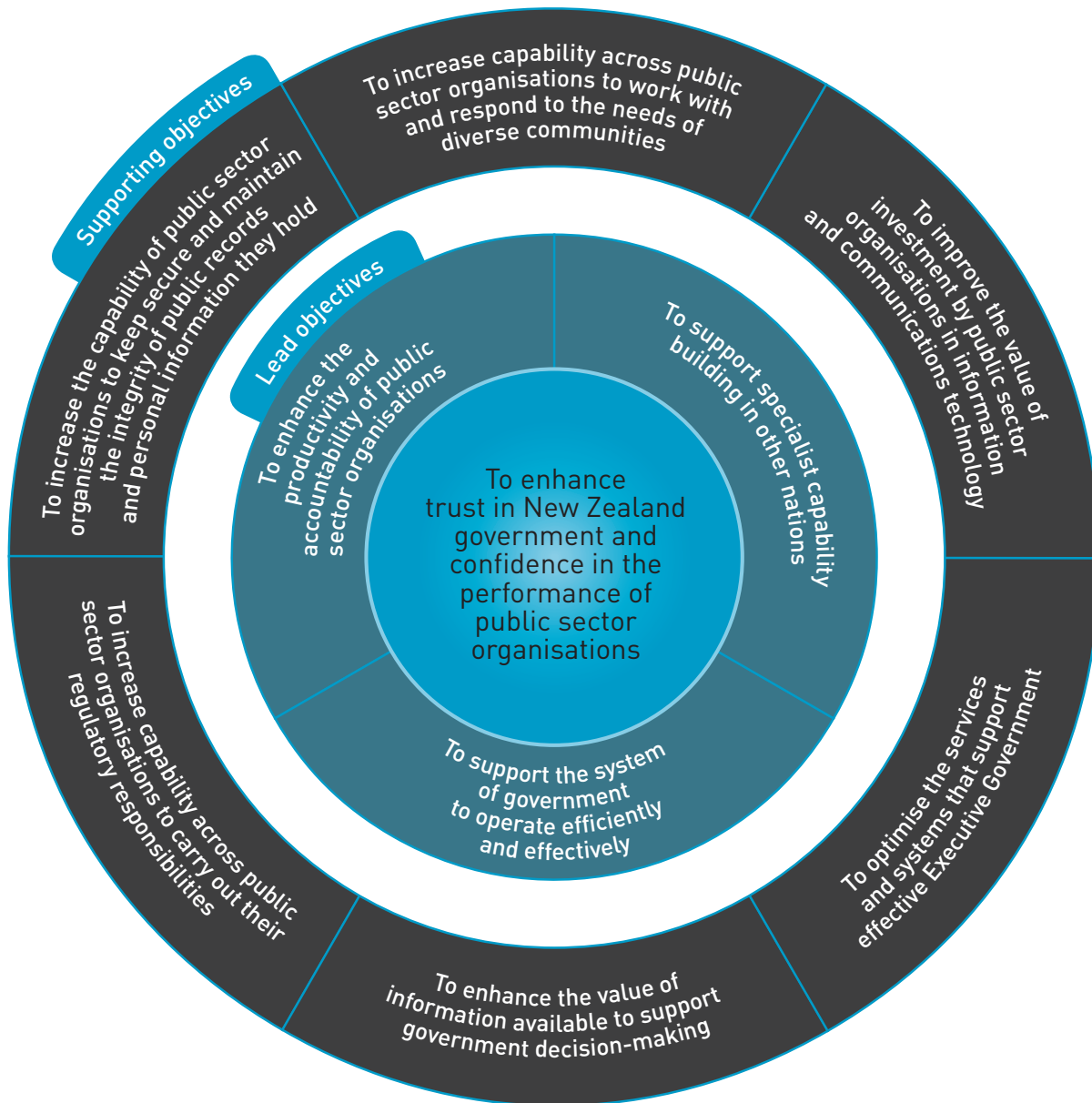


The Department uses **outcomes** where it provides services directly to people or communities.

- Outcomes are a state or condition of society, the economy, or the environment and describe the long-term state or condition the government seeks to achieve, largely through the operations of its agencies.
- Intermediate outcomes are more specific statements of outcomes. Intermediate outcomes provide a bridge between outcomes and impacts.
- Impacts are the Department's contribution to an outcome by a specified set of services or actions, or both.

Outcomes and Objectives

The Department of Internal Affairs provides services to Government and public sector organisations that contribute to the following objectives:



The Department uses **objectives** where the services it provides are too distant to identify direct relationships with outcomes, or where the contribution is indirect [i.e. services to Government and public sector organisations].

- Lead objectives describe a long-term state or condition that results from providing 'enabling' services.
- Supporting objectives describe the Department's contribution to a lead objective by a specified set of services or actions, or both.

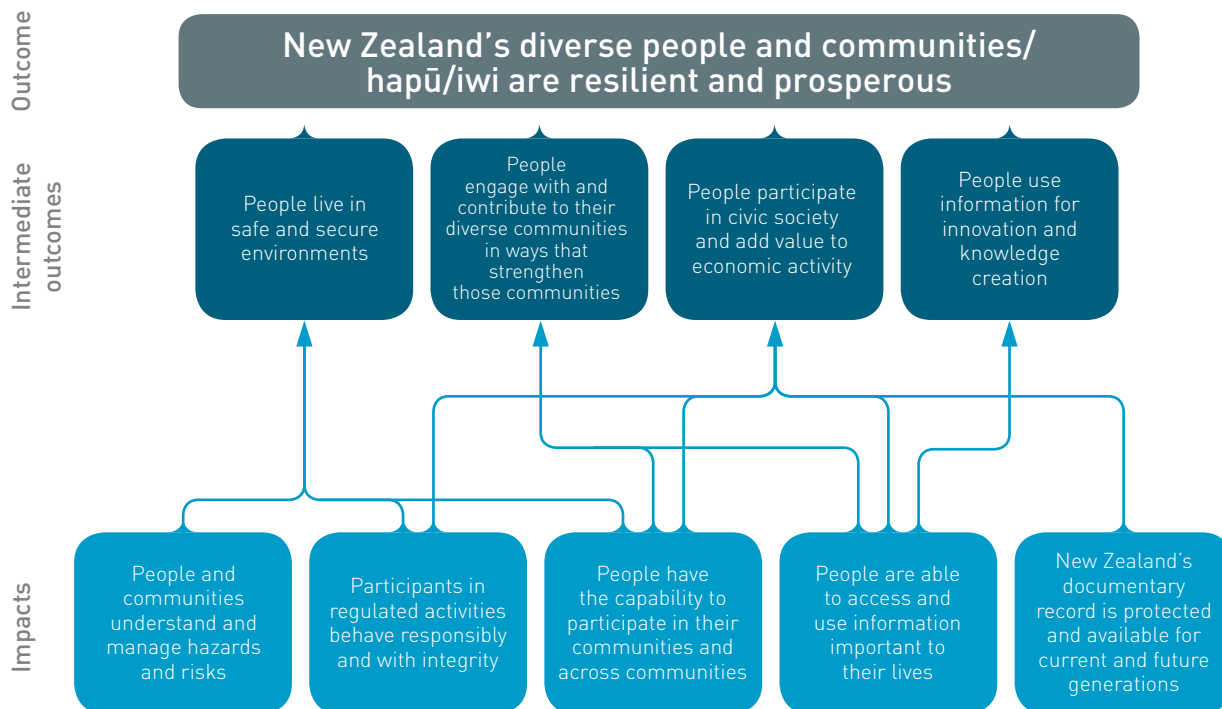
Note:

For the purposes of this framework, 'public sector organisations' are: the entities included in public service departments; non-public service departments; Offices of Parliament; Crown agents; autonomous Crown entities; independent Crown entities; statutory bodies; and territorial and local authorities. For these purposes, 'public sector organisations' included those in other jurisdictions, in particular Pacific Island countries.

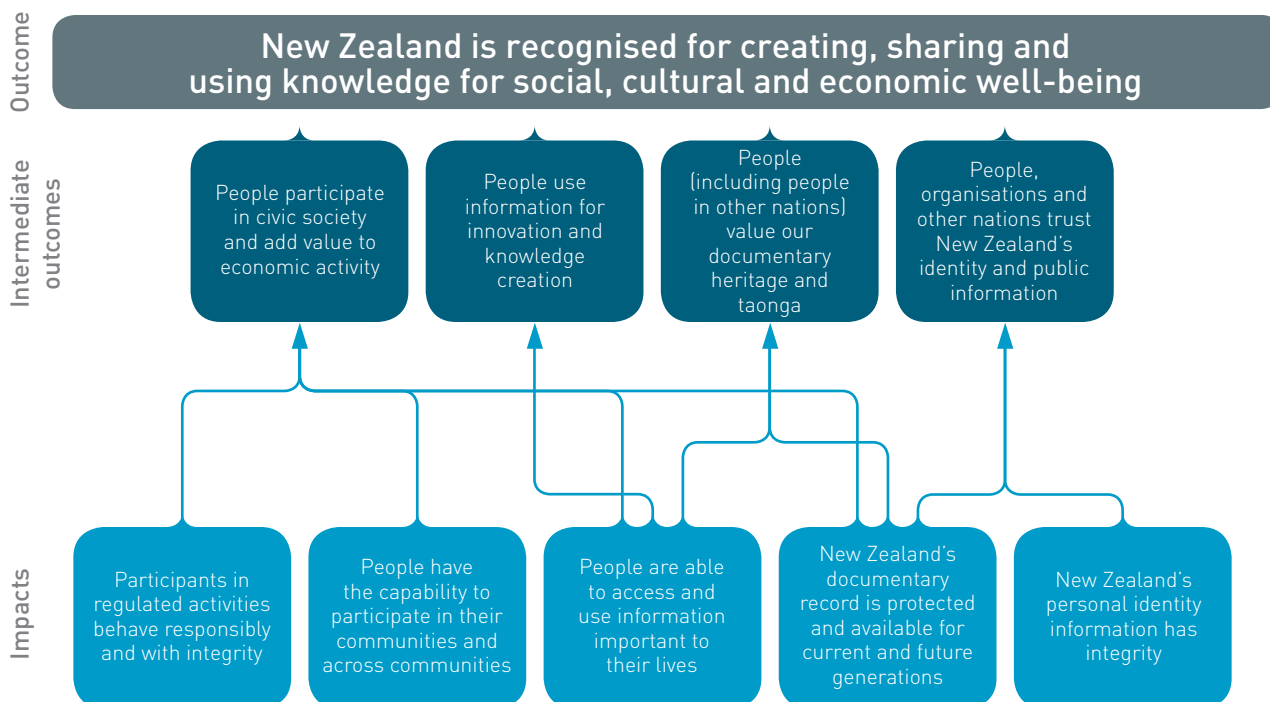
Appendix II

Links between impacts, intermediate outcomes and outcomes/objectives

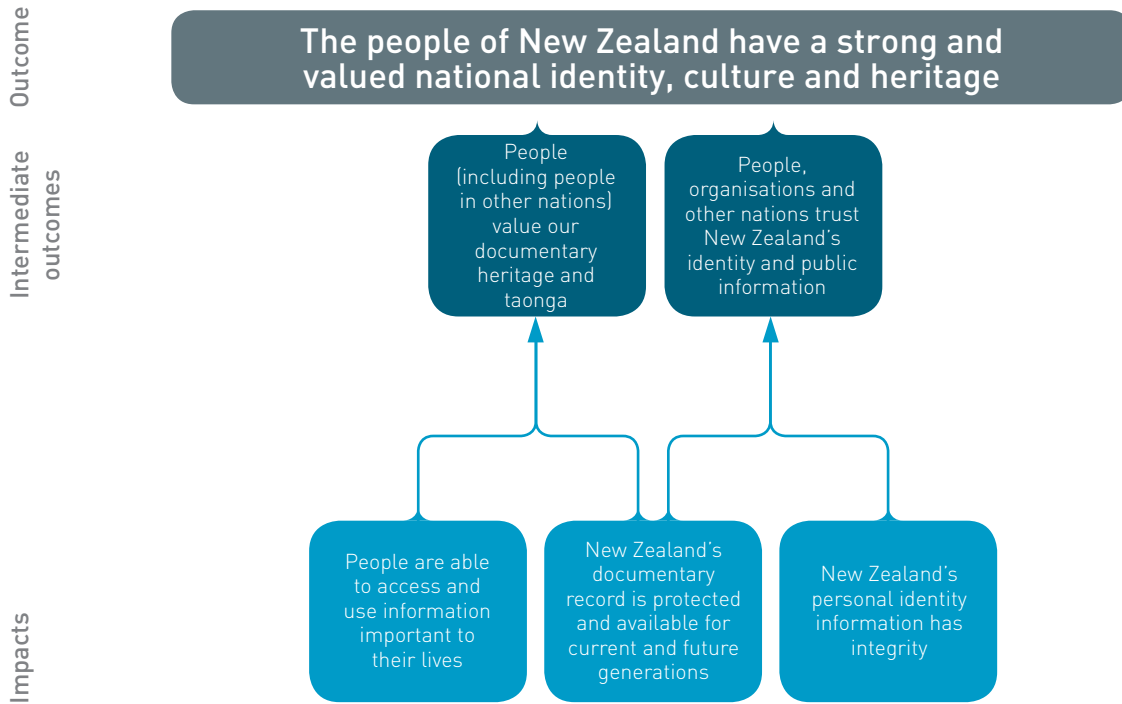
Outcome:



Outcome:



Outcome:



Objective:



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