

Department of Internal Affairs
Te Tari Taiwhenua

Annual Report

Pūrongo ā Tau

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PART ONE: Introduction

Chief Executive's Overview

The Department is a diverse government agency with a broad range of responsibilities and functions that span ICT investment, information management, working with communities, and delivering a range of services to serve and connect people, communities, and government to build a safe, prosperous, and respected nation.

Over the past year, we have targeted our effort across three areas to achieve better results for New Zealanders:

Transforming service delivery:

We provided value to New Zealand by ensuring that people can interact with government anywhere, any time, in a manner they choose – confident that they can trust government with their information.

We delivered an ambitious and wide ranging work programme related to our role to lead transformation across the state sector, resulting in fifty per cent of common public service transactions now being completed online, and more than one hundred agencies now using common capabilities to outsource their ICT operations. The Department is contributing to this change with renewal of passports and applications for birth certificates now offered through online services. We also worked with key stakeholders to refresh the Government ICT Strategy and Action Plan and have set out a jointly-owned cross-agency work programme to drive further transformational change across the state sector.

Pleasingly, almost eighty per cent of people are satisfied with the ease of accessing digitally available services.

Stronger more resilient communities:

We have continued to support communities to be strong and more resilient by our work to foster a continued sense of belonging across communities.

Our services have supported communities to embrace growing diversity and change, and have helped to connect people. Our funding systems through the Lottery Grants Board, Community Organisation Grants Scheme, Crown Community Grants Scheme and a Community-Led Development approach helped to support communities to solve issues through their own locally-led initiatives. We have helped to keep communities safe, targeting regulatory effort to minimise the trading of images of child sexual abuse, the impact of spam and nuisance emails, and the harmful effects of gambling.

Trusted information:

We maintained guardianship of New Zealand's important information – protecting and ensuring accessibility for New Zealanders. The level of fraudulent use of passports has significantly reduced, and a greater number of items were available for use and reuse through Digital New Zealand. We increased access to New Zealand's heritage information, particularly complete documents online through the National Library and the digitisation of treasured information. We digitised at risk materials, and continued to preserve Māori heritage.

We also supported the state sector to improve information and privacy practice through our Government Chief Privacy Officer role.

This Annual Report sets out in more detail what was undertaken and it captures the scale and scope of the work we are doing and the progress we are making.

We are retaining a focus on ensuring that the Department is a robust, sustainable and fit for purpose agency in order to deliver on the above. For example, we have continued to invest in developing and growing our leaders to meet the challenge of change. We have continued to build the capabilities the Department needs to achieve high performance, and to support succession planning. In this respect we have also maintained staff engagement levels within the upper quartile for the public service.

We won a number of awards this last year. We won an IPANZ award for our Birth Registrations Online project, and won the Financial Innovation Project of the Year category of the CFO Awards for our Financial Application and Services Transformation Project work with Inland Revenue. Further information is outlined in this Annual Report.

I am proud of our dedicated and committed people whose hard work made our achievements possible, and I would like to express my thanks to them. Their spirit of public service is one of our greatest strengths.



Colin MacDonald
Chief Executive

Foreword

This document sets out key information to provide transparency and ensure accountability for the Department of Internal Affairs' performance; and to ensure that we meet our accountability requirements set out under section 45 of the Public Finance Act 1989.

It assesses our performance across the short and medium term – what we have delivered; and what difference we have made. It considers performance information for the past year, to see if what we set out to achieve, and were funded to deliver; actually came to pass.

The outcomes framework (see below) introduced in the Department's 2014/15 Annual Report, provides the basis for reporting and assessment. Given the breadth of our functions and our diversity, the framework incorporates four Focus Areas for driving targeted effort and management in the Department – they are discussed more fully throughout this document.

Aspects:	Departmental outcome framework:							Where reported:
Vision	Connected citizens, communities and government							Part one: introduction
Focus Areas: the difference we make	Transforming service delivery Measure areas: Public sector cost and Online service use		Stronger more resilient communities Measure area: Sense of community			Trusted information Measure area: Access to heritage information		
Supporting outcomes	Integrated citizen-centric service	Innovative services to improve results for New Zealanders and government	Connected, informed and resourced communities	Reducing community harm	Strong and transparent community governance and institutions	Stewardship of New Zealanders' and government information	Access to heritage information	
Outputs	<ul style="list-style-type: none"> providing one access point for customer interaction with government transforming delivery of public services, including RealMe leading government direction for investment in ICT, data, and information (including data.govt) providing assurance and support to all-of-government on ICT and privacy 		<ul style="list-style-type: none"> translation and language services supporting community projects; and guidance for funding schemes financial assistance to low income earners connecting ethnically diverse people and providing advisory and information services regulatory services and regulation of charities administering racing safety development fund and legislation, statutory and other bodies, local government legislation; and processes for grants funding support for Ministerial and Executive services purchasing and maintenance of Crown assets 			<ul style="list-style-type: none"> online authentication publishing civic information maintaining the Charities Register Alexander Turnbull Library donations administering Public Records Act managing and administering identity information preserving films collecting, preserving, and maintaining NZ heritage ensuring access to NZ authored books in NZ libraries; managing and administering information 		
Focus Area: how we deliver	A fit for purpose Department Measure areas: Staff engagement and Fiscal sustainability							Part three: How we have used our resources
Resources applied	Financial Statements				Service Performance			Part four: Financial and non-financial performance

The Department has a 24 month review underway of its performance framework and will continue to refine components of its outcomes and measures over this period. Progress will be reported in the 2016/17 Report.

Nature and Scope of Functions

Our Ministerial portfolios

We are responsible to six Ministers, administering six portfolios within the single Vote Internal Affairs. The Minister of Internal Affairs is the Vote Minister and the Responsible Minister overseeing the Government's ownership interests in the Department. Portfolios and Responsible Ministers are:

Internal Affairs	Hon Peter Dunne
Ministerial Services	Rt Hon John Key
Local Government	Hon Peseta Sam Lotu-liga
Racing	Hon Nathan Guy
Ethnic Communities	Hon Peseta Sam Lotu-liga
Community and Voluntary Sector	Hon Jo Goodhew

Our roles and functions

The Department is a diverse government agency with a broad range of responsibilities and functions that spans ICT investment, information management, working with communities, and delivering a range of services to support and foster New Zealand's national and cultural identity. Specific actions that we are responsible for include:

- managing and protecting the integrity of national identity information, including life events such as births, deaths and marriages, citizenship and passports,
- regulating activities in the following sectors: gambling, censorship, government record-keeping, charities, unsolicited electronic messages, anti-money laundering and private security personnel and private investigators,
- providing policy advice to government on local government, ethnic communities, the community and voluntary sector, the Fire Service, and in identity, technology, information management, gambling and racing,
- building, preserving and making accessible New Zealand's information, documentary heritage and public record,
- managing key aspects of the government online domain,
- providing information, resources and advice to communities,
- administering grant funding schemes and promoting trust and confidence in the charitable sector,
- supporting the effective operation of government and the Executive,
- coordinating and managing guests of government and other official visits to New Zealand,
- supporting public and government inquiries,
- providing safe and secure land transport to Ministers of the Crown, visiting dignitaries, including heads of state, Senior Judges, the Governor-General, former Prime Ministers and former Governors-General.
- monitoring the performance of two Crown entities (the New Zealand Fire Service Commission and the Office of Film and Literature Classification) and managing the appointment process for members of a range of trusts, committees and boards.

In recent years, the nature and role of the Internal Affairs portfolio has grown significantly. As the Better Public Services (BPS) Result 10 lead, home of the Government Chief Information Officer (GCIO) and the Government Chief Privacy Officer (GCPO), we have become a part of the centre of government, and work alongside the Treasury, the Department of the Prime Minister and Cabinet, and the State Services Commission to influence and lead the state sector across a number of important issues.

The broad scope of our responsibilities puts us in the privileged position of making a difference for the New Zealand public and government. Department-wide, our efforts are focussed on transforming service delivery; stronger more resilient communities; and trusted information.

We are uniquely placed to work across agencies to improve the way New Zealanders interact with public services, and make a real difference in government priorities.

With respect to our new roles, we are tasked with driving future ICT and web-based developments from the perspective of better overall services to citizens in far more effective and efficient ways, that respect and protect people's privacy. We are also bringing an all-of-government perspective and leadership to the public sector's investment in ICT systems and digital platforms.

PART TWO: How we are measuring up

Making communities better for New Zealand

Māku e ringiringi ki aku roimata
nga ara e ahu ana ki te kāinga.

*I will water with my tears the
trails that lead to home.*

Ko tātou nga kanohi me ngā
waha kōrero o rātou mā kua
ngaro ki te pō.

*We are but the seeing eyes
and speaking mouths of
those who have passed on.*

Our vision is to support a strong sense of identity and pride in community and nation; better access to the services of government; and safe and supportive communities that gain strengths from their diversity. The Department works with New Zealanders every day to make New Zealand somewhere that we all want to be.

Every New Zealander can show their connection to Aotearoa through national identity documents, such as passports and citizenship. It also means that we record the marriages, births, and deaths of our people. We also preserve and make accessible heritage items so that there is a record of what has been. This helps us to keep our unique history alive to ensure that we pass our culture, traditions and way of living to future generations. It also allows us to celebrate what we have achieved, and to honour those now departed.

We want our services to work, and ensure that people can use these on their terms – how, when and where it suits them. We look after information that is important to New Zealanders so they know it is safe and they can access it when they need to. We want people to be able to confidently connect with government in a digital world.

The following sections provide information about what we have done to make communities better for New Zealand.

Transforming service delivery

What we wanted to achieve

We wanted New Zealanders to have a seamless experience with government services – interacting with government anywhere, any time and in the manner that they choose, confident that they can trust government with their information. We also wanted New Zealanders to be able to have confidence that government agencies will ensure personal information is kept safe; and that New Zealanders have control and visibility of their information and how it is used.

Through our functional leadership roles in ICT, privacy and BPS Result 10, we aim to help government agencies deliver services that work for New Zealanders. We are leading work to drive a shift in government's approach to service delivery across the state sector, so that it is more holistic and customer-centred. Our work will help to transform government services as we land an all-of-government digital service delivery approach.

We have continued to target effort to expand service channels, and will continue to do so across the foreseeable future. So we expect to see more common public sector transactions completed online, and for New Zealanders to have greater satisfaction with their interaction with government through this channel.

We have also led work across the state sector to develop standards and protocols for ICT investment so that it is targeted to the areas that will provide most benefit for New Zealand – ideally, the overall cost of ICT investment will reduce over-time so that government funding can be re-prioritised towards government's Better Public Services Result Areas.

What we did

Over the past year we have achieved most of what we set out to do – we continually looked for ways to make it easier for New Zealanders to access public sector services. Three primary areas of work were driven through our ICT functional and lead roles of: Government Chief Information Officer and Government Chief Privacy Officer, and Better Public Services Result 10.

We worked closely in partnership with other agencies to achieve results, through the strategic leadership group (ICT-SLG) and four supporting working groups covering: service innovation, technology, strategic investment, and information. Collectively, ICT-SLG continued to work together to drive a single, coherent ICT ecosystem that supports radically transformed public services.

As a result we achieved the majority of actions set out in the Government ICT Strategy and Action Plan (ICTSAP) to 2017. The ICTSAP was launched in June 2013, with an intention that the strategy component would be reviewed after two years to ensure it remained relevant and incorporated emerging technologies and practices.

During the year, we undertook a mid-term review of the strategy to understand the major changes that have occurred since the ICTSAP's launch. In parallel we engaged with an extensive range of public sector leaders and ICT industry representatives, to seek their views on what changes should be made to the strategy. Review findings are available at our website: www.ict.govt.nz.

In summary, since its launch the ICTSAP has laid the foundation for service and system transformation through encouragement of agencies to reduce costs using common capabilities (e.g. Infrastructure as a Service), and establishment of the ICT assurance function. The Government Chief Privacy Officer has made progress towards improving security and privacy capability. Key delivery highlights include:

- more than one hundred agencies are now using common capabilities to outsource their ICT operations

- security and privacy practices across the public sector strengthened
- the ICT assurance function and the Chief Government Privacy Officer are now established
- implementation of the Protective Security Requirements is under way; and
- major agency transformation programmes have progressed.

Savings due to avoided costs from agency uptake of common capabilities is now approaching \$70 million per annum; accompanying examples of cost savings across the public sector as a result of information and technology provided by the Department have also been developed (refer to output 10.1).

The review identified substantial changes in the environment since 2013, for example the growing influence of disruption from new technologies on the way in which services can be delivered; along with a growing awareness of the need for government-held information to be shared to solve complex problems, and unlock public and private value, that supported updating the ICTSAP. It also identified a critical need for the right balance to be struck between innovation, security, and privacy, with a clear focus on innovation and managed risk-taking that will deliver the public services expected by citizens.

A revised strategy has been developed, through strategic partnership between the GCIO and a range of chief executives. Five areas for focus will continue to be progressed through the strategy: digital services, information, technology, investment, and leadership. Responsibility for delivering the strategy rests with the ICT-SLG's four working groups (see further information on our website: www.ict.govt.nz). The Department's operating model is being adapted to support the revised strategy so that we continue to support the ICT-SLG's working groups efforts to coordinate their activities, deliver their work programmes, and monitor and report on progress. For example, we have now established a dynamic and integrated programme of work to support the delivery of the revised strategy (refer to output 10.3). We implemented our ICT supply chain assurance model on ICT common capability services, which gives confidence to participating agencies that relevant assurance activities are in place (refer to outputs 10.3 and 10.7 respectively).

CASE STUDY: Birth Registration Online (BRO)

There are more than 60,000 babies born in New Zealand annually.

Birth Registrations Online (BRO) was launched in March 2015 as an online service to make it easier for parents to register their new-born child's birth, obtain a birth certificate and apply for an IRD number from any digital device, at a time and place that is convenient for them.

The online registration channel is available on 11 browsers and between April and December 2015 there were 35,333 registrations completed online, of a total of 46,929 registrations.

Within a fortnight of introducing BRO, over 50% of all birth registrations were completed online. Within six months of implementation, this figure had increased to approximately 85%.

BRO contributes to Result Area 10 all-of-government transformation objective of making New Zealanders' dealings with Government easy in a digital environment.

Our work is making the difference that we want to make for New Zealanders, with almost 80% of people showing satisfaction with the ease of accessing digitally available services (refer to output 10.5).

Through our BPS Result 10 work, we continued to make it easier for customers to access government services for several key life events, and more than 50% of common public service transactions are now completed online (refer to output 10.6). We have continued to work with the ICT-SLG service innovation working group to design integrated online services that enable all New Zealanders to easily access information and have their say. During the year, we worked with the Ministry of Health, Inland Revenue and the Ministry of Social Development to successfully digitise access for registering the birth of a child online. This work won the Digital Government category at the New Zealand (IPANZ) Public Sector Excellence Awards.

We also extended access to our RealMe service – the online portal that enables New Zealanders to prove who they are online, and to log into lots of New Zealand sites and services. Over the last year, the RealMe login service was used for 14.8 million transactions. We continued to work closely with partners to slowly but steadily increase the availability of services that are accessible through RealMe (refer outputs 7.19 and 7.20); 75 services from across 26 agencies now use RealMe login. We expect a further four services to come online in the next six months (these were anticipated to be online by 30 June 2016 but were delayed due to timing delays with partner agencies). Notably, as a result of Studylink services becoming accessible through RealMe in May 2015, more than 652,000 logins were created in the last year; and verified RealMe identity continued to grow rapidly over the year (refer to outputs 7.22 and 7.15 respectively). Customer satisfaction with the service rose strongly (refer to output 7.16) as a result of our new RealMe video and work under way to upgrade our material to improve the understanding of RealMe services. Our continued focus will be on re-use as opposed to new logons as a better indicator of customer demand. We are currently discussing the ongoing direction for RealMe with Ministers – ensuring a single source for online identity verification will support ongoing work by the ICT-SLG service innovation group to transform public sector service delivery.

In an increasingly online environment, good privacy and security practice are critical for ensuring that information is safe and secure. Our Chief Privacy Officer role has been active over the last year. Demand from agencies for support in completing their annual privacy self-assessments meant we completed 85 more engagements than we expected in 2015/16 (refer to output 10.9). Baseline results show that 62% of agencies rated themselves as levels 2–3¹ with only 10% being levels 1–2. We will continue our work in 2016/17 to support agencies to lift their privacy maturity levels.

We are supporting communities to solve complex problems through information insights. During the year, we designed a platform on Govt.nz, which included a submission form to upload flag designs for engagement in the Flag Consideration Project. All New Zealanders were able to contribute and over 10,000 submissions were received. Success with this platform led to the development of the Government Online Engagement Service (GOES), which has since been used to engage public discussion around community issues related to the rules reduction taskforce; dog control; and public safety.

1 GCPO's Annual Privacy Self-Assessment (where 1= low maturity through to 5 = high maturity)

We have made a difference

Short to medium term results

We have seen positive changes in year-on-year trends of our immediate goals of: integrated citizen-centric services and innovative services to improve results for New Zealanders and government. This means that customers have found it easier to interact with the Department and other government agencies; and that people have had access to more services, in the way that they wanted to. Public sector agencies also saved, through avoided or reduced costs as a result of greater common capabilities, more than \$70 million which can be reprioritised towards activity that improves results for New Zealanders. In the last year, we have also improved progress towards achievement of our long-term goal, for the most common transactions with government to be completed in a digital environment. These results are discussed further below.

Integrated citizen-centric services

Since 2007 there has been a substantial increase in the proportion of people accessing online government services; this trend has not surprisingly flattened in more recent years, in line with the steady progress of multi-year agency transformation service delivery programmes. At the same time, customer satisfaction and ease of access for online transactions has steadily increased.

MEASURE	SOURCE	TREND INFORMATION					DESIRED CHANGE	TREND ON-TRACK? ²	
Improving the accessibility of online government services									
People who have used the internet to get information on government or council services	World Internet Project	2007: 45%	2009: 60%	2011: 57%	2013: 59%	2015: 57%	Increase	✓	
People who have used the internet to use government or council services that are delivered online ³		n/a	n/a	2011: 48%	2013: 59%	2015: 52%	Increase	✓	
Increasing satisfaction with government online services									
People's satisfaction with the internet as the most recent contact channel with government ⁴	Kiwis Count survey (State Services Commission)	2007: 73%	2009: 81%	2012: 81%	2014: 82%	2015: 77%	2016: 86%	Increase	✓
People's satisfaction with carrying out transactions with government online ⁵		n/a	2009: 64%	2012: 68%	2014: 77%	2015: 81%	2016: 78%	Increase	✓

2 Trend information in this table, and in all medium-term tables following, is assessed over the period 2009–2016. In places, this will vary in relation to available information (for example in places, 2010/11 is the starting point for reported information).

3 Note that this question reports on log-on to secure government and local council services.

4 The Kiwis Count survey has changed the way that it analyses this information, from 2013 this measure is an average of customer satisfaction and ease of access for online transactions.

5 The Kiwis Count survey has changed the way that it analyses this information, from 2013 this measure reports the ease in completing online transactions.

Innovative services to improve results for New Zealanders and government

Since 2012/13, we have seen a strong increase in the number of services available through RealMe (77 per cent increase in service availability) as a result of our all-of-government work. We have also increased the numbers of public libraries able to deliver digital and physical services to their communities.

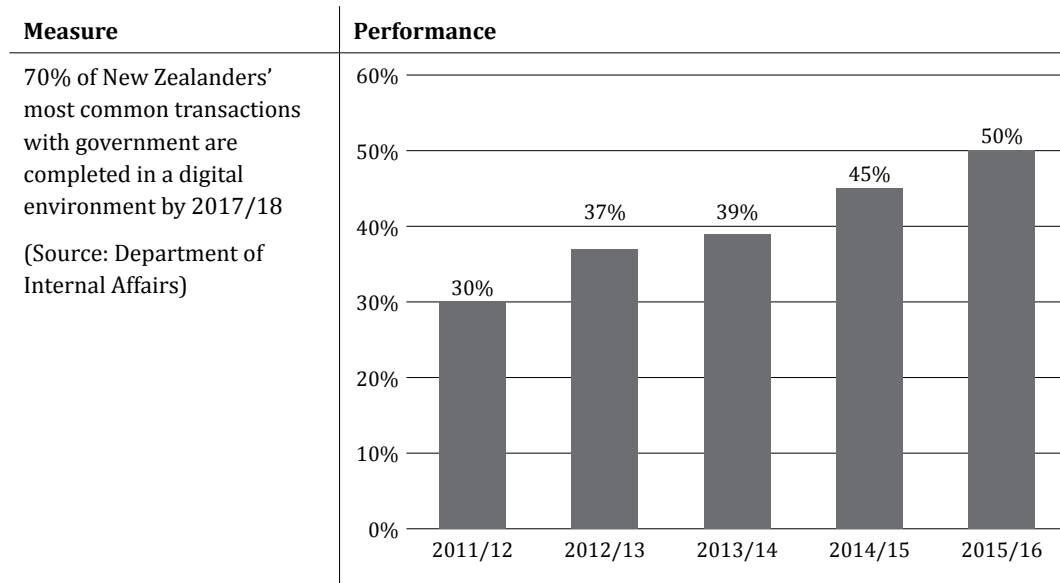
MEASURE	SOURCE	TREND INFORMATION						DESIRED CHANGE	TREND ON TRACK? ²
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16		
Increasing access to information through uptake of common capabilities									
Percentage increase in services available through RealMe each year (2013/14 baseline year) ⁶	Department of Internal Affairs	n/a	n/a	n/a	30%	24%	23% ⁷	Increase	✓
Increasing leadership and implementation through strategic collaboration and partnerships									
International usage of the National library collaborative tools, technologies and expertise	Department of Internal Affairs					-	Measure discontinued in 2015	-	n/a
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	Department of Internal Affairs	n/a	8	17	19	28	34	Increase	✓

6 This measures whether there is an increase in services available in each financial year reported: if there is an increase in services available in a financial year, this measure is deemed as on-track.

7 In 2015/16, 68 services increased to 84, or 23%.

Progress in longer term results

In 2015/16, an increasing number of New Zealanders' most common transactions with government were completed in a digital environment. Performance information is provided below:



The Department is monitoring progress towards a target \$100 million per annum reduction in government ICT expenditure by 2017/18, and reports regularly to Ministers and senior stakeholders.

Stronger more resilient communities

What we wanted to achieve

We wanted New Zealanders to be more connected and have a greater sense of belonging so that communities will be stronger and more resilient to change. For example, New Zealand's diversity is increasing – Auckland is now the second most diverse city in the world. A sense of belonging to a community is especially important in this environment. In 2014, close to 60% of people surveyed indicated that they felt a sense of belonging to their community. This suggests that a solid platform is already in place to support communities but that there is still more that can be done.

We intended to support communities to become stronger through our: advice, information, and the funding of services that deliver local solutions for local needs; encouragement of volunteering and giving in communities to support ongoing resilience; and continued regulatory efforts to minimise the impact of spam or nuisance emails and gambling, and ensure that online environments are safe for everyone to use – and we will make no apology for targeting those who exploit children in an online environment, with an intent of holding these offenders to account. We aim to further protect New Zealand's reputation in the international community through our work preventing money laundering and countering the financing of terrorism. We also wanted to continue to ensure that local government is more efficient, effective and responsive to communities and ratepayers, and that the funding of over \$600 million per annum distributed makes a difference for everyday life for New Zealanders.

Our work should help communities to have greater connections, information, and resourcing; stronger and more transparent local governance; and experience less harm.

What we did

Over the past year we have achieved most of what we set out to do, providing good support to communities to enable them to be stronger and more resilient. We have also supported the public sector to be more effective through our regulatory support and legislative reforms over the last year. Likewise, we are continuing to offer services that connect and strengthen our local communities.

CASE STUDY: Community-Led Development (CLD)

Our embedded community-led development approach aims to invest in and empower communities to increase community participation and connectedness.

CLD looks at communities as a whole, rather than specific programmes or activities – and it is already making a difference. CLD is encouraging communities to achieve their aspirations through working together, building on their strengths and enhancing local leadership. It is also shifting the focus of funding away from small grants for individual projects and/or organisations, to instead provide communities with access to flexible funding that contributes to overall community wellbeing.

For example, the Mangakino Community-Led Development pilot has already started to support the community to come together and get involved. Several initiatives around improving results for youth and families, building community gardens, addressing housing issues, and increasing access to education and training are now under way. This is not the end, but beginning of this community's journey towards better life outcomes.

Our work to connect, inform and resource communities has supported more than \$600m to be allocated to local initiatives. During the year, we assisted the Lottery Grants Board and others to make timely decisions (refer to outputs 1.1, 1.4 and 15.13); and provided funding to communities promptly so that they could progress community initiatives (refer to outputs 1.1, 1.4, 15.9, and 15.13). We also have work under way to understand whether allocated funding is helping to enable greater social cohesion in communities.

We introduced a new area of work for charities regulation to ensure that organisations given charitable status are operating to acceptable standards; this will help to ensure that communities can have confidence that money received for charitable purposes is used appropriately. Work to date has included the introduction of new reporting standards to ensure that charities report against their obligations; and we have undertaken a number of investigations into complex and serious offending, in particular in relation to fraud (refer to output 13.6) in instances where these obligations have not been met. We have also made it easier to apply for charitable status through our new online channel. In addition to continuing to progress these new areas, in the coming year we will work with the Charities Registration Board to ensure that we maintain appropriate levels of support (refer to outputs 13.8 and 13.9).

More than 55,000 people have been supported through our provision of telephone interpreting services, via the Language Line (refer to outputs 9.5 and 9.6); we have also provided training and development workshops to support ethnic community development. During the year, we began to deliver more targeted online training and development modules to better meet the changing needs of our communities (refer to outputs 9.2 and 9.3). We also helped empower communities to grow leadership capability, and encouraged connectedness and participation through the launch of our new Community-Led Development Programme in June 2016.

We are upping the ante of our focus to strengthen our regulatory approaches to help reduce harm in communities, and we are being acknowledged internationally for our work. The Department plays a prominent role in sharing cross-border intelligence, building the expertise of international investigative staff through the transfer of skills, and developing specialised software to detect online offending. During the year we exceeded standards, uploading more than 6,900 images to the Interpol Child Sexual Exploitation Database to identify and hold offenders to account, and stop the abuse of children (refer to output 13.15). We led a team of international law enforcement technicians to introduce a new international law enforcement data tool that will save investigators valuable time and effort, and allow countries to see and deal with the full extent of child sexual abuse within their borders. The work was sponsored by the Council of Europe for the European Commission and is now available to 2,000 users globally. Interpol highly commended the efforts and products that have been produced.

We have continued to develop our approach in anti-money laundering and countering financing of terrorism (AML/CFT) as people get a better understanding of the Act's obligations. We have also carried out over 280 inspections of gambling venues, and processed over 5,800 applications for gambling licences across all classes that we regulate (refer to outputs 13.10, 13.13 and 13.14). We have also managed higher volumes of complaints for unsolicited emails and text spam – close to 17,000 were received this year in comparison to approximately 11,000 in 2014/15 (refer to output 13.18). Increased reporting of complaints may signal increased awareness of, and lowered public tolerance to, scams and spam. We also progressed 52 civil liability proceedings related to spam emails (refer to output 13.20).

We have supported stronger and more transparent local governance through our work to support local government, Ministers and the Executive. We delivered on an ambitious work programme and provided appropriate policy advice to support Ministerial decisions (refer to output 12); the work programme has supported delivery of Ministers' priorities at close to the anticipated cost range for the year, at \$166.18, despite the requirement for additional expertise.

Of note, the Department provided information on the Local Government Act, and supported the Local Government Commission through its council reforms which seek to improve local government operations (refer to output 15.8); and responded to requests for information from the public about the Rates Rebate Scheme (refer to output 3.1). We also supported the Rules Reduction Taskforce tasked with identifying rules and regulations which were not fit-for-purpose and which imposed unnecessary bureaucratic burdens on property owners and businesses. We also led the review of the fire services, supporting the resulting amalgamation of rural and urban fire services into one entity: Fire and Emergency New Zealand.

We have helped to maintain New Zealand's international profile through our coordination of official visits and events. We successfully facilitated more than 50 guests of government visits (refer to output 14.2, 14.3 and 14.4); and worked alongside the Ministry for Culture and Heritage and the New Zealand Defence Force to hold two national Anzac Day events at Pukeahu National War Memorial in Wellington. Both were attended by the Governor-General and the Prime Minister, and televised live attracting up to 20,000 people. 2015/16 was also a busy year for commemorations and royal visitors. Of note, we supported the Royal Visit of the Prince of Wales and Duchess of Cornwall, and held a public memorial service to honour Jonah Lomu.

We have made a difference

Short to medium term results

As with our focus to *Transform Service Delivery*, we are demonstrating positive change in year-on-year trends of our immediate goals: connected informed and resourced communities; reducing community harm; and strong and transparent community governance and institutions – so that people have the opportunity to participate more in community life. These results are discussed further below.

Connected, informed and resourced communities

Overall signals suggest that communities are more connected, informed, and resourced – we know that the level of people participating in communities has been increasing over the last five years; and that people have had support to be better connected in their community through language interpretation. Over the same period, available information around community decision-making suggests that people have felt they have had less influence on local decisions; that said, the Department has been working to support high performing local government and the impact of this work has not yet been assessed.

TREND INFORMATION									
MEASURE	SOURCE	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	DESIRED CHANGE	TREND ON TRACK? ²
Increasing the number of people supporting local communities through volunteering and giving									
The percentage of people aged 10 years or over who, in the previous three months,	Quarterly Consumer and Media Insight Survey ⁸ (Nielsen Media)	n/a	32%	30%	28%	30%	n/a	Maintain	✓
(a) volunteered or									
(b) donated money		n/a	40%	34%	36%	41%	n/a	Maintain	✓
The percentage of people participating in unpaid community work	General Social Survey ⁹ (Statistics NZ)	32.4%	n/a	30.6%	39.7%	n/a	n/a	Maintain	✓
Improving the responsiveness of public agencies to the needs of diverse communities									
People who understand how the Council makes decisions	Quality of Life survey (AC Nielsen ⁸)	40%	n/a	29%	n/a	30%	n/a	Increase	✗
People who feel they have an influence on Council decisions			62%	n/a	37%	n/a	40%	n/a	Increase
The number of interpreting calls provided by Language Line per annum	Department of Internal Affairs	32,308	38,837	49,038	54,822	55,150	55,371	Increase	✓

8 After 2014 the Department of Internal Affairs stopped collecting information from this survey.

9 The General Social Survey no longer collects information on people participating in unpaid community work. However the New Zealand Census 2013 records information on people participating in voluntary work. From 2013 the Department will report the New Zealand Census information for this measure. Please note the two datasets are not comparable.

Reducing community harm

Overall, trends indicate that we are reducing the impact of harm in communities – we know that the Department’s risk-based approach in the gambling sector, is helping to reduce problem gambling and dishonest behaviour. We expect it will continue to reduce over-time, as enforcement actions take further effect. Our online environment continues to be safe and secure as a result of our filtering of New Zealand ISPs to prevent access to child exploitation material without affecting internet speeds; and sector obligations under the AML/CFT legislation are increasingly being met as a result of our work.

MEASURE	SOURCE	TREND INFORMATION						DESIRED CHANGE	TREND ON TRACK? ²
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16		
Reducing harm from spam/nuisance emails									
Percentage of people receiving spam/nuisance emails ¹⁰	World Internet Project NZ	n/a	73%	n/a	85%	n/a	n/a ¹¹	Decrease	n/a
Reducing harm from gambling									
Percentage of societies operating in public bars and clubs (C4 gambling sector) that have venues failing inspection ¹²	Internal Affairs	n/a	n/a	n/a	74%	76%	57%	Decrease	✓
Providing safe and secure online environments									
Coverage of the Digital Child Exploitation Filtering System run by DIA Censorship for ISPs of NZ internet users	Internal Affairs	n/a	n/a	85%	92%	92%	92% ¹³	Increase	✓
Increasing awareness of obligations under the Anti-Money Laundering and Countering Financing of Terrorism legislation									
Increasing sector awareness (5 point Likert scale) ¹²	Internal Affairs	n/a	n/a	n/a	3.87	4.00	4.07	Increase	✓

10 The World Internet Project NZ survey conducted every two years.

11 The World Internet Project NZ survey did not ask this question in 2015/16.

12 2013/14 was the baseline year for both these outcome measures.

13 This measure estimates the proportion of ISP customers that are covered by the filters in New Zealand. Market share of ISPs is based on information supplied by providers and from analyses undertaken by organisations such as the Commerce Commission. The most recent data on market share is for the 2014/15 financial year. Substantial change in reported levels is now not anticipated, as the major ISP providers are already signed up to the filter. The Department will be looking to maintain current levels in future years.

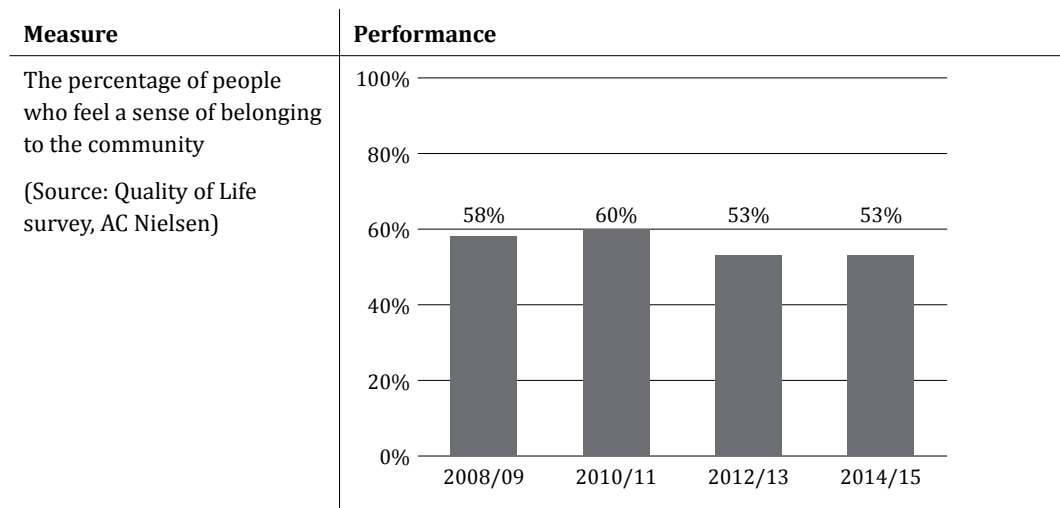
Strong and transparent community governance and institutions

We continue to support building strong and transparent community governance and institutions through our quality advice and support to decision makers.

MEASURE	SOURCE	TREND INFORMATION					DESIRED CHANGE	TREND ON TRACK? ²
		2011/12	2012/13	2013/14	2014/15	2015/16		
Quality of policy advice Public Sector Ranking	NZIER survey	7.1 (adequate)	7.6 (respectable)	7.5 (respectable)	7.25 (adequate)	7.3. (adequate)	Maintain	✓

Progress in longer term results

The percentage of New Zealanders' who feel a sense of belonging in their communities was maintained over the last two surveys (2012 and 2014). The results from the 2016 survey will be released in 2017. Performance information is provided below:



Trusted information

What we wanted to achieve

The Government has made clear its expectations that the state sector will increasingly connect with citizens through digital channels. For this to be successful, New Zealanders will need to feel comfortable with these channels and choose to use them. We wanted people to feel confident about connecting with businesses, communities, and government in a digital world. Information is a powerful tool for doing so and ensuring that people have better knowledge networks; improved information for research; and enhanced knowledge creation to drive innovation in the economy.

Providing open data is a means to protect and increase the visibility of New Zealand's identity – now and for the future. In 2014, the number of datasets listing pages available on data.govt.nz increased to 2,660 (2012: 1,815 available). We are doing well to increase the availability of digital data, but there is still more to be done.

The state sector collects and generates vast quantities of information on behalf of the New Zealand public. Our work will ensure that everyone can have confidence that government agencies keep personal information safe, and that they have control and visibility of how and where their information is used. We will also ensure that future generations can connect to Aotearoa through past and present cultural and heritage information; our guardianship of information helps to protect its accessibility.

What we did

Short term results

Over the last year, we have achieved what we set out to do and have increased access to government, identity, and heritage information. In some areas we have been able to deliver more than expected, due to increased demand for our newly implemented or redesigned services.

Throughout 2015/16 we have maintained good stewardship of New Zealanders' and government information. We have managed requests for around 385,000 identity or other official documents (refer to output 7.5.1); created digital copies of more than 567,000 archives for online access (refer to output 7.31), including over 20,000 new descriptive records for Archives New Zealand holdings; and protected more than 1,000 at-risk items in the National Library through digitisation (refer to outputs 7.35 and 7.36).

We ensured that New Zealanders planning to travel could easily apply for or renew their passports – in many cases online (refer to output 7.13), in a timely and cost effective way (refer to outputs 7.11 and 7.12). We also helped people to register their birth, death, marriage and citizenship information in a timely and easy way (refer to outputs 7.3, 7.4, 7.6, 7.7 and 7.8)

We successfully collected and preserved information, providing descriptive records for new National Library heritage collections (refer to output 7.34). Archives storage environments are being maintained above required standards (refer outputs 7.25 and 7.26). We also accurately published 7,400 New Zealand Gazette notices (refer to output 7.41).

We continued to work with other agencies to ensure web standards are being maintained so that New Zealanders can effectively manage, use and reuse their information. A new approach to monitoring and reporting agency progress on web standards will commence during 2016/17. The Department has also delivered on these expectations, ensuring that security and privacy has become part of how we do things every day. In the last year, self-assessments of protective security requirements were conducted with 70% of staff completing the Privacy 101 module and 72% of staff completing the Security 101 model. We won the Best Security Awareness Campaign (category 3) at the

2015 InfoSec New Zealand Awards for our work in helping our people to understand their obligations and responsibilities.

We have also ensured access to heritage information through our continued work to collect and preserve important information. In 2015/16, the Alexander Turnbull Library acquired over 72,140 published documents (refer to output 7.37). The records held by Archives New Zealand relate to almost every aspect of New Zealand life, and to the individual lives of New Zealanders, from the beginning of British Government in 1840 to the present day. They cover a wide range of subjects, a lengthy time period, and a variety of different media. Archives are held in physical storage of more than 108,000 linear metres; at set storage environments to preserve their integrity (refer to output 7.25 and 7.26). Specific, at-risk material is digitised to ensure ongoing access for future generations. An example is discussed in the case study (see below).



CASE STUDY: Niupepa Project – Digitisation of Māori newspapers

We are making it easier for New Zealanders to access historic Māori newspapers online.

Niupepa is a historic collection of Māori newspapers published between 1842 and 1932. We have recently digitised this collection – over eighteen thousand individual pages from twenty-five separate historical Māori newspapers and periodicals, and added them to Papers Past.

This project was based on images supplied by the New Zealand Digital Library Project, at the Department of Computer Science, University of Waikato. Digitising this collection brings together valuable resources for researchers interested in whakapapa. It also preserves a unique source of Māori language text and protects unique historical records of New Zealand from a Māori perspective.

Converting these treasures into a digital form and having them available online has increased their exposure and availability and ensured they can be managed and stored for the long-term for future generations to come.

Our Services to Schools transformation programme has also produced positive results with an increase in demand for information from schools, with over 546,450 books supplied to schools this year. This is an impressive result given that a new delivery model was introduced in September 2015 (refer to output 7.39).

Through the Chief Archivist's statutory role, the Department has continued its leadership across government in the management of information. During the year the Chief Archivist set out the findings from audits of the recordkeeping practices of 33 public offices undertaken in 2014/15. This was the fifth and final year of the first audit programme under the Public Records Act 2005. A key insight from the 201 audits completed in the five year programme is that the standard of recordkeeping maturity achieved by public offices since the Act came into force is not at expected levels; barely half of the public offices audited had recordkeeping maturity at or above the level of a managed approach to records management. The Department continues to work with public offices to improve record keeping practice. During 2015/16, the Department reviewed the audit programme process to assess its value for public offices, before designing the next programme of audits in the coming year.

We have made a difference

Short to medium term results

As with our focus to *Transform Service Delivery* and support *Stronger more Resilient Communities*, we have demonstrated positive change in year-on-year trends in our immediate goals of: stewardship of New Zealanders' and government information; and access to heritage information – so that information can be used to support social, cultural and economic growth in communities. In the last year, we have improved our longer-term goal for people to have greater access to collections information and public records. These results are discussed further below.

Stewardship of New Zealanders' and government information

Overall, our results indicate that the public can have trust and confidence in our stewardship of New Zealanders' and government information – since 2010/11, the level of reports of passports being issued on fraudulent grounds, or fraudulent use of a passport, has reduced substantially; and our passports integrity is ranked 4th against comparable jurisdictions. Over the same period, the number of complaints to the Office of the Privacy Commissioner around privacy breaches around personal information has decreased; whilst the use and re-use of information continued to increase.

TREND INFORMATION									DESIRED CHANGE	TREND ON TRACK? ²
MEASURE	SOURCE	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16			
Trust and confidence in DIA stewardship of personal information										
Level of incident reports relating to the issuance of passport on fraudulent grounds or fraudulent use of a passport ¹⁴	Department of Internal Affairs	n/a	0.01%	0.01%	0.00%	0.00%	0.00%	Maintain	✓	
Percentage of DIA services customers who feel personal information is confidential and secure		90%	No survey conducted		90% ¹⁵	91%	91%	-	-	
NZ passport is recognised as having high integrity ¹⁶	Henley Visa Restriction Global Index	5th equal	5th equal	5th equal	5th equal	5th equal	4th equal	Maintain	✓	
Level of complaints about the Department of privacy breaches received or notified by the Office of the Privacy Commissioner (OPC)	OPC Annual Report	4	2	2	2	5	1	Maintain	✓	
Increasing use and reuse of information: Searching and finding information for creating new knowledge through Digital NZ										
Number items surfaced for reuse by Digital NZ (excluding Papers Past and Appendices to the Journals of the House of Representatives)	Department of Internal Affairs	n/a	n/a	339,918	401,319	856,406	1,010,834	Increase	✓	

14 Results relate to passports issued between 1 January and 31 December, and are calculated based on the number of fraudulent passports detected as a proportion of total passports issued during this period. In 2013/14 and 2014/15 actual results were 0.003% and 0.0014% respectively.

15 In 2013/14 the previous survey was replaced by the DIA Services Customer Experience Survey, which asks customers to rate their trust and confidence in the Department. Results are based on those respondents reporting high trust and confidence.

16 Results include those published within that financial year.

MEASURE	SOURCE	TREND INFORMATION						DESIRED CHANGE	TREND ON TRACK? ²
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16		
Increasing the availability of re-usable online datasets held by government									
Dataset listing pages on the open data directory website, data.govt.nz	Department of Internal Affairs	n/a	1,815	2,339	2,660	3,405	4,355	Increase	✓
Percentage change in the number of unique data.govt.nz website visitors ¹⁷		n/a	31%	8.4%	-4.8% ¹⁸	36.2%	9.8%	Increase	✓
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	Department of Internal Affairs	38	43	48	40	33	n/a	Maintain 5 year cycle ¹⁹	✓

Access to heritage information

Since 2010/11, access to heritage information has increased across the board – many increases are significant, for example visits to schools online services more than doubled to 316,489 in 2015/16, and the published content provided by full-text platforms in the National Library increased to 4,758,980 in 2016. We have also increased the percentage of heritage collections and public records protected and preserved for future generations.

MEASURE	SOURCE	TREND INFORMATION						DESIRED CHANGE	TREND ON TRACK? ²
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16		
Increasing access to collections of information and the public record									
Institutions describing archival holdings online through the Community Archive	Department of Internal Affairs	376	373	380	379	381	394	Maintain	✓
Full text databases made accessible through NZ libraries in the EPIC consortium ²⁰		40	42	42	102	111	114	Increase	✓
Visits to schools online services		145,277	172,095	241,030	243,378	257,705	316,489	Increase	✓
Access to online records for NZ publications		n/a	n/a	423,562	441,524	456,996	460,864	Increase	✓

¹⁷ A positive result indicates an increase in percentage change in the number of unique data.govt.nz website visitors

¹⁸ The percentage decrease in 2014 can be attributed to a lack of promotional activities in that year that would ordinarily drive increased traffic. By way of comparison, in 2015 high profile open data activities such as GovHack NZ increased the number of unique visitors. Site improvements and .6FTE technical expertise provided via the Open Data programme also contributed to increased release of datasets.

¹⁹ The 5-year audit cycle is now complete.

²⁰ Results are based on a snapshot taken within the financial year at the same point in time every year.

MEASURE	SOURCE	TREND INFORMATION						DESIRED CHANGE	TREND ON TRACK? ²²
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16		
Published content provided through National Library full-text platforms:	Department of Internal Affairs								
(a) Papers Past		2,085,560	2,538,351	2,960,523	3,433,050	3,835,759	4,758,980 ²¹	Increase	✓
(b) Appendices to the Journals of the House of Representatives		128,151	253,866	319,112	319,112	319,114	n/a ²²	Increase	✓

Increasing the percentage of heritage collections and public records protected and preserved for future generations

Percentage of the Alexander Turnbull Library collections in the National Library Wellington building that are held in appropriate environments ²³	Department of Internal Affairs	55%	100%	100%	100%	100%	100%	Maintain	✓
The percentage of Archives NZ holdings held in an appropriate environment ²³		n/a	73.85%	80.5%	87.97%	85.78%	89.35%	Increase	✓
The number of transfers received by Archives NZ		29	84	71	74	93	68	Increase	✗

Increased number of Alexander Turnbull Library collections will be available for future use by researchers

Number of items damaged or lost in provision of services	Department of Internal Affairs	n/a	n/a	n/a	none	none	none	-	n/a
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Improved NZ school students' learning and access to documentary heritage

Usage of the National Library collection items, a. online packages developed	Department of Internal Affairs	n/a	n/a	n/a	18	20	17	Increase	✓
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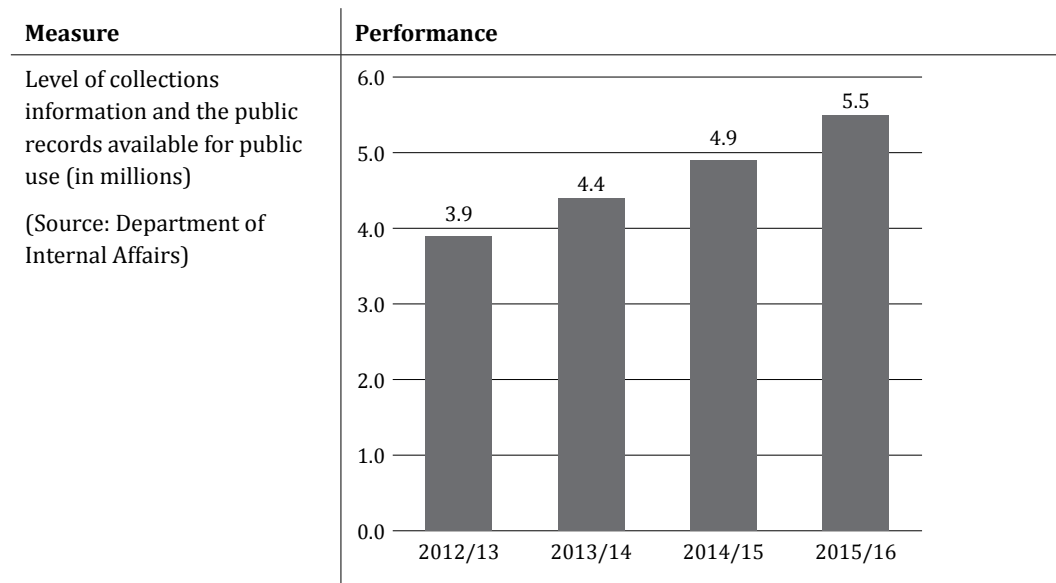
21 The 2015/16 measure now includes Appendices to the Journals of the House of Representatives. These were not included in the reported measure in prior periods.

22 This measure is no longer separately reported, it has been combined into one measure related to Published content provided through National Library full-text platforms.

23 This measures the proportion of instances throughout the year that temperature and relative humidity recordings meet environmental storage standards. Environmental conditions are recorded regularly multiple times every day. An instance of non-compliance is whenever a data reading falls outside the standards.

Progress in longer term results

We have increased the level of collections information and the public record available for public use. Performance information is provided below²⁴:



²⁴ This is an interim measure, and represents a summation of Access to heritage information supporting outcome measures for *Increasing access to collections of information and the public record*.

PART THREE: How we have used our resources

We have continued to ensure that we are fit for purpose in our delivery so that we are well positioned to deliver on our goals, with the intention of making communities better for New Zealand.

Since 2012, we have progressively introduced a programme of work to reorganise how we use our resources, and address historical underinvestment in a range of areas. We've seen continued improvements in our financial capability, culture, and leadership development over the last year.

We have continued to focus efforts towards supporting senior leaders in the Department to work more collaboratively together on organisational issues and initiatives. This has contributed to a strong change in key results over the year.

We will continue to assess our organisational health and capability against the State Services Commission's 7Cs Framework, which we adopted in 2014/15. Progress is discussed briefly in the following section.

What we wanted to achieve

Ensuring that we are a robust, sustainable, and fit for purpose agency is our key internal focus across the medium term. We want to build strong organisational health and capability to support the delivery of results for New Zealanders. In particular, we want to address key recommendations from the Performance Improvement Framework follow-up review, (refer to Appendix A for further information), with key areas of focus including:

- embedding a **culture** where our people feel valued, connected, and engaged in the work that they do,
- working within the wider government eco-system, we have supported the development and growth of **leaders in managing change**, not only in the Department but across government,
- developing the **capability** of our people through succession planning and talent management so that we have a strong and committed workforce,
- ensuring that we have the right people, in the right place (**capacity**) as we introduce new ways of working,
- **configuring** our systems and infrastructure to support our new GCIO role, along with the delivery of our existing services, and
- introducing new ways of operating in a way that enables us to manage our **costs** sustainably over time including: developing the financial management capability of our leaders to carry out self-reporting; implementing the Property Strategy to maximise the use of owned sites and developing colocation opportunities; the development of a capability roadmap to further utilise the Enterprise Portfolio Management Office; establishing an audit charter and internal audit programme.

What we have done

We continued to progress a range of activities to embed a positive **culture**, and involve our people in shaping DIA's future direction. Key activity including holding a national Māori staff hui to workshop ideas to support wider implementation of the Department's Māori Strategic Framework *Te Āka Taiwhenua*. We acknowledge our responsibilities with regard to diversity and inclusion in the workplace and are working towards the development of a programme of activities accordingly; we established a Gender Pay Gap Working Group, a joint initiative between the Department and the PSA. Our Pasifika Network was also refreshed and the DIA Women's Network launched. We are continuing to involve staff in helping to set the direction for the Department, and will release a new programme: *Setting our Shared Ambition* inviting staff ideas and discussion in 2016/17.

Developing and growing our **leaders** to meet the ongoing challenges of a changing public sector remained a key focus for the year. We targeted leadership development programmes and our deliberate approach to managing talent – key actions include integrating the SSC Leadership Success Profile (LSP) into our managers' performance objectives, a review of our managers' induction and core leadership programmes to ensure they align with the LSP and completing the implementation of our talent management programme to Tier 4 leaders. We also commenced the planning required to introduce talent management programme to all people leaders. Our **Senior Leadership Cohort** has continued to take a lead role in organisational development across the Department. We continued to develop senior-leaders through the *Excellerate* programme and *Advanced Strategic Leadership Programme*.

Over the last year we have had a positively stable employment relations environment following the settlement of the collective employment agreement at the end of 2014/15. Ensuring we have the right people in the right places has stayed front of mind. We have updated the Department's Workforce Strategy to build specific **capability**. Growing our portfolio of self-service and e-learning options has been a key focus. Our PSA building capability framework and the respective training and development fund was established, and we have developed programmes to support PSA delegate capability and started allocating funds to specific individuals. Enhancements to self-service tools for staff, including improved accessibility for staff to core HR information and financial planning and reporting training have been provided to managers. Improvements have also started being made to Health and Safety reporting. An external readiness review has been completed with recommendations included in the Health and Safety plan. We introduced a new workforce planning approach to support better forecasting of workforce **capacity** requirements over the medium term, to ensure that we are well placed to deliver on our goals. To further support the Department's operating model, we developed a framework to guide organisational design. These principles form the basis to guide the governance of any organisational change. We **reconfigured** several operating models to optimise capacity, including across shared services. The merger of our Technology Services and Solutions branch into our Shared Services Branch has been a key step in shaping how we ensure our internal systems used across the business are fit for purpose. We established a governance committee to oversee the *Building our Future* programme, and movement into our new locations during 2017.

Through the tight fiscal times and expectations to deliver more, we have continued to examine how we can improve what we're doing now – for example, we have continued to work alongside and leveraged opportunities to strengthen our financial operations through sharing lessons, and approaches with other agencies, such as Inland Revenue. We have **improved forecasting accuracy**, planning and effective reprioritisation of funds through regular reviews of cost pressures; improved asset management planning; and lifted capability across our investment system. We have also undertaken an Investment Confidence Rating self-assessment, in advance of our formal review by the Treasury in 2016/17, to identify potential areas for improvement across the medium term.

We introduced several changes to improve how we work more efficiently and manage our **costs** sustainably over time. A further achievement in business efficiency has been realised through The Financial Application and Service Transformation (FAST) project.

A project to introduce a new Enterprise Content Management System (Cohesion) was established in 2015/16. Implementation to all DIA staff will take place during 2016/17. Cohesion will support improved information management across the Department.

Through our Property Strategy we have continued to reduce our footprint through co-location with other agencies and maximising owned sites. We have introduced a Workplace project to support rationalisation of our Wellington footprint as we transition into the whole-of-government accommodation project (WAP2), led by the Government Property Group.

CASE STUDY: Financial Application and Service Transformation (FAST)

The Department's Financial Application and Services Transformation Project (FAST) work with Inland Revenue won **the Financial Innovation Project of the Year** category of the CFO Awards in March 2015.

We recognise that providing quality services to New Zealanders must be cost effective to the tax payer in the long term. To help us deliver better financial services the Department developed a partnership with Inland Revenue to create a model for success. Through the FAST partnership we established collaborative relationships, shared our resources and implemented a value for money solution in the financial services space.

Inland Revenue now provides the Department with system support and financial transaction processing. The Department has moved from using a technically outdated financial management system to one that is robust and reliable.

As a result of this initiative and others, the Department has seen measured improvement and its Audit New Zealand rating raised from "needs improvement" to "good" in 2015.

We have made a difference

Short to medium term results

To further support the achievement of results across our other three focus areas for 2015/16, the Department established two short to medium term measures of focus. The first being to fully utilise our appropriation and be financially sustainable, and the second to have staff engagement levels amongst the top quartile for all Public Sector agencies.

In the last year, we have made changes across these areas and have seen positive results.

People are the most important asset that the Department has, and we have made no apologies for targeting effort to ensure that they are supported to be successful. Early signals from survey of our staff suggest that overall our work is having the effect that we want it to – staff engagement levels have improved over the last three years; at the same time, almost $\frac{3}{4}$ of staff continue to recommend the Department as a great place to work. This year we experienced an increase in staff turnover as a result of internal restructure and change within the organisation; however, we expect current levels to drop to closer to the public sector average over the next year. Pleasingly, staff also signalled that they feel more supported to do their job – our work to improve our systems and tools, and ensure that resources are targeted to the most important things, is already making a difference.

We are also targeting effort towards supporting leaders, at all levels across our organisation, to step up and 'show the way' towards innovating and changing the way that we operate. As the Department accommodates changes in leadership, as a result of turnover for example, we will continue to support lifting leadership capability. The impact of our efforts not yet fully realised – over the medium term we anticipate an increase in staff confidence in broad leadership within the Department; year-on-year results signal a small drop in confidence levels, however overall confidence levels indicate that the majority of staff hold confidence in the Department's leaders.

We are also progressively addressing areas for improvement identified in the 2012 PIF, and will measure our success through an updated review in 2017.

More broadly, the first sections of this report indicate that we delivering well on our goals to drive more accessible, customer-centric services. Results to measure our progress around value for money will not be available until 2016/17.

Sustainability and Fit for purpose goals

GOALS BY 2018/19	SUPPORTING INDICATORS	EARLY RESULTS		DESIRED CHANGE OVER MEDIUM TERM	TREND ON TRACK?
		2014/15 (BASELINE YEAR)	2015/16		
Engaged people					
Our people will be amongst the most engaged in the public sector. We will be the public sector employer of choice and a magnet for talented people.	Improved PIF rating**	n/a	n/a	Increase	n/a
	Decline in staff turnover	10.8%	14.1%	Decrease	✗
	Improvement in people recommending or wishing to work at the Department	63.6%,	66.2%	Increase	✓
Work Environment/Workplace					
Our workplace will enable people to deliver their best.	Improvement in performance ratings	n/a	n/a	Increase	n/a
	Increase in staff reporting they have the tools and resources needed	59.7%,	62.7%	Increase	✓
Leadership					
We will have leaders at all levels of our organisation who step up and show the way and who are supported to innovate and change. We will manage change well and our governance will provide clear direction, accountability and assurance.	Improved PIF rating**	n/a	n/a	Increase	n/a
	Improved staff confidence in leadership	65.6%	61.2%	Increase	✗
Customer					
We will understand our customers and what they value and will make it easier to do business with us. We place high value on information and our customers will have confidence in our ability to treat their information with respect and keep it secure.	Reduction in gap between customer expectation and experience	n/a	n/a	Decrease	n/a
	Improved PIF rating	n/a	n/a	Increase	n/a
	Reduction in privacy breaches	5	1	Increase	✓
Value for Money					
We will understand the cost of delivering our services and we will invest in continuous improvement to ensure our services are efficient and effective. We will be skilled at planning and prioritising and have an integrated investment plan that ensures we make the best use of scarce resources.	Improved PIF rating**	n/a	n/a	Increase	n/a
	Reduction in year on year administration costs	n/a	n/a	Decrease	n/a
	Improved forecasting accuracy and realisation of benefits	n/a	n/a	Increase	n/a

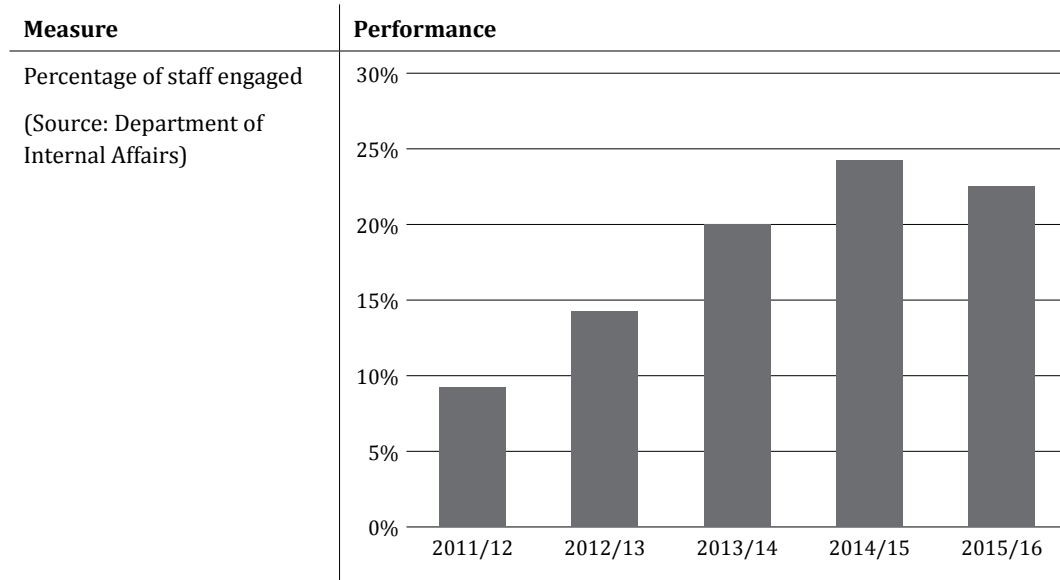
* 2014/15 is the baseline year for many of the above results. Work is under way to develop and collect information on the results.

** The next PIF Review will be undertaken in 2018.

Progress in longer term results

Over the longer term we will measure our progress in improving staff engagement to ensure that we are lifting performance and productivity within the Department. Performance information is provided below.

Since 2012, we have had a 141% increase in people feeling engaged and a 40% reduction in people feeling disengaged.



PART FOUR: Financial and non-financial results

Statement of responsibility

As Secretary for Internal Affairs I am responsible, under the Public Finance Act 1989 (the Act), for the preparation of the Financial statements, Statements of expenses and capital expenditure, Appropriation statements, Forecast financial statements, Non-financial performance statements, and the judgements made in the process of producing those statements.

The end-of-year performance information on each appropriation administered by the Department is provided in accordance with sections 19A to 19C of the Act. I am responsible for the accuracy of any end-of-year performance information prepared by the Department whether or not this information is included in this Annual Report.

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 Annual Report fairly reflects the financial position, forecast financial position, operations, progress, and organisational health and capability of the Department of Internal Affairs for the year ended 30 June 2016.



Colin MacDonald
Chief Executive
30 September 2016



Matthew Needham
Chief Financial Officer
30 September 2016

Independent Auditor's Report

To the readers of the Department of Internal Affairs' annual report for the year ended 30 June 2016

The Auditor-General is the auditor of the Department of Internal Affairs (the Department). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf of:

- the financial statements of the Department on pages 39 to 81, that comprise the statement of financial position, statement of commitments, statement of contingent assets and liabilities as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity, 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;
- the performance information prepared by the Department for the year ended 30 June 2016 on pages 10 to 28 and 124 to 158;
- the statements of expenses and capital expenditure of the Department for the year ended 30 June 2016 on pages 105 to 111; and
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 83 to 103 that comprise:
 - the schedules of assets, liabilities, commitments, and contingent liabilities as at 30 June 2016; and
 - the schedules of expenses, and revenue for the year ended 30 June 2016;
 - the statement of trust monies for the year ended 30 June 2016; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Department:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year ended on that date;
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards.
- the performance information of the Department:
 - presents fairly, in all material respects, for the year ended 30 June 2016:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure;
 - complies with generally accepted accounting practice in New Zealand.

- the statements of expenses and capital expenditure of the Department are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the revenue and expenditure for the year ended 30 June 2016;
 - the assets, liabilities, commitments, and contingent assets and liabilities as at 30 June 2016;
 - the trust money administered on behalf of the Crown for the year ended 30 June 2016; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Our audit was completed on 30 September 2016. 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 information we audited is 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 information we audited. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the information we audited 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 performance information within the Department's framework for reporting performance;
- the adequacy of the disclosures in the information we audited; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. Also, we did not evaluate the security and controls over the electronic publication of the information we audited.

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 that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Department, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Department on behalf of the Crown.

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

The Chief Executive is responsible for such internal control as is determined is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

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.



S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

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COMPREHENSIVE REVENUE AND EXPENSE

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2016

ACTUAL 2015 \$000		NOTE	ACTUAL 2016 \$000	MAIN EST 2016 \$000	SUPP EST 2016 \$000
Revenue					
215,731	Crown		216,717	206,003	216,717
159,598	Other Revenue	2	183,168	152,376	176,699
16	Gain on Sale of Property, Plant and Equipment		208	-	-
375,345	Total Revenue		400,093	358,379	393,416
Expenses					
201,950	Personnel Costs	3	199,852	180,936	195,135
33,866	Depreciation and Amortisation Expense		32,771	33,595	34,376
22,208	Capital Charge		22,575	24,619	24,619
264	Finance Costs	5	613	264	305
138,036	Other Operating Expenses	4	139,168	144,474	143,630
396,324	Total Expenses		394,979	383,888	398,065
(20,979)	Operating Surplus/(Deficit)		5,114	(25,509)	(4,649)
Other Comprehensive Revenue and Expenses					
-	Asset Revaluation Gains (Losses)		8,543	-	-
(20,979)	Total Comprehensive Revenue and Expense		13,657	(25,509)	(4,649)

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 2016

ACTUAL 2015 \$000		NOTE	ACTUAL 2016 \$000	MAIN EST 2016 \$000	SUPP EST 2016 \$000
Assets					
<i>Current Assets</i>					
21,171	Cash and Cash Equivalents	7	53,487	34,948	52,246
16,365	Debtors and Other Receivables	8	6,998	17,171	7,372
1,759	Inventories	9	2,703	1,660	1,711
5,585	Prepayments		5,868	4,943	4,986
1,697	Property, Plant and Equipment Held for Sale	11	-	-	-
46,577	Total Current Assets		69,056	58,722	66,315
<i>Non-Current Assets</i>					
215,942	Property, Plant and Equipment	11	219,983	221,889	213,305
65,516	Intangible Assets	12	78,096	71,982	74,951
281,458	Total Non-Current Assets		298,079	293,871	288,256
328,035	Total Assets		367,135	352,593	354,571
Liabilities and Taxpayers' Funds					
<i>Current Liabilities</i>					
32,272	Creditors and Other Payables	13	29,653	30,205	28,875
6,176	Provisions	14	4,691	4,111	3,649
8,687	Revenue Received in Advance	15	10,978	8,500	8,395
10,319	Employee Entitlements	16	10,366	14,548	17,172
670	Finance Leases	17	513	-	670
-	Provision for Repayment of Surplus	18	1,397	-	4,649
58,124	Total Current Liabilities		57,598	57,364	63,410
<i>Non-Current Liabilities</i>					
544	Provisions	14	495	-	-
2,455	Employee Entitlements	16	2,597	1,908	2,089
5,695	Finance Leases	17	5,489	-	5,025
8,694	Total Non-Current Liabilities		8,581	1,908	7,114
66,818	Total Liabilities		66,179	59,272	70,524
261,217	Net Assets		300,956	293,321	284,047
Equity					
243,710	Taxpayer's Funds	19	251,226	254,629	245,381
(21,159)	Memorandum Accounts	19	1,806	-	-
38,666	Revaluation Reserves	19	47,924	38,692	38,666
261,217	Total Equity		300,956	293,321	284,047

Explanations of significant variances against budget are 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 2016

ACTUAL 2015 \$000		NOTE	ACTUAL 2016 \$000	MAIN EST 2016 \$000	SUPP EST 2016 \$000
(20,979)	Surplus/(Deficit) for the year		5,114	(25,509)	(4,649)
-	Other Comprehensive Revenue and Expenses		8,543	-	-
(20,979)	Total Comprehensive Revenue and Expense		13,657	(25,509)	(4,649)
11,320	Capital Injections	20	30,379	56,899	30,379
-	Capital Withdrawal	20	(2,900)	-	(2,900)
-	Provision for Repayment of Surplus		(1,397)	-	-
	Transfers of General Funds and Revaluation Reserves between Government Departments				
(25)	Parliamentary Services		-	-	-
(25)	Total Transfers of General Funds and Revaluation Reserves Between Government Departments		-	-	-
(9,684)	Movement in Equity for the year		39,739	31,390	22,830
270,901	Add Equity as at 1 July		261,217	261,931	261,217
261,217	Equity as at 30 June		300,956	293,321	284,047

Explanations of significant variances against budget are 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 2016

ACTUAL 2015 \$000		ACTUAL 2016 \$000	MAIN EST 2016 \$000	SUPP EST 2016 \$000
Cash Flows from Operating Activities				
<i>Cash was Provided from:</i>				
215,731	Supply of Outputs to the Crown	227,365	208,003	251,264
166,311	Supply of Outputs to Third Parties	183,797	151,994	175,279
-	Goods and Services Tax (Net)	1,065	-	8,636
382,042		412,227	359,997	435,179
<i>Cash was Distributed to:</i>				
(346,279)	Suppliers and Employees	(344,886)	(325,934)	(364,778)
(22,208)	Capital Charge	(22,575)	(24,619)	(24,619)
(1,221)	Goods and Services Tax (Net)	-	-	-
(369,708)		(367,461)	(350,553)	(389,397)
12,334	Net Cash Flows from Operating Activities	44,766	9,444	45,782
Cash Flows from Investing Activities				
<i>Cash was Provided from:</i>				
17	Sale of Property, Plant and Equipment	2,463	2,300	714
17		2,463	2,300	714
<i>Cash was Distributed to:</i>				
(17,864)	Purchase of Property, Plant and Equipment	(10,773)	(28,550)	(14,010)
(16,699)	Purchase of Intangibles	(31,619)	(27,990)	(28,990)
(34,563)		(42,392)	(56,540)	(43,000)
(34,546)	Net Cash Flows From Investing Activities	(39,929)	(54,240)	(42,286)
Cash Flows from Financing Activities				
<i>Cash was Provided from:</i>				
11,320	Capital Injections	30,379	56,899	30,379
11,320		30,379	56,899	30,379
<i>Cash was Distributed to:</i>				
-	Capital Withdrawal	(2,900)	-	(2,900)
(5,365)	Repayment of Net Surplus	-	-	-
(5,365)		(2,900)	-	(2,900)
5,955	Net Cash Flows from Financing Activities	27,479	56,899	27,479
Movement in Cash				
37,428	Opening Cash and Cash Equivalents	21,171	22,845	21,271
(16,257)	Add Net Increase/(Decrease) in Cash Held	32,316	12,103	30,975
21,171	Closing Cash and Cash Equivalents	53,487	34,948	52,246

The accompanying notes form part of these financial statements.

NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of Total Comprehensive Revenue and Expense to Net Cash Flows from Operating Activities

for the year ended 30 June 2016

ACTUAL 2015 \$000		ACTUAL 2016 \$000	MAIN EST 2016 \$000	SUPP EST 2016 \$000
(20,979)	Total Comprehensive Revenue and Expense	13,657	(25,509)	(4,649)
	Add/(Deduct) Non-Cash Items			
33,866	Depreciation and Amortisation	32,771	33,595	34,376
-	Asset Revaluation Loss/(Gain)	(8,543)	-	-
1,331	Impairment of Intangible Assets	374	-	-
323	Loss on Write-Off of Assets	169	-	-
35,520		24,771	33,595	34,376
	Add/(Deduct) Items Classified as Investing Activities			
(328)	Acquisition of Donated Assets	(368)	-	-
(17)	Loss/(Gain) on Sale of Property, Plant and Equipment	(208)	(382)	(363)
(345)		(576)	(382)	(363)
	Add/(Deduct) Movements in Statement of Financial Position Items			
7,042	(Increase)/Decrease in Debtors and Other Receivables	9,367	2,000	18,731
(1,504)	(Increase)/Decrease in Other Current Assets	(1,227)	40	48
1,576	Increase/ (Decrease) in Other Current Liabilities	803	-	(3,276)
518	Increase/(Decrease) in Non-Current Liabilities	142	-	-
(9,494)	Increase/ (Decrease) in Creditors and Other Payables	(2,171)	(300)	915
(1,862)		6,914	1,740	16,418
12,334	Net Cash Flows From Operating Activities	44,766	9,444	45,782

The accompanying notes form part of these financial statements.

COMMITMENTS

Statement of Commitments

as at 30 June 2016

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Capital Commitments		
<i>Capital Commitments</i>		
7,016	Intangible Assets	2,036
458	Non-Residential Buildings	1,379
19	Plant and Equipment	26
7,493	Total Capital Commitments	3,441
Operating Commitments		
<i>Non-Cancellable Leases</i>		
8,778	Less than one year	10,842
8,096	One to two years	6,897
5,690	Two to five years	23,355
6,346	Over five years	75,492
28,910	Total Operating Commitments	116,586
36,403	Total Commitments	120,027

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 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 2016

Quantifiable Contingent Assets

As at 30 June 2016, the department had one quantifiable contingent asset totalling \$0.752m relating to an insurance claim for building damage as a consequence of the 2010/11 Canterbury earthquakes. (2014/15: Nil)

Non-quantifiable Contingent Assets

As at 30 June 2016, 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. (2014/15: Nil).

Quantifiable Contingent Liabilities

There were no quantifiable contingent liabilities as at 30 June 2016 (2014/15: Nil).

Non-quantifiable Contingent Liabilities

There were no non-quantifiable contingent liabilities as at 30 June 2016 (2014/15: Nil).

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 2016

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's primary objective is to provide services to the New Zealand public for community and social benefit. The Department does not operate to make a financial return.

The Department has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The Department has also reported the Non-Departmental (Crown) activities and trust money which it administers.

Reporting Period

The reporting period for these financial statements is the year ended 30 June 2016. The financial statements were authorised for issue by the Chief Executive of the Department on 30 September 2016.

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 Tier 1 Public Benefit Entity (PBE) accounting standards.

These financial statements comply with PBE accounting standards.

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 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 PBE accounting standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense. 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.

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

Revenue from the Crown is measured based on the Department's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Department can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

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 Revenue and Expense.

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 Revenue and Expense.

Expenses

Expenses are recognised and reported in the Statement of Comprehensive Revenue and Expense 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 allocated directly to significant activities. Indirect costs are allocated 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 2016, 71% of output costs were direct costs (2014/15: 72%).

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 2016, indirect costs accounted for 29% of the Department's costs (2014/15: 28%).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in transit, and funds on deposit with banks with an original maturity of no more than three months.

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 Revenue and Expense 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 debt 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.

Any write-down from cost to current replacement cost is recognised in the Statement of Comprehensive Revenue and Expense in the period when the write-down occurs

Accounting for Foreign Currency Transactions

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 Revenue and Expense.

Property, Plant and Equipment

Additions

Items of property, plant and equipment costing more than \$3,000 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 \$3,000 and are acquired as a group purchase with a total cost in excess of \$30,000 will be treated as a capital acquisition and capitalised as a fixed asset.

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 Revenue and Expense 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 Revenue and Expense.

Impairments

The Department does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, plant, and equipment held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

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 Revenue and Expense* in the Statement of Comprehensive Revenue and Expense.

To the extent that a gain reverses a loss previously charged to the Statement of Comprehensive Revenue and Expense for the asset class, the gain is credited to the Statement of Comprehensive Revenue and Expense. 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 Revenue and Expense.

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 includes 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 and Non-Residential 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	5–100 Years
Furniture and Fittings	5–30 Years
Office Equipment	5–10 Years
Motor Vehicles	3–6 Years
IT Equipment	3–5 Years
Leased Assets	7 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.

Disposals

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Revenue and Expense 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 Revenue and Expense, the gain is credited to the Statement of Comprehensive Revenue and Expense. Otherwise, losses are reported in the Statement of Comprehensive Revenue and Expense.

Impairments

The Department does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Intangible assets held at cost that have finite useful lives are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Amortisation

Amortisation is charged to the Statement of Comprehensive Revenue and Expense 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 Revenue and Expense.

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.

Financial Instruments

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

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 a 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 incidental to 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 on a diminishing-value basis.

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 provided 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 payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

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 Revenue and Expense 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 Revenue and Expense 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, Kiwisaver, the Government Superannuation Fund and the National Provident Fund are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expense 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 of their estimated future cash outflows.

Capital Charge

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

Commitments

Operating lease 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 Statement of Contingent Assets and Contingent Liabilities at the point at which the contingency is evident. Contingent assets are disclosed if it is possible 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 2015 \$000		ACTUAL 2016 \$000	MAIN EST 2016 \$000	SUPP EST 2016 \$000
Revenue from non-exchange transactions				
1,800	Result 10 Service Transformation	-	-	-
1,563	Other Third Party Revenue	514	121	121
3,363	Total non-exchange revenue	514	121	121
Revenue from exchange transactions				
78,780	Passport Fees	97,077	71,523	92,101
12,020	Citizenship Fees	15,332	12,700	13,461
10,742	Birth, Death, Marriage and Civil Union Fees	11,139	10,200	10,200
14,556	Non-casino Gaming Licences and Fees	15,447	17,109	16,933
5,416	Casino Operators' Levies	5,415	5,285	5,370
7,842	VIP Transport	7,957	7,914	8,114
10,129	Recovery from New Zealand Lottery Grants Board	10,029	10,129	10,029
793	New Zealand Gazette	847	791	923
1,018	Translation Services	980	1,000	1,000
1,255	Language Line Interpreter Services	1,352	1,291	1,291
2,300	e-Government Development and Operations	4,490	2,680	4,806
2,773	Electronic Purchasing in Collaboration	3,056	2,411	3,007
1,891	Te Puna Catalogue and Interloan Library Services	1,844	1,822	1,822
1,499	Kotui Library Services	1,924	1,027	1,861
783	Charities Registrations	781	852	852
519	Authentications	394	629	629
594	Lake Taupo Boating Facilities	542	536	536
-	Canterbury Earthquake Insurance Recoveries	736	-	-
848	RealMe	744	1,540	1,080
484	National Dogs Database Levy	400	400	400
1,993	Other Third Party Revenue	2,168	2,416	2,163
156,235	Total Other exchange revenue	182,654	152,255	176,578
159,598	Total Other Revenue	183,168	152,376	176,699

There are no conditions attached to non-exchange revenue transactions.

3. Personnel Costs

2015 \$000		2016 \$000
189,515	Salaries, Wages and Contractors	188,380
4,072	Employer Contribution to Defined Contribution Plans	4,706
614	Increase/(Decrease) in Employee Entitlements	177
4,316	Restructuring Costs	3,478
3,433	Other Personnel Costs	3,111
201,950	Total Personnel Costs	199,852

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

4. Other Operating Expenses

ACTUAL 2015 \$000		ACTUAL 2016 \$000	MAIN EST 2016 \$000	SUPP EST 2016 \$000
12,829	Agency Fees	12,468	11,822	11,142
37,283	Computer Costs	42,053	42,912	46,013
9,856	Consultants	10,959	5,459	10,507
18,906	Inventory Costs	18,717	18,618	18,399
10,658	Office Expenses	9,884	9,982	10,668
2,292	Professional Fees	2,163	495	450
677	Publicity and Promotion	1,122	2,765	1,934
20,873	Rental and Leasing Costs	20,590	21,188	20,186
3,502	Staff Development	3,019	3,017	2,949
5,328	Library Resources and Subscriptions	5,181	5,203	5,803
6,970	Travel Expenses	7,782	6,452	8,760
422	Fees for Auditor (Financial Statement Audit)	369	350	401
7	Fees to Auditor (Assurance and Related Services)	10	-	-
(53)	Increase/(Decrease) in Provision for Doubtful Debts	(10)	-	-
1	Realised Foreign Exchange Losses	-	-	-
1,331	Impairment of Intangible Assets	374	-	-
-	Impairment of Property, Plant and Equipment	-	-	-
323	Loss on Write-off of Assets	169	-	-
6,831	Other Departmental Operating Costs	4,318	16,211	6,418
138,036	Total Other Operating Expenses	139,168	144,474	143,630

5. Finance Costs

ACTUAL 2015 \$000		ACTUAL 2016 \$000
264	Interest on Finance Leases	613
264	Total Finance Costs	613

6. Capital Charge Expense

The Department pays 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 2015/16 was 8.0% (2014/15: 8.0%).

7. Cash and Cash Equivalents

ACTUAL 2015 \$000		ACTUAL 2016 \$000
20,130	New Zealand Bank Accounts	52,568
	Overseas Bank Accounts	
249	Australian Bank Accounts	573
792	United Kingdom Bank Accounts	346
21,171	Total Cash and Cash Equivalents	53,487

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

8. Debtors and Other Receivables

ACTUAL 2015 \$000		ACTUAL 2016 \$000
4,352	Trade Receivables	6,219
1,467	Insurance Receivables relating to Christchurch Earthquakes	870
10,650	Debtor Crown	-
(104)	Less Provision for Doubtful Debts	(91)
16,365	Total Accounts Receivables	6,998
	Total receivables comprises:	
5,715	Receivables from exchange transactions	6,998
10,650	Receivables from non-exchange transactions	-
16,365		6,998

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.

2015			2016			
GROSS \$000	IMPAIRMENT \$000	NET \$000		GROSS \$000	IMPAIRMENT \$000	NET \$000
13,409	-	13,409	Not past due	6,147	-	6,147
2,381	-	2,381	Past due 1-30 days	404	-	404
254	-	254	Past due 31-60 days	138	-	138
104	-	104	Past due 61-90 days	101	-	101
321	(104)	217	Past due >91 days	299	(91)	208
16,469	(104)	16,365	Total Accounts Receivables	7,089	(91)	6,998

The provision for doubtful debts has been calculated based on expected losses for the Department's 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 2015 \$000		ACTUAL 2016 \$000
(157)	Opening Doubtful Debts as at 1 July	(104)
(97)	Additional Provisions Made During the Year	(91)
150	Provisions Released During the Year	104
(104)	Closing Doubtful Debts as at 30 June	(91)

9. Inventories

ACTUAL 2015 \$000		ACTUAL 2016 \$000
	Birth, Death and Marriage Certificates	
50	Stock on Hand	250
	Citizenship	
16	Stock on Hand	11
922	Work in Progress	683
	Film Preservation Lab	
-	Stock on Hand	252
	Passports	
21	Stock on Hand	49
750	Work in Progress	1,458
1,759	Total Inventories	2,703

No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses.

10. Derivative Financial Instruments

As at 30 June 2016, the Department had one forward exchange contract for \$0.086m (2014/15: Nil).

11. Property, Plant and Equipment

2016

Cost or Valuation

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Land	49,760	-	435	-	-	50,195
Non-Residential Buildings	141,558	5,524	7,660	-	-	154,742
Antiques and Works of Art	990	-	448	(5)	-	1,433
Furniture and Fittings	21,017	258	-	(41)	-	21,234
General Collections	29,473	717	-	-	-	30,190
Schools Collections	17,086	1,127	-	-	-	18,213
Motor Vehicles	9,850	1,404	-	(3,171)	-	8,083
Plant and Equipment	9,938	247	-	(44)	-	10,141
IT Equipment	25,232	1,134	-	-	-	26,366
Leased Assets	6,700	-	-	-	-	6,700
Total Cost	311,604	10,411	8,543	(3,261)	-	327,297

2016

Accumulated Depreciation

ASSET CLASS	BALANCE AT 1 JULY \$000	DEPRECIATION \$000	REVALUATION/IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Land	-	-	-	-	-	-
Non-Residential Buildings	20,228	5,874	-	-	-	26,102
Antiques and Works of Art	-	-	-	-	-	-
Furniture and Fittings	10,836	952	-	(37)	-	11,751
General Collections	19,830	1,362	-	-	-	21,192
Schools Collections	14,064	1,205	-	-	-	15,269
Motor Vehicles	5,533	570	-	(2,374)	-	3,729
Plant and Equipment	5,657	380	-	(44)	-	5,993
IT Equipment	18,844	2,807	-	-	-	21,651
Leased Assets	670	957	-	-	-	1,627
Total Accumulated Depreciation	95,662	14,107	-	(2,455)	-	107,314

2015

Cost or Valuation

	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Asset Class						
Land	49,815	945	-	-	(1,000)	49,760
Buildings	116,467	-	-	-	(116,467)	-
Non-Residential Buildings	-	12,423	-	(671)	129,806	141,558
Leasehold Improvements	13,564	-	-	-	(13,564)	-
Antiques and Works of Art	1,034	-	(25)	-	(19)	990
Furniture and Fittings	11,937	1,709	-	(257)	7,628	21,017
General Collections	28,663	810	-	-	-	29,473
Schools Collections	15,922	1,164	-	-	-	17,086
Office Equipment	5,276	-	-	-	(5,276)	-
Motor Vehicles	7,697	2,018	-	(264)	399	9,850
Plant and Equipment	13,678	441	-	(948)	(3,233)	9,938
IT Equipment	23,297	1,762	-	(1,332)	1,505	25,232
Leased Assets	6,608	6,700	-	(6,608)	-	6,700
Total Cost	293,958	27,972	(25)	(10,080)	(221)	311,604

2015

Accumulated Depreciation

	BALANCE AT 1 JULY \$000	DEPRE- CIATION \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Asset Class						
Land	-	-	-	-	-	-
Buildings	4,708	18	-	-	(4,726)	-
Non-Residential Buildings	-	5,754	-	(637)	15,111	20,228
Leasehold Improvements	10,428	-	-	-	(10,428)	-
Antiques and Works of Art	-	-	-	-	-	-
Furniture and Fittings	6,818	945	-	(217)	3,290	10,836
General Collections	18,316	1,531	-	-	(17)	19,830
Schools Collections	12,858	1,189	-	-	17	14,064
Office Equipment	4,622	-	-	-	(4,622)	-
Motor Vehicles	4,855	450	-	(130)	358	5,533
Plant and Equipment	5,221	399	-	(937)	974	5,657
IT Equipment	16,042	4,121	-	(1,319)	-	18,844
Leased Assets	6,058	1,220	-	(6,608)	-	670
Total Accumulated Depreciation	89,926	15,627	-	(9,848)	(43)	95,662

* Transfers include transfers between government entities.

Summary of Property, Plant and Equipment

2015			ASSET CLASS	2016		
COST OR VALUATION \$000	ACCUMULATED DEPRECIATION \$000	CARRYING VALUE \$000		COST OR VALUATION \$000	ACCUMULATED DEPRECIATION \$000	CARRYING VALUE \$000
49,760	-	49,760	Land	50,195	-	50,195
141,558	20,228	121,330	Non-Residential Buildings	154,742	26,102	128,640
990	-	990	Antiques and Works of Art	1,433	-	1,433
21,017	10,836	10,181	Furniture and Fittings	21,234	11,751	9,483
29,473	19,830	9,643	General Collections	30,190	21,192	8,998
17,086	14,064	3,022	Schools Collections	18,213	15,269	2,944
9,850	5,533	4,317	Motor Vehicles	8,083	3,729	4,354
9,938	5,657	4,281	Plant and Equipment	10,141	5,993	4,148
25,232	18,844	6,388	IT Equipment	26,366	21,651	4,715
6,700	670	6,030	Leased Assets	6,700	1,627	5,073
311,604	95,662	215,942	Total Property, Plant and Equipment	327,297	107,314	219,983

ACTUAL 2015 \$000		ACTUAL 2016 \$000
	Property, Plant and Equipment Held for Sale	
697	Non-Residential Buildings	-
1,000	Land	-
1,697	Total Property, Plant and Equipment Held for Sale	-

Leased Assets

The net carrying amount of the leased assets (Passport Printers) held by way of a finance lease is \$5.073m (2014/15: \$6.030m).

Capital Work in Progress

The value of Property, Plant and Equipment in the course of construction is \$0.264m (2014/15: \$0.253m); Furniture and Fittings is \$0.058m (2014/15: Nil); and Non-Residential Buildings including Leasehold Improvements is \$7.837m (2014/15: \$2.717m).

Revaluation Movement

Details of valuations and revaluation movements are contained in note 19.

Impairment Losses

There have been no adjustments made within the accounts for any potential impairment losses (2014/15: \$Nil).

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 2016, there were no non-current assets held for sale (2014/15: \$1.697m).

12. Intangible Assets

2016

Cost or Valuation

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Cost						
Software Acquired	29,294	6,378	-	-	-	35,672
Software Internally Generated	136,216	25,242	(374)	-	-	161,084
Total Software Cost	165,510	31,620	(374)	-	-	196,756

ASSET CLASS	BALANCE AT 1 JULY \$000	AMORT- ISATION \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Less Accumulated Amortisation						
Software Acquired	22,415	3,168	-	-	-	25,583
Software Internally Generated	77,579	15,498	-	-	-	93,077
Total Software Amortisation	99,994	18,666	-	-	-	118,660
Net Book Value	65,516					78,096

2015

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Cost						
Software Acquired	28,772	2,359	-	(2,164)	327	29,294
Software Internally Generated	126,707	16,089	(1,331)	(1,079)	(4,170)	136,216
Total Software Cost	155,479	18,448	(1,331)	(3,243)	(3,843)	165,510

ASSET CLASS	BALANCE AT 1 JULY \$000	AMORTISATION \$000	REVALUATION/IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Less Accumulated Amortisation						
Software Acquired	21,369	3,210	-	(2,164)	-	22,415
Software Internally Generated	65,723	15,029	-	(868)	(2,305)	77,579
Total Software Amortisation	87,092	18,239	-	(3,032)	(2,305)	99,994
Net Book Value	68,387					65,516

Capital Work in Progress

The total amount of intangibles in the course of construction is \$13.680m (2014/15: \$10.543m).

Impairment Losses

Total impairment losses for the year are \$0.374m (2014/15: \$1.331m).

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 2015 \$000		ACTUAL 2016 \$000
18,625	Creditors	9,592
8,652	Accrued Expenses	14,686
4,190	Accrued Salaries	3,505
805	GST Payable	1,870
32,272	Total Accounts Payable	29,653

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms; therefore the carrying value of approximates their fair value.

14. Provisions

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Current Provisions		
5,319	Restructuring	4,564
5	Lease Make Good	114
852	Other	13
6,176	Total Current Provisions	4,691
Non-Current Provisions		
544	Lease Make Good	495
544	Total Non-Current Provisions	495
6,720	Total Provisions	5,186

	RESTRUCTURING \$000	LEASE MAKE GOOD \$000	OTHER \$000	TOTAL \$000
2016				
Balance as at 1 July	5,319	549	852	6,720
Additional provisions made	2,841	109	-	2,950
Charge against provision for the year	(3,596)	(49)	-	(3,645)
Unused provision reversed	-	-	(839)	(839)
Discount unwind (see note 5)	-	-	-	-
Balance as at 30 June	4,564	609	13	5,186

Restructuring Provision

The 2016 provision includes \$4.564m (2014/15: \$5.319m) for changes to operating models for delivery of services across the Department. These changes are expected to be completed within the next year.

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. \$0.114m of the provision is expected to be payable in the next year.

15. Revenue Received in Advance

ACTUAL 2015 \$000		ACTUAL 2016 \$000
3,694	Passport Fees; Birth, Death, Marriage and Civil Union Fees; and Citizenship Fees	3,772
2,625	Gaming - Licensing Fees	3,885
22	Kotui Library Services	6
2,061	Electronic Purchasing in Collaboration (EPIC)	2,297
285	Other	1,018
8,687	Total Revenue Received in Advance	10,978

16. Employee Entitlements

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Current Entitlements		
9,594	Annual Leave	9,672
104	Sick Leave	-
621	Long Service and Retirement Leave	694
10,319	Total Current Entitlements	10,366
Term Entitlements		
2,455	Long Service and Retirement Leave	2,597
2,455	Total Term Entitlements	2,597
12,774	Total Entitlements	12,963

Long Service and Retirement Leave

An assessment was undertaken of the Long Service and Retirement Leave liability for each employee as at balance date. Actuarial services were provided by Mercer (N.Z.) Ltd and were prepared by Mark Nelson, 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 are the discount rate and salary inflation factor. Any changes in these assumptions will affect the carrying value of the liability.

	2015	2016
Discount Rate		
Long Service Leave	3.28%	2.19%
Retiring Leave	3.08%	2.14%
Salary Inflation Factor		
Salary Inflation Factor	3.50%	3.00%

17. Finance Leases

ACTUAL 2015 \$000		ACTUAL 2016 \$000
	Total Minimum Lease Payments Payable	
975	Not later than one year	975
3,902	Later than one year and not later than five years	3,902
4,390	Later than five years	3,415
9,267	Total Minimum Lease Payments	8,292
	Future Charges	
(305)	Not later than one year	(462)
(1,222)	Later than one year and not later than five years	(1,383)
(1,375)	Later than five years	(445)
(2,902)	Total Future Charges	(2,290)
	Present Value of Minimum Lease Payments Payable	
670	Not later than one year	513
2,680	Later than one year and not later than five years	2,519
3,015	Later than five years	2,970
6,365	Total Present Value of Minimum Lease Payments	6,002
	Represented by:	
670	Current	513
5,695	Non-Current	5,489
6,365	Total Finance Leases	6,002

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 as a result of 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 8.0%.

18. Provision for Repayment of Surplus

ACTUAL 2015 \$000		ACTUAL 2016 \$000
(20,979)	Total Comprehensive Revenue and Expense	12,844
-	Revaluation Loss/(Gain)	(7,730)
19,924	(Surplus)/Deficit on Memorandum Accounts	(3,736)
-	Repayment of Result 10 contribution	19
1,055	Total Deficit transferred to equity	-
-	Total Return of Operating Surplus	1,397

The Department is required to repay the operating surplus to the Crown by 31 October each year.

19. Equity

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Taxpayers' Funds		
233,445	Opening Balance 1 July	243,710
(20,979)	Total Comprehensive Revenue and Expense	13,657
(25)	Transfers of General Funds between Government Departments	-
-	- Transfer of Asset Revaluation losses/(gains) to Revaluation Reserves	(8,543)
25	Transfer from/(to) Revaluation Reserve	(715)
19,924	Transfer of Memorandum Account net (surplus)/deficit for the year	(3,736)
11,320	Capital Injections	8,250
-	- Return of Operating Surplus to the Crown	(1,397)
243,710	Balance at 30 June	251,226
Memorandum Accounts		
(1,235)	Opening Balance 1 July	(21,159)
(19,924)	Net Memorandum Account surpluses/(deficits) for the year	3,736
-	- Capital Injections	22,129
-	- Capital Withdrawal	(2,900)
(21,159)	Balance at 30 June	1,806
Revaluation Reserves		
38,691	Opening Balance 1 July	38,666
-	- Revaluation gains/(losses)	8,543
(25)	Transfer from/(to) Taxpayers' Funds for assets no longer held	715
38,666	Balance at 30 June	47,924
Revaluation Reserves Consist of:		
12,670	Land Revaluation Reserve	13,900
25,322	Building Revaluation Reserve	32,902
674	Antiques and Works of Art	1,122
38,666	Total Revaluation Reserves	47,924

In 2014/15, Transfers of General Funds between Government Departments reflected the transfer of artworks to Parliamentary Services (\$0.025m).

Land and Buildings – Ministerial Properties and Departmental 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 June 2016, with valuations effective 30 June 2016.

Antiques and Works of Art

A valuation of antiques and works of art was undertaken by Dunbar Sloane Ltd, an independent expert, in June 2016 with valuations effective 30 June 2016.

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 2015 \$000		ACTUAL 2016 \$000
New Zealand Gazette		
284	Balance at 1 July	(45)
793	Revenue Movement for the year	847
1,122	Expense Movement for the year	1,040
(329)	Net Memorandum Account surplus/(deficit) for the year	(193)
(45)	Balance at 30 June	(238)
Use of Facilities and Access to Lake Taupo by Boat Users		
(97)	Balance at 1 July	113
594	Revenue Movement for the year ¹	611
384	Expense Movement for the year	377
210	Net Memorandum Account surplus/(deficit) for the year	234
113	Balance at 30 June	347
Passport Products		
6,289	Balance at 1 July	(8,649)
78,780	Revenue Movement for the year	97,077
93,718	Expense Movement for the year	92,868
(14,938)	Net Memorandum Account surplus/(deficit) for the year	4,209
-	Capital Injections	17,129
(8,649)	Balance at 30 June	12,689
Citizenship Products		
9,790	Balance at 1 July	10,392
12,020	Revenue Movement for the year	15,332
11,418	Expense Movement for the year	12,429
602	Net Memorandum Account surplus/(deficit) for the year	2,903
10,392	Balance at 30 June	13,295
Marriage and Civil Union Products		
(683)	Balance at 1 July	(660)
3,030	Revenue Movement for the year	3,143
3,007	Expense Movement for the year	3,199
23	Net Memorandum Account surplus/(deficit) for the year	(56)
(660)	Balance at 30 June	(716)

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Issue of Birth, Death and Marriage Certifications and other Products		
43	Balance at 1 July	(397)
7,712	Revenue Movement for the year	7,996
8,152	Expense Movement for the year	8,746
(440)	Net Memorandum Account surplus/(deficit) for the year	(750)
(397)	Balance at 30 June	(1,147)
Gaming²		
(9,173)	Balance at 1 July	(12,127)
18,515	Revenue Movement for the year	19,579
21,469	Expense Movement for the year	20,421
(2,954)	Net Memorandum Account surplus/(deficit) for the year	(842)
(12,127)	Balance at 30 June	(12,969)
Infrastructure as a Service (IaaS)		
(1,815)	Balance at 1 July	(1,086)
1,622	Revenue Movement for the year	-
893	Expense Movement for the year	-
729	Net Memorandum Account surplus/(deficit) for the year	-
-	Transfers	1,086
(1,086)	Balance at 30 June	-
Kotui Library Services		
739	Balance at 1 July	914
1,499	Revenue Movement for the year	1,924
1,324	Expense Movement for the year	1,948
175	Net Memorandum Account surplus/(deficit) for the year	(24)
914	Balance at 30 June	890
All-of-Government Adoption of Cloud Computing		
(6,310)	Balance at 1 July	(8,123)
145	Revenue Movement for the year	-
1,958	Expense Movement for the year	-
(1,813)	Net Memorandum Account surplus/(deficit) for the year	-
-	Transfers	8,123
(8,123)	Balance at 30 June	-
Electronic Purchasing in Collaboration (EPIC)		
(2)	Balance at 1 July	(13)
2,773	Revenue Movement for the year	3,056
2,784	Expense Movement for the year	2,955
(11)	Net Memorandum Account surplus/(deficit) for the year	101
(13)	Balance at 30 June	88

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Result 10		
370	Balance at 1 July	165
1,800	Revenue Movement for the year	-
2,005	Expense Movement for the year	146
(205)	Net Memorandum Account surplus/(deficit) for the year	(146)
165	Balance at 30 June	19
ICT Common Capability Products		
(670)	Balance at 1 July	(1,838)
1,074	Revenue Movement for the year	4,490
2,242	Expense Movement for the year	6,370
(1,168)	Net Memorandum Account surplus/(deficit) for the year	(1,880)
-	Capital Injections	5,000
-	Capital Withdrawals	(2,900)
-	Transfers	(9,210)
(1,838)	Balance at 30 June	(10,828)
Dogs Database		
-	Balance at 1 July	195
484	Revenue Movement for the year	400
289	Expense Movement for the year	219
195	Net Memorandum Account surplus/(deficit) for the year	181
195	Balance at 30 June	376

- 1 The revenue value disclosed in note 2 differs to the memorandum account value as proceeds from the sale of a boat have been included as Gain on Sale of Assets.
- 2 Gambling Commission and Censorship revenue and expenditure are not included in the Gaming memorandum account because they are policy monitoring, not administration and regulation.

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: A review of the *New Zealand Gazette* fees for online publishing has been completed in 2015/16 and a fee review for the paper based version will be completed in 2016/17 to ensure full cost recovery for the service.

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.

Actions: A review of fees is expected to be completed in 2016/17 after the Motuoapa Marina has been redeveloped.

Passport Products *(Established 30 June 2002)*

Purpose: To support a strategy to stabilise fees based on full cost recovery over a 10 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 balance has improved from a deficit of \$8.649 million at 1 July 2015 to a surplus of \$12.689 million at 30 June 2016 due to a capital injection of \$17.129 million to bring the memorandum account deficit back to nil as at 30 November 2015 and as a result of new passport fees being introduced. The new passport fees and the capital injection will result in the memorandum account surplus increasing until the volume of adult renewal volumes decrease in the year ending June 2021, at which point the memorandum account will return to a deficit. A report back to Cabinet is due in 2018 on options to address the projected deficits from the 2021 year on.

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. A Programme Business Case is being prepared in 2016/17 to seek approval to commence working on modernising a number of identity related systems, including those that support the Citizenship products. Citizenship fees are likely to be reviewed 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 current fees schedule for marriages and civil unions was approved with effect from 1 September 2003 to recover full costs. The memorandum account has gone into deficit due to increased operating costs which have been partially offset by improving efficiency. A review of product fees is currently underway with a planned implementation date in April 2017. A Programme Business Case is being prepared in 2016/17 to seek approval to commence working on modernising a number of identity related systems, including those that support the Marriage and Civil Union products.

Issue of Birth, Death and Marriage Certifications 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 memorandum account has gone into deficit due to increased operating costs which have been partially off-set by improving efficiency. A review of product fees is currently underway with a planned implementation date in April 2017. A Programme Business Case is being prepared in 2016/17 to seek approval to commence working on modernising a number of identity related systems, including those that support the issue of birth, death and marriage certifications and other products.

Gaming *(Established 30 June 2002; amended to include Casino Fees on activities, July 2014)*

Purpose: Fees established to recover the cost of administration and regulation of casino and non-casino gaming are reflected in gaming machine fees, compliance fees, licence fees and similar charges for differing types of gambling 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 2016. The new fees reflect the ongoing reduction in the number of non-casino gaming machines and introduce a different annual venue fee for large and small clubs with gaming machines. The fees will recover the memorandum account deficit over time. Fees will need to be reset on a regular basis to recover costs as the number of non-casino gaming machines continues to decline.

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 centre 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 IaaS is recovered through fees charged to government agencies for use of the service.

Actions: The Infrastructure as a Service memorandum account was consolidated into the Common Capability Products memorandum account in 2015/16 and the deficit was transferred to the Common Capability Products memorandum account.

Kōtui Library Services *(Established 30 January 2011)*

Purpose: Kōtui is 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 software installation fee followed by annual subscription charges. The Kōtui shared library and resource discovery service was launched to public libraries in September 2011. This memorandum account was established to enable the provision of the Kōtui Library Management System, which is designed to be funded 100% by member contributions. The cost model for the Kōtui memorandum account was designed to operate in surplus over a 10-year period with the surplus slowly decreasing over time.

Actions: In 2015/16, the memorandum account closing surplus decreased marginally in line with expectations. Subscription costs are periodically reviewed to ensure recovery of full costs.

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 All-of-Government Adoption of Cloud Computing memorandum account was consolidated into the Common Capability Products memorandum account in 2015/16 and the deficit was transferred to the Common Capability Products memorandum account.

Electronic Purchasing in Collaboration (EPIC) (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: The surplus for 2015/16 is due to the timing of recovering costs from member libraries and a favourable foreign exchange rate. The revenue in 2016/17 is expected to fully offset the database subscription costs incurred. 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: The club funding arrangement concluded 30 June 2015 as Result 10 is now a crown-funded activity. The memorandum account balance as at 30 June 2016 will be returned to the Crown as part of the Department's 2015/16 net surplus payment. The Department is proposing to disestablish this account with effect from 1 July 2016.

Common Capability Products (Established 2013; amended to include Infrastructure as a Service and All-of-Government Adoption of Cloud Computing memorandum accounts with effect from 1 July 2015)

Purpose: This memorandum account was established to record both the amount of revenue received from agencies for Government ICT Common Capability (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.

Actions: Current revenue and expenditure forecasts indicate break-even in 2021/22 when the deficit will be fully repaid. While several services such as Software Acquisition Strategy (SAS), and Telecommunications as a Service (TaaS) are still in the establishment phase but are expected to generate significant future revenue, a few services have moved into the operational support phase and there will be a decrease in expenses and an increase in revenue as agencies take up the services. The rate of recovery will depend on the take up rate by agencies, and the recovery charges set.

Infrastructure as a Service; All-of-Government Adoption of Cloud Computing and Telecommunications as a Service (from the Ministry of Business, Innovation and Employment) memorandum accounts were consolidated into the Common Capability Products memorandum account during 2015/16.

National Dog Control Information Database (Established 2014)

Purpose: This memorandum account was established to track the revenue and expenditure associated with administering the National Dog Control Information Database.

Actions: A period of higher expenditure is expected in 2016/17 associated with reviewing and renewing the National Dog Control Information Database support contract which expires in February 2017. This is expected to utilise the accumulated surplus.

20. Capital Injections and Withdrawals

ACTUAL 2015 \$000		ACTUAL 2016 \$000
	- Sustainable funding of the GCIO Common Capabilities Programme (Memorandum Accounts)	5,000
	- Passports Memorandum Account	17,129
	- Real Me	3,500
	- Ministerial Services Fiscal Pressure	1,160
	- Archives NZ – Christchurch Relocation	1,300
	- Archives NZ – Christchurch Insurance Proceeds	2,290
11,320	Television New Zealand Archive	-
11,320	Total Capital Injections	30,379
	- Telecommunications as a Service	(2,900)
	- Total Capital Withdrawals	(2,900)

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.

Related Party Transactions required to be disclosed

There are no related party transactions that are required to be disclosed.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect that the Department would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government Departments and Crown Entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Transactions with Key Management Personnel and Their Close Family Members

Key Management Personnel Compensation.

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Leadership Team		
2,426	Remuneration	2,531
7	Full-Time Equivalent members	7
2,426	Total Key Management Personnel Compensation	2,531

In 2015/16, key management personnel of the Department comprised six ministers, the Chief Executive Officer and six members of the Executive Leadership Team (ELT).

In 2014/15, key management personnel of the Department comprised six 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 2015/16, these were Hon Nathan Guy, Rt Hon John Key, Hon Jo Goodhew, Hon Peter Dunne, Hon Paula Bennett and Hon Peseta Sam Lotu-liga. For 2014/15, these were Hon Nathan Guy, Rt Hon John Key, Hon Jo Goodhew, Hon Peter Dunne, Hon Paula Bennett and Hon Peseta Sam Lotu-liga. 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 with key management personnel.

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, 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.

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 IPSAS 13 *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 2015 \$000		ACTUAL 2016 \$000
21,171	Cash and Cash Equivalents	53,487
16,365	Debtors and Other Receivables	6,998
37,536	Total Exposure to Credit Risk	60,485

Cash and Cash Equivalents excludes any cash physically held including 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.

LIQUIDITY RISK	TOTAL \$000	LESS THAN 6 MONTHS \$000	BETWEEN 6 MONTHS & 1 YEAR \$000	BETWEEN 1 YEAR & 5 YEARS \$000	OVER 5 YEARS \$000
2016					
Creditors and Other Payables	29,653	29,653	-	-	-
Derivative Financial Instruments - Assets	-	-	-	-	-
Derivative Financial Instruments - Liabilities	-	-	-	-	-
2015					
Creditors and Other Payables	32,272	32,272	-	-	-
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 financial instrument categories are as follows:

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Loans and receivables		
21,171	Cash and Cash Equivalents	53,487
16,365	Debtors and Other Receivables	6,998
37,536	Total Loans and Receivables	60,485
Fair Value Through Surplus and Deficit		
-	Derivative Financial Instrument Assets	-
-	Derivative Financial Instrument Liabilities	-
-	Total Fair Value Through Profit and Loss	-
Financial Liabilities Measured at Amortised Cost		
32,272	Creditors and Other Payables	29,653

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 2015/16. (2014/15: 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 revenue, expenses, assets, liabilities and general financial dealings prudently. The Department's taxpayers' funds are largely managed by a by-product of managing revenue, expenses, assets, liabilities and compliance with the Government Budget processes, 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 Revenue and Expense

Variance between the Main Estimates and the Supplementary Estimates

The changes in the budgets between the Main Estimates and 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 factors contributing to the overall increase in the expense budgets between the Main Estimates and Supplementary Estimates of \$14.177 million are summarized below:

REASON FOR BUDGET CHANGE	\$000
Expense transfers from 2014/15 to 2015/16	4,756
Expense transfer from 2015/16 to 2016/17	(3,200)
New funding in 2015/16 for Ministerial Services Fiscal Pressures	4,195
New funding in 2015/16 for the progression of ICT initiatives	5,032
Expenditure associated with the provision of products and services to third parties	2,695
Other changes	699
Total Budget Change	14,177

Variance between 2015/16 Actuals and the Supplementary Estimates

Other Revenue

Other Revenue is \$6.469 million higher than budgeted. This reflects increased revenue from Passports, Citizenship and Births, Deaths and Marriages and Civil Unions and Insurance. This was partially offset by lower Gaming revenue.

Personnel Costs

Personnel Costs were higher than budgeted by \$4.717 million. This was primarily due to additional restructuring costs associated with changing operational models.

Other Operating Expenses

Other Operating Expenses were lower than budgeted by \$4.462 million and was primarily due to reduced Computer costs and Other Departmental costs.

The changes between the Supplementary Estimates and actual expenditure are further detailed by output expenses in the Non-financial Performance Statements.

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 \$9.274 million are detailed below:

REASON FOR BUDGET CHANGE	\$000
Capital transfer from 2015/16 to out years to ensure that capital funds are available for the Department's asset replacement programme	(44,809)
Capital withdrawal associated with Telecommunications as a Service	(2,900)
Adjustment for changes made in 2014/15; largely due to actual operating deficit being lower than forecasted	(714)
Capital injections approved in 2015/16 mainly for Passport Product memorandum account	18,289
Movement in forecast net deficit for 2015/16	20,860
Total Budget Change	(9,274)

Variance between 2015/16 Actuals and the Supplementary Estimates

Explanations for significant variances between the 2015/16 Actuals and the Supplementary Estimates are detailed below:

Current Assets

Current Assets are higher than budget by \$2.741 million mainly due to higher cash and cash equivalents as a result of lower operating and capital expenditure.

Non-Current Assets

Non-Current Assets are higher than budget by \$9.823 million due to the revaluation of land and buildings (\$8.543 million).

Current Liabilities

Current Liabilities are lower than budget by \$5.812 million mainly due to lower than expected employee entitlements and provision for repayment of surplus partially offset by higher than expected revenue received in advance.

Non-Current Liabilities

Non-Current Liabilities are higher than budget by \$1.467 million due to minor increases to provisions, employee entitlements and finance leases.

Equity

Equity was \$16.909 million higher than budgeted due to Revaluation Gains of \$8.543 million and the 2015/16 operating surplus being higher than forecast due to memorandum account activities for 2015/16 being different to budget.

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.

Financial statements – Non-Departmental

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Non-Departmental Statements and Schedules for the year ended 30 June 2016

The following non-departmental statements and schedules record the revenue, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets, and trust accounts that the Department manages on behalf of the Crown.

REVENUE AND EXPENDITURE

Schedule of Non-Departmental Revenue

for the year ended 30 June 2016

ACTUAL 2015 \$000		ACTUAL 2016 \$000	MAINS 2016 \$000	SUPPS 2016 \$000
Operating Revenue				
15	Crown Revenue	14	-	-
2,631	Donations Received	1,810	1,000	1,000
29	Fines and Penalties	55	-	-
145	Refunds of Unspent Grants	211	-	-
353	Dividends Received	322	-	-
3,173	Total Operating Revenue	2,412	1,000	1,000
Other Revenue				
-	Revaluation Gain	2,197	-	-
1,499	Unrealised Gain on the Remeasurement of Shares	1,580	-	-
1,499	Total Other Revenue	3,777	-	-
4,672	Total Revenue	6,189	1,000	1,000

Schedule of Non-Departmental Expenditure

for the year ended 30 June 2016

ACTUAL 2015 \$000		ACTUAL 2016 \$000	MAINS 2016 \$000	SUPPS 2016 \$000
Operating Expenses				
22,283	Personnel and Travel Expenses – Member of the Executive Council, Former Governors-General and Prime Ministers	24,235	22,575	22,960
72,554	Grants	72,794	78,232	78,949
10,015	Other Expenses	8,621	7,827	9,406
763	Depreciation	707	708	708
105,615	Total Operating Expenses	106,357	109,342	112,023

Explanation of significant variances against budget are detailed in note 9.

The accompanying notes form part of these financial schedules. 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 year ended 30 June 2016.

ASSETS AND LIABILITIES AND REVALUATION RESERVES

Schedule of Non-Departmental Assets

as at 30 June 2016

This schedule summarises the assets the Department administers on behalf of the Crown.

ACTUAL 2015 \$000	ASSETS	NOTE	ACTUAL 2016 \$000	MAINS 2016 \$000	SUPPS 2016 \$000
Current Assets					
17,044	Cash and Cash Equivalents		18,833	7,586	18,342
152	Debtors and Other Receivables	2	71	217	271
17,196	Total Current Assets		18,904	7,803	18,613
Non-Current Assets					
173	Debtors and Other Receivables	2	12	-	-
7,269	Shares	3	8,849	5,770	7,269
23,742	Property, Plant and Equipment	4	39,382	26,699	37,767
1,631,763	Heritage Collections	4	1,634,836	1,632,719	1,634,308
1,662,947	Total Non-Current Assets		1,683,079	1,665,188	1,679,344
1,680,143	Total Assets		1,701,983	1,672,991	1,697,957

The accompanying notes form part of these financial schedules. 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 year ended 30 June 2016.

Schedule of Non-Departmental Liabilities and Reserves

as at 30 June 2016

This schedule summarises the Liabilities and Revaluation Reserves the Department administers on behalf of the Crown.

ACTUAL 2015 \$000		NOTE	ACTUAL 2016 \$000	MAINS 2016 \$000	SUPPS 2016 \$000
Liabilities					
Current Liabilities					
5,032	Creditors and Other Payables	6	4,365	4,849	5,464
621	Provisions	7	766	110	105
5,653	Total Current Liabilities		5,131	4,959	5,569
Non-Current Liabilities					
13,006	Provisions	7	14,776	13,000	13,627
13,006	Total Non-Current Liabilities		14,776	13,000	13,627
18,659	Total Liabilities		19,907	17,959	19,196
Revaluation Reserves					
510,806	Revaluation Reserve	8	513,003	510,806	510,806
510,806	Total Revaluation Reserves		513,003	510,806	510,806

Explanation of significant variances against budget are detailed in note 9.

The accompanying notes form part of these financial schedules. 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 year ended 30 June 2016.

NON-DEPARTMENTAL COMMITMENTS

Schedule of Non-Departmental Commitments

as at 30 June 2016

The Department, on behalf of Crown, had capital commitments for the construction of a wharf and marina that had not been paid for, or not recognised as a liability, at the balance date.

ACTUAL 2015 \$000	ACTUAL 2016 \$000
Capital Commitments	
- Less than one year	31,300
- One to two years	11,257
- Two to five years	-
- Over five years	-
- Total Capital Commitments	42,557

There are no non-cancellable operating leases as at 30 June 2016 (2015: \$nil).

NON-DEPARTMENTAL CONTINGENT ASSETS AND LIABILITIES

Schedule of Non-Departmental Contingent Assets and Liabilities

as at 30 June 2016

Quantifiable Contingent Assets

At 30 June 2016, the Crown had no quantifiable contingent assets. (2014/15: \$0.350 million).

Non-quantifiable Contingent Assets

There were no non-quantifiable contingent assets as at 30 June 2016 (2014/15: \$nil).

Quantifiable Contingent Liabilities

There were no quantifiable contingent liabilities as at 30 June 2016 (2014/15: \$nil).

Non-quantifiable Contingent Liabilities

There were no non-quantifiable contingent liabilities as at 30 June 2016 (2014/15: \$nil).

The accompanying notes form part of these financial schedules. 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 year ended 30 June 2016.

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 2016. 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 (Tier 1 Public Benefit Entity Accounting Standards) 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 is New Zealand dollars. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with PBE accounting standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense. 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.

Significant Accounting Policies

The following particular accounting policies have been applied:

Revenue

Revenues from the supply of services are recognised when earned in the Schedule of Non-Departmental Revenue.

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 Schedule of Non-Departmental 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, on behalf of the Crown.

Expenses are recognised and reported in the Schedule of Non-Departmental Expenditure in the period in which the service is provided or the goods are received.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in transit, and funds on deposit with banks with an original maturity of no more than three months.

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, on behalf of the Crown, assesses whether there is any objective evidence that any loans or receivables are impaired. Any impairment losses are recognised in the Schedule of Non-Departmental Expenditure.

Shares

Where the Department, on behalf of the Crown, holds a non-controlling minority interest, the shares are valued at cost in the financial statements. Associates are entities in which the Crown has significant influence, but not control over their operating and financial policies. In the financial statements, the Crown investment in associates has been valued by the equity method.

Property, Plant, Equipment and Collections

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, buildings and heritage collections 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 Non-Departmental 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 Non-Departmental Expenditure for the asset class, the gain is credited to the Schedule of Non-Departmental Revenue. 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 Non-Departmental 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 at least every three years or whenever the carrying amount differs materially to fair value. The collections are not depreciated.

National Archives Heritage Collection

Non-exceptional National Archives Heritage Collection items are revalued at least every three years or whenever the carrying amount differs materially to fair value 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 at least every three years or whenever the carrying amounts differs materially to fair value and are based on market assessments from similar nature collections.

The valuation of the National Archives Heritage 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 of their estimated future cash outflows.

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 Civil List Act 1979.

Commitments

Operating and capital commitments arising from non-cancellable contractual or statutory obligations are disclosed within the Schedule of Non-Departmental 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 Non-Departmental Contingent Assets and Contingent Liabilities at the point at which the contingency is evident. Contingent assets are disclosed if it is possible 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 2015 \$000		ACTUAL 2016 \$000
152	Debtors and Other Receivables (Current)	71
173	Debtors and Other Receivables (Non-Current)	12
325	Total Debtors and Other Receivables	83

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 2016 were \$44.224 million (2014/15: \$36.347 million). The Crown's share of the net assets is \$8.849 million (2014/15: \$7.269 million).

The summarised financial information of LGFA is:

ACTUAL 2015 \$000		ACTUAL 2016 \$000
222,782	Revenue	278,152
5,411,786	Assets	7,257,252
5,375,439	Liabilities	7,213,028
9,264	Surplus/(Deficit)	9,545

The above figures are audited.

4. Property, Plant and Equipment and Collections

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Property, Plant and Equipment						
Land	10,800	-	1,700	-	-	12,500
Buildings – Residential	6,485	-	497	-	-	6,982
Buildings – Commercial	7,845	14,151	-	-	-	21,996
Total Cost Property, Plant and Equipment	25,130	14,151	2,197	-	-	41,478
Heritage Collections						
National Archives Heritage Collection	624,295	902	-	-	-	625,197
Total Cost National Archives Heritage Collection	624,295	902	-	-	-	625,197
Alexander Turnbull Library Heritage Collections						
Cartographic	77,076	22	-	-	-	77,098
Children's Historical	104	-	-	-	-	104
Digital	4,432	-	-	-	-	4,432
Drawings and Prints	359,133	456	-	-	-	359,589
Ephemera	11,290	61	-	-	-	11,351
Formed	-	-	-	-	-	-
General	8,589	3	-	-	-	8,592
Manuscripts/Archives	145,072	245	-	-	-	145,317
Music	1,794	56	-	-	-	1,850
Newspapers	77,901	32	-	-	-	77,933
New Zealand and Pacific	16,431	426	-	-	-	16,857
Oral History	16,246	106	-	-	-	16,352
Others	-	-	-	-	-	-
Photographic	42,062	314	-	-	-	42,376
Serials	25,250	271	-	-	-	25,521
Short Title	6,716	26	-	-	-	6,742
Rare Books and Fine Prints	215,372	153	-	-	-	215,525
Total Cost Alexander Turnbull Library Heritage Collections	1,007,468	2,171	-	-	-	1,009,639
Total Cost Heritage Collections	1,631,763	3,073	-	-	-	1,634,836
Total Cost	1,656,893	17,224	2,197	-	-	1,676,314

Accumulated Depreciation

ASSET CLASS	BALANCE AT 1 JULY \$000	DEPRE- CIATION \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Property, Plant and Equipment						
Buildings – Residential	769	192	–	–	–	961
Buildings – Commercial	619	516	–	–	–	1,135
Total Accumulated Depreciation Property, Plant and Equipment	1,388	708	–	–	–	2,096
Net Book Value						
Property, Plant and Equipment	23,742	13,443	2,197	–	–	39,382
Heritage Collections	1,631,763	3,073	–	–	–	1,634,836
Total Net Book Value	1,655,505	16,516	2,197	–	–	1,674,218

2015

Cost or Valuation

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Property, Plant and Equipment						
Land	10,800	-	-	-	-	10,800
Buildings – Residential	6,485	-	-	-	-	6,485
Buildings – Commercial	7,548	297	-	-	-	7,845
Total Cost Property, Plant and Equipment	24,833	297	-	-	-	25,130
Heritage Collections						
National Archives Heritage Collection	622,883	1,412	-	-	-	624,295
Total Cost National Archives Heritage Collection	622,883	1,412	-	-	-	624,295
Alexander Turnbull Library Heritage Collections						
Cartographic	77,051	25	-	-	-	77,076
Children's Historical	104	-	-	-	-	104
Digital	4,432	-	-	-	-	4,432
Drawings and Prints	358,687	446	-	-	-	359,133
Ephemera	11,234	56	-	-	-	11,290
Formed	-	-	-	-	-	-
General	8,578	11	-	-	-	8,589
Manuscripts/Archives	144,895	177	-	-	-	145,072
Music	1,772	22	-	-	-	1,794
Newspapers	77,840	61	-	-	-	77,901
New Zealand and Pacific	16,106	325	-	-	-	16,431
Oral History	16,007	239	-	-	-	16,246
Others	-	-	-	-	-	-
Photographic	41,217	845	-	-	-	42,062
Serials	24,990	260	-	-	-	25,250
Short Title	6,696	20	-	-	-	6,716
Rare Books and Fine Prints	215,135	237	-	-	-	215,372
Total Cost Alexander Turnbull Library Heritage Collections	1,004,744	2,724	-	-	-	1,007,468
Total Cost Heritage Collections	1,627,627	4,136	-	-	-	1,631,763
Total Cost	1,652,460	4,433	-	-	-	1,656,893

Accumulated Depreciation

ASSET CLASS	BALANCE AT 1 JULY \$000	DEPRECI- ATION \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Property, Plant and Equipment						
Buildings – Residential	577	192	–	–	–	769
Buildings – Commercial	48	571	–	–	–	619
Total Accumulated Depreciation Property, Plant and Equipment	625	763	–	–	–	1,388
Net Book Value						
Property, Plant and Equipment	24,208	(466)	–	–	–	23,742
Heritage Collections	1,627,627	4,136	–	–	–	1,631,763
Total Net Book Value	1,651,835	3,670	–	–	–	1,655,505

Capital Work in Progress

The total amount of property, plant and equipment in the course of construction is \$14.151m (2014/15 \$0.439m). The capital work in progress is associated with on-going upgrade and development of the Crown-owned boating facilities at Lake Taupo and the construction of the Waitangi Wharf in the Chatham Islands.

Revaluation Movement

Details of the valuations and revaluation movements are contained in note 8.

Restrictions of Title

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 \$18.520 million (2014/15: \$14.488 million).

5. Financial Instruments

The carrying amounts of financial assets and financial liabilities are as follows:

ACTUAL 2015 \$000		ACTUAL 2016 \$000
Financial assets at Fair Value Through Profit or Loss		
7,269	Shares	8,849
7,269	Total Financial assets at Fair Value Through Profit or Loss	8,849
Loans and Receivables		
17,044	Cash and Cash Equivalents	18,833
325	Debtors and Other Receivables	83
17,369	Total Loans and Receivables	18,916
Financial Liabilities Measured at Amortised Cost		
5,032	Creditors and Other Payables	4,365
5,032	Total Financial Liabilities Measured at Amortised Cost	4,365

The Department, on behalf of the Crown, 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, on behalf of the Crown, expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. There is 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, on behalf of the Crown, does not have any significant credit risk.

Maximum Exposures to Credit Risk

ACTUAL 2015 \$000		ACTUAL 2016 \$000
17,044	Cash and Cash Equivalents	18,833
325	Debtors and Other Receivables	83
7,269	Shares	8,849
24,638	Total Exposure to Credit Risk	27,765

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, acting on behalf of the Crown, will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the forecast cash requirements are closely monitored against the expected drawdowns from the New Zealand Debt Management Office. The Department, on behalf of the Crown, maintains a target level of available cash to meet liquidity requirements.

The table below analyses the 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
2016					
Creditors and Other Payables	4,365	4,365	-	-	-
2015					
Creditors and Other Payables	5,032	5,032	-	-	-

6. Creditors and Other Payables

ACTUAL 2015 \$000		ACTUAL 2016 \$000
4,601	Accrued Expenses	4,166
431	Accrued Heritage Collection Purchases	199
5,032	Total Exposure to Credit Risk	4,365

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 (N.Z.) Ltd and were prepared by Mark Nelson, 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.

	2015	2016
Discount Rate	3.74%	2.48%
Consumer Price Index	2.20%	2.00%

8. Revaluation of Property, Plant and Equipment and Collections

	BALANCE AT 1 JULY \$000	REVALUATION MOVEMENT \$000	BALANCE AT 30 JUNE \$000
2016			
Land and Buildings	12,465	2,197	14,662
National Archives Heritage Collection	59,955	-	59,955
Alexander Turnbull Library Heritage Collections	438,386	-	438,386
Total Revaluation Reserves	510,806	2,197	513,003
	BALANCE AT 1 JULY \$000	REVALUATION MOVEMENT \$000	BALANCE AT 30 JUNE \$000
2015			
Land and Buildings	12,465	-	12,465
National Archives Heritage Collection	59,955	-	59,955
Alexander Turnbull Library Heritage Collections	438,386	-	438,386
Total Revaluation Reserves	510,806	-	510,806

Land and Buildings

Ministerial Properties

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 June 2016 with valuations effective 30 June 2016. The direct comparison method was used to determine the fair value for these properties.

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 Darroch Ltd, a Licensed Real Estate Agent (REAA 2008), a registered independent valuer, in May 2014 with valuations effective 30 June 2014.

Darroch Ltd performed a fair value assessment of these facilities as at 30 June 2016 and concluded there was no significant change in fair value.

National Archives Heritage Collection

The National Archives Heritage 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.

Dunbar Sloane performed a fair value assessment of the collection as at 30 June 2016 and concluded there was no significant change in fair value.

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 market assessments and from other collections of a similar nature to the government collection.

Mossgreen-Webb's performed a fair value assessment of the collections as at 30 June 2016 and concluded there was no significant change in fair value.

9. Explanation of Significant Variances against Budget

Variance between the Main Estimates and the Supplementary Estimates

Non-Departmental Appropriations

Chatham Islands Wharves

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$600,000 provided funding for the cost overruns associated with the reconstruction of Pitt Island Wharf in the Chatham Islands and for the redesign of Pitt Island Wharf.

Community Funding Schemes MCA

Category: Community Development Scheme

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$717,000 was due to an expense transfer from 2014/15 to 2015/16 to reflect the change in timing of the implementation of the Community-led Development pilot in communities and to provide flexibility to ensure outcomes can be achieved in the communities participating in the Community-led Development pilot programme.

Crown-owned Assets at Lake Taupo – Maintenance Costs

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$417,000 was due to an expense transfer from 2014/15 to 2015/16 due to delays in the completion of the multi-year project to remedy deferred maintenance of Crown-owned Lake Taupo boating facilities (increase of \$867,000) partially offset by an expense transfer from 2015/16 to 2016/17 to reflect the expected timing of sediment relocation work at Motuoapa Marina as a result of the delays associated with the resource consent process (decrease of \$450,000).

Debt Write-down

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$162,000 was due to the write down of unrecoverable non-departmental debts relating to historical payments of grants administered by the Department of Internal Affairs.

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 \$255,000 was due to an increase in costs pursuant to the Parliamentary Salaries and Allowances Determination (No 2) 2015.

Former Governors-General – Annuities and Other Payments PLA

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$120,000 was due to an increase in funding for Ministerial travel costs.

Te Oneroa a Tohe Beach Management

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$400,000 was due to an expense transfer from 2014/15 to 2015/16 to reflect the change in timing of payment to the Northland Regional Council associated with the development of the Te Oneroa a Tohe Beach (Ninety Mile Beach) Management Plan with Te Hiku iwi.

Non-Departmental Capital Expenditure

Capital Investments – Lake Taupo

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$3.167 million was due to a capital transfer from 2015/16 to 2016/17 to reflect the expected timing of the redevelopment of the Motuoapa Marina at Lake Taupo, as a result of the delays associated with the resource consent process (decrease of \$3.300 million). The decrease was partially offset by a capital transfer from 2014/15 to 2015/16 due to delays in the completion of the multi-year project for the upgrade and development of Crown-owned Lake Taupo boating facilities (increase of \$133,000).

Chatham Islands Wharf Redevelopment MYA

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$14.000 million provided funding to meet the costs associated with the reconstruction of Waitangi Wharf in the Chatham Islands.

Schedule of Non-Departmental Assets and Liabilities

The movements in budget between the Main Estimates and the Supplementary Estimates reflect revisions to estimates of closing balances as at 30 June 2016 and recognise the actual balance of accounts as at 30 June 2016. The Main Estimate values were based on estimated actuals prepared in March/April 2015.

Variance between the Actual 2015/16 and the Supplementary Estimates

Actual expenditure was 5.1 percent lower than the Supplementary Estimates. The overall under-expenditure of \$5.666 million is primarily attributable to the following factors as outlined in the commentary below.

Non-Departmental Appropriations

The significant variances for Appropriated Expenditure are explained below:

Capital Investments – Lake Taupo

Actual expenditure was lower than Supplementary Estimates by \$586,000 resulting from delays in the completion of the multi-year project for the upgrade and development of Crown-owned Lake Taupo boating facilities.

Community Funding Schemes MCA

Category: Community Development Scheme

Actual expenditure was lower than Supplementary Estimates by \$108,000 due to the timing of the implementation of the Community-led Development pilot in communities.

Crown-owned Assets at Lake Taupo – Maintenance Costs

Actual expenditure was lower than Supplementary Estimates by \$784,000 resulting from delays in the completion of the multi-year project to remedy deferred maintenance of Crown-owned Lake Taupo boating facilities.

Executive Council and Members of the Executive – Salaries and Allowances PLA

Actual expenditure was lower than Supplementary Estimates by \$387,000 mainly due to lower than anticipated salaries.

Former Prime Ministers – Domestic Travel

Actual expenditure was lower than Supplementary Estimates by \$89,000 mainly due to lower than anticipated demand for travel.

Rates Rebate Scheme

Actual expenditure was lower than Supplementary Estimates by \$5.960 million mainly due to lower than anticipated demand for the rates rebates scheme in 2015/16.

Non-Departmental Schedule of Revenue

Actual revenue was \$1.412 million higher than Supplementary Estimates primarily resulting from the value of accession of documents received by National Archives and National Library during the 2015/16 year.

Schedule of Non-Departmental Assets and Liabilities

Cash and Cash Equivalents

The actual cash balance as at 30 June 2016 was \$0.491 million higher than Supplementary Estimates due to the lower level of grants paid during the year.

Shares

The actual value of shares as at 30 June 2016 was \$1.580 million greater than the Supplementary Estimates due to the remeasurement of the Crown investment in the Local Government Funding Agency as at 30 June 2016.

Property, Plant and equipment

The actual Property, Plant and Equipment was \$1.615 million greater than the Supplementary Estimates due to the revaluation of the Ministerial Properties owned by the Crown as at 30 June 2016.

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.

	FBT \$	AIRFARES \$	SURFACE TRAVEL \$	TOTAL \$
2016				
Lady Norma Beattie	1,163	1,786	305	3,254
Lady Beverley Reeves	697	1,064	809	2,570
Dame Catherine Tizard	1,260	2,305	5,414	8,979
The Rt Hon Sir Michael Hardie-Boys	-	469	581	1,050
Dame Sylvia Cartwright	4,340	5,872	3,280	13,492
The Rt Hon Sir Anand Satyanand	7,206	11,924	420	19,550
Total	14,666	23,420	10,809	48,895

	FBT \$	AIRFARES \$	SURFACE TRAVEL \$	TOTAL \$
2015				
Lady Norma Beattie	315	440	156	911
Lady Beverley Reeves	871	896	877	2,644
Dame Catherine Tizard	234	955	3,984	5,173
The Rt Hon Sir Michael Hardie-Boys	(1,145)	-	1,103	(42)
Dame Sylvia Cartwright	727	2,244	1,853	4,824
The Rt Hon Sir Anand Satyanand	4,661	6,865	309	11,835
Total	5,663	11,400	8,282	25,345

TRUST MONEY ADMINISTERED ON BEHALF OF THE CROWN

Schedule of Trust Money Administered on Behalf of the Crown

for the year ended 30 June 2016

The following trust money is administered on behalf of the Crown under Part VII of the Public Finance Act 1989.

Description of Trusts

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.

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.

Interloan Billing System Fund:

The Interloan 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.

TRUST	OPENING BALANCE 2015 \$000	CONTRI- BUTIONS \$000	DISTRI- BUTIONS \$000	REVENUE \$000	EXPENSES \$000	CLOSING BALANCE 2016 \$000
Christchurch Earthquake Appeal Trust	7,191	186	(6,301)	1,460	(1,221)	1,315
Macklin Bequest Fund	285	-	-	8	-	293
Interloan Billing System Fund	79	-	(37)	713	(713)	42
Total Trusts	7,555	186	(6,338)	2,181	(1,934)	1,650

Statements of Expenses and Capital Expenditure

Departmental and Non-Departmental

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STATEMENT OF BUDGETED AND ACTUAL EXPENSES AND CAPITAL EXPENDITURE INCURRED AGAINST APPROPRIATIONS

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against Appropriations

for the year ended 30 June 2016

ACTUAL 2015 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2016 \$000	REMEASUR- EMENT 2016 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2016 \$000	APPROP- RIATION VOTED* 2016 \$000	LOCATION OF END OF YEAR PERFORM- ANCE INFOR- MATION**
Vote Internal Affairs						
<i>Departmental Output Expenses</i>						
3,613	Administration of Grants	3,649	(1)	3,648	3,652	1
1,011	Contestable Services RDA	981	-	981	1,000	1
2,625	Local Government Services	2,690	(1)	2,689	2,818	1
7,249	Total Departmental Output Expenses	7,320	(2)	7,318	7,470	
<i>Departmental Capital Expenditure</i>						
44,663	Department of Internal Affairs – Capital Expenditure PLA	42,026	-	42,026	43,000	1
44,663	Total Departmental Capital Expenditure	42,026	-	42,026	43,000	
<i>Non-Departmental Output Expenses</i>						
1,960	Classification of Films, Videos and Publications	1,960	-	1,960	1,960	2
116	Development of On-Line Authentication Services	116	-	116	116	2
1,995	Public Lending Right for New Zealand Authors	2,000	-	2,000	2,000	2
4,071	Total Non-Departmental Output Expenses	4,076	-	4,076	4,076	
<i>Benefits or Related Expenses</i>						
50,328	Rates Rebate Scheme	49,540	-	49,540	55,500	2
50,328	Total Benefits or Related Expenses	49,540	-	49,540	55,500	
<i>Non-Departmental Other Expenses</i>						
3,079	Chatham Islands Council	3,104	-	3,104	3,104	2
2,848	Chatham Islands Wharves	600	-	600	600	2
680	Crown-owned Assets at Lake Taupo – Maintenance Costs	1,270	-	1,270	2,054	2
-	Debt Write-down	161	-	161	162	2

Statement of Departmental and Non-Departmental Expenditure and Capital Appropriations (contd)

ACTUAL 2015 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2016 \$000	REMEASUR- EMENT 2016 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2016 \$000	APPROP- RIATION VOTED* 2016 \$000	LOCATION OF END OF YEAR PERFORM- ANCE INFOR- MATION**
192	Depreciation on Official Residences	192	-	192	193	2
9,344	Executive Council and Members of the Executive – Salaries and Allowances PLA	9,753	-	9,753	10,140	2
394	Former Governors-General – Annuities and Other Payments PLA	1,678	(1,239)	439	466	2
161	Former Prime Ministers – Annuities PLA	817	(671)	146	174	2
169	Former Prime Ministers – Domestic Travel PLA	81	100	181	270	2
11,596	Members of the Executive – Travel	11,906	-	11,906	11,910	2
10	Miscellaneous Grants – Internal Affairs	10	-	10	49	2
370	Public Inquiries	-	-	-	-	
1,000	Racing Safety Development Fund	993	-	993	1,000	2
499	Settling-In Grants	520	-	520	520	2
-	Te Oneroa a Tohe Beach Management	400	-	400	400	1
1,500	Tuwharetoa Māori Trust Board PLA	1,500	-	1,500	1,500	2
31,842	Total Non-Departmental Other Expenses	32,985	(1,810)	31,175	32,542	
	<i>Non-Departmental Capital Expenditure</i>					
297	Capital Investments – Lake Taupo	150	-	150	732	2
-	Capital Investments – Chatham islands	14,000	-	14,000	14,000	1
1,505	Heritage Collection – Annual	1,264	-	1,264	1,546	2
1,802	Total Non-Departmental Capital Expenditure	15,414	-	15,414	16,278	
	<i>Multi-Category Expenses and Capital Expenditure Appropriations (MCA)</i>					
	Civic Information Services MCA					
138,626	Managing and Accessing Identity Information	138,490	(27)	138,463	140,445	1
93,258	Managing and Accessing Knowledge Information	91,359	(19)	91,340	89,334	1
1,120	Publishing Civic Information	1,040	-	1,040	1,196	1
233,004	Total Civic Information Services MCA	230,889	(46)	230,843	230,975	

Statement of Departmental and Non-Departmental Expenditure and Capital Appropriations (contd)

ACTUAL 2015 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2016 \$000	REMEASUR- EMENT 2016 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2016 \$000	APPROP- RIATION VOTED* 2016 \$000	LOCATION OF END OF YEAR PERFORM- ANCE INFOR- MATION**
Community Funding Schemes MCA						
4,459	Community Development Scheme	5,469	-	5,469	5,577	1
215	Community Internship Programme	229	-	229	231	1
12,491	Community Organisation Grants Scheme	12,469	-	12,469	12,500	1
720	Digital Literacy and Connection	720	-	720	720	1
149	Disarmament Education Grants	150	-	150	150	1
501	Support for Volunteering	502	-	502	502	1
187	Youth Workers Training Scheme	192	-	192	200	1
18,722	Total Community Funding Schemes MCA	19,731	-	19,731	19,880	
Community Information and Advisory Services MCA						
5,561	Advisory and Information Services to Ethnic Communities	5,971	(2)	5,969	5,924	1
114	Community Archives Support	110	-	110	111	1
4,844	Community Development and Engagement Advice	4,554	(2)	4,552	4,607	1
10,519	Total Community Information and Advisory Services MCA	10,635	(4)	10,631	10,642	
Information and Technology Services MCA						
16,031	Cross-Government ICT Strategy and Planning, Service Delivery and Investment Proposals	16,382	(3)	16,379	18,448	1
14,462	Government Information and Technology Services	14,033	(3)	14,030	13,556	1
1,247	Government Chief Privacy Officer	1,189	-	1,189	1,204	1
31,740	Total Information and Technology Services MCA	31,604	(6)	31,598	33,208	
Ministerial Support Services MCA						
910	Crown Entity Monitoring	735	-	735	739	1
169	Ministerial Support Services – Community and Voluntary Sector	210	-	210	213	1
104	Ministerial Support Services – Ethnic Communities	100	-	100	108	1

Statement of Departmental and Non-Departmental Expenditure and Capital Appropriations (contd)

ACTUAL 2015 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2016 \$000	REMEASUR- EMENT 2016 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2016 \$000	APPROP- RIATION VOTED* 2016 \$000	LOCATION OF END OF YEAR PERFORM- ANCE INFOR- MATION**
427	Ministerial Support Services – Internal Affairs	459	–	459	465	1
540	Ministerial Support Services – Local Government	565	–	565	578	1
212	Ministerial Support Services – Ministerial Services	234	–	234	209	1
65	Ministerial Support Services – Racing	64	–	64	64	1
2,427	Total Ministerial Support Services MCA	2,367	–	2,367	2,376	
	Policy Advice MCA					
615	Policy Advice – Community and Voluntary Sector	723	–	723	688	1
553	Policy Advice – Ethnic Communities	371	–	371	377	1
4,371	Policy Advice – Internal Affairs	4,997	(2)	4,995	4,870	1
5,418	Policy Advice – Local Government	5,969	(2)	5,967	6,142	1
165	Policy Advice – Racing	231	–	231	221	1
11,122	Total Policy Advice MCA	12,291	(4)	12,287	12,298	
	Regulatory Services MCA					
6,259	Charities Regulation	6,345	(3)	6,342	6,287	1
34,568	Regulatory Services	34,839	(11)	34,828	35,771	1
40,827	Total Regulatory Services MCA	41,184	(14)	41,170	42,058	
	Services Supporting the Executive MCA					
5,650	Coordination of Official Visits and Events	6,523	(1)	6,522	7,337	1
26,839	Support Services to Members of the Executive	27,198	(7)	27,191	26,895	1
7,878	VIP Transport Services	8,521	(2)	8,519	8,114	1
40,367	Total Services Supporting the Executive MCA	42,242	(10)	42,232	42,346	
	Support to Statutory and Other Bodies MCA					
2,120	Commission of Inquiry and Similar Bodies	–	–	–	–	1
152	Statutory and Advisory Body Support – National Archives	115	–	115	117	1

Statement of Departmental and Non-Departmental Expenditure and Capital Appropriations (contd)

ACTUAL 2015 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2016 \$000	REMEASUR- EMENT 2016 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2016 \$000	APPROP- RIATION VOTED* 2016 \$000	LOCATION OF END OF YEAR PERFORM- ANCE INFOR- MATION**
100	Statutory and Advisory Body Support – National Library	79	–	79	108	1
810	Statutory Body Support – Gambling Commission	707	–	707	1,158	1
2,776	Statutory Body Support – Local Government Commission	3,331	–	3,331	3,703	1
250	Support for Grant Funding Bodies – Community and Voluntary Sector	244	–	244	243	1
10,683	Support for Grant Funding Bodies – Internal Affairs	10,656	(4)	10,652	10,679	1
492	Taskforces and Similar Bodies	705	–	705	684	1
4	Subpoenaed Witness Expenses	–	–	–	–	1
29	Taskforce Members' Fees	25	–	25	25	1
17,416	Total Support to Statutory and Other Bodies MCA	15,862	(4)	15,858	16,717	
406,144	Total Multi-Category Expenses and Capital Expenditure Appropriations	406,805	(88)	406,717	410,500	
546,099	Total Annual and Permanent Appropriations	558,166	(1,900)	556,266	569,366	

Summary of Departmental and Non-Departmental Appropriations

Appropriations for Departmental Expenses

7,249	Departmental Output Expenses	7,320	(2)	7,318	7,470	
387,389	Multi-Category Expenses and Capital Expenditure Appropriations (MCA)	387,049	(88)	386,961	390,595	
394,638	Total Appropriations for Departmental Expenses	394,369	(90)	394,279	398,065	
44,663	Total Appropriations for Departmental Capital Expenses	42,026	–	42,026	43,000	

Appropriations for Non-Departmental Expenses

4,071	Non-Departmental Output Expenses	4,076	–	4,076	4,076	
50,328	Benefits or Related Expenses	49,540	–	49,540	55,500	

Statement of Departmental and Non-Departmental Expenditure and Capital Appropriations (contd)

ACTUAL 2015 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2016 \$000	REMEASUR- EMENT 2016 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2016 \$000	APPROP- RIATION VOTED* 2016 \$000	LOCATION OF END OF YEAR PERFORM- ANCE INFOR- MATION**
31,842	Non-Departmental Other Expenses	32,985	(1,810)	31,175	32,542	
18,755	Multi-Category Expenses and Capital Expenditure Appropriations (MCA)	19,756	-	19,756	19,905	
104,996	Total Appropriations for Non-Departmental Expenses	106,357	(1,810)	104,547	112,023	
1,802	Total Appropriations for Non-Departmental Capital Expenses	15,414	-	15,414	16,278	
546,099	Total Annual and Permanent Appropriations	558,166	(1,900)	556,266	569,366	

* These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the PFA.

** The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Department, as detailed below:

- 1 The Department's annual report.
- 2 No reporting due to an exemption obtained under section 15D of the PFA.

Reconciliation between Total Appropriations for Departmental Expenses and the Departmental Statement of Comprehensive Revenue and Expense

ACTUAL 2015 \$000		ACTUAL 2016 \$000
396,324	Total Expenses in Departmental Statement of Comprehensive Revenue and Expense	394,979
(391)	Remeasurements	(90)
(1,295)	Administration in Use	(610)
394,638	Total Appropriations for Departmental Expenses	394,279

Reconciliation between Total Appropriations for Non-Departmental Expenses and the Schedule of Non-Departmental Expenditure

ACTUAL 2015 \$000		ACTUAL 2016 \$000
105,615	Total Expenses in Schedule of Non-Departmental Expenditure	106,357
(619)	Remeasurements	(1,810)
-	Administration in Use	-
104,996	Total Appropriations for Non-Departmental Expenses	104,547

Statement of Non-Departmental Expenditure and Capital Expenditure incurred without, or in excess of, Appropriation or Other Authority

for the year ended 30 June 2016

There was no unappropriated expenditure for the year ended 30 June 2016 (2014/15: \$nil).

Statement of Departmental Expenditure and Capital Expenditure incurred without, or in excess of, Appropriation or Other Authority

for the year ended 30 June 2016

There was no unappropriated expenditure for the year ended 30 June 2016. (2014/15: \$nil).

Statement of Departmental Capital Injections

for the year ended 30 June 2016

ACTUAL CAPITAL INJECTIONS 2015 \$000		ACTUAL CAPITAL INJECTIONS 2016 \$000	APPROVED APPROPRIATION 2016 \$000
Vote Internal Affairs			
11,320	Department of Internal Affairs – Capital Injection	30,379	30,379

Statement of Capital Injections incurred without, or in excess of, Appropriation or Other Authority

for the year ended 30 June 2016

The Department has not received any capital injections without, or in excess of, authority for the year ended 30 June 2016. (2014/15: \$nil).

Forecast Financial Statements

Departmental

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COMPREHENSIVE REVENUE AND EXPENSE

Statement of Forecast Comprehensive Revenue and Expense

for the year ended 30 June 2017

	NOTE	ACTUAL 2016 \$000	UNAUDITED FORECAST 2017 \$000
Revenue			
Crown		216,717	213,317
Other Revenue	1	183,168	193,696
Gain on Sale of Property, Plant and Equipment		208	-
Total Revenue		400,093	407,013
Expenses			
Personnel Costs		199,852	185,734
Depreciation and Amortisation Expense		32,771	34,929
Capital Charge		22,575	23,201
Finance Costs		613	310
Other Operating Expenses	2	139,168	149,616
Total Expenses		394,979	393,790
Operating Surplus/(Deficit)		5,114	13,223
Other Comprehensive Revenue and Expenses			
Asset Revaluation Gains (Losses)		8,543	-
Total Comprehensive Revenue and Expense		13,657	13,223

FINANCIAL POSITION

Statement of Forecast Financial Position

as at 30 June 2017

	NOTE	ACTUAL 2016 \$000	UNAUDITED FORECAST 2017 \$000
Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents		53,487	63,955
Debtors and Other Receivables		6,998	7,372
Inventories		2,703	1,711
Prepayments		5,868	4,986
Property, Plant and Equipment Held for Sale		–	–
Total Current Assets		69,056	78,024
<i>Non-Current Assets</i>			
Property, Plant and Equipment	3	219,983	228,303
Intangible Assets	4	78,096	78,186
Total Non-Current Assets		298,079	306,489
Total Assets		367,135	384,513
Liabilities and Taxpayers' Funds			
<i>Current Liabilities</i>			
Creditors and Other Payables		29,653	28,875
Provisions		4,691	3,649
Employee Entitlements		10,366	17,172
Other Current Liabilities		513	9,065
Revenue Received in Advance		10,978	–
Provision for Repayment of Surplus		1,397	–
Total Current Liabilities		57,598	58,761
<i>Non-Current Liabilities</i>			
Employee Entitlements		2,597	2,089
Other Non-Current Liabilities		5,984	4,355
Total Non-Current Liabilities		8,581	6,444
Total Liabilities		66,179	65,205
Equity			
Taxpayer's Funds		251,226	280,642
Revaluation Reserves		47,924	38,666
Memorandum Accounts		1,806	–
Total Equity		300,956	319,308
Total Liabilities and Equity		367,135	384,513

CHANGES IN EQUITY

Statement of Forecast Changes in Equity

for the year ended 30 June 2017

	ACTUAL 2016 \$000	UNAUDITED FORECAST 2017 \$000
Surplus/(deficit) for the year	5,114	13,223
Other Comprehensive Revenue and Expenses	8,543	-
Total Comprehensive Revenue and Expense	13,657	13,223
Capital Injections	30,379	15,715
Capital Withdrawals	(2,900)	-
Provision for Repayment of Surplus	(1,397)	-
Movement in Equity for the year	39,739	28,938
Add Equity as at 1 July	261,217	290,370
Equity as at 30 June	300,956	319,308

CASH FLOWS

Statement of Forecast Cash Flows

for the year ended 30 June 2017

	ACTUAL 2016 \$000	UNAUDITED FORECAST 2017 \$000
Cash Flows from Operating Activities		
<i>Cash was Provided from:</i>		
Supply of Outputs to the Crown	227,365	216,393
Supply of Outputs to Third Parties	183,797	197,783
Goods and Services Tax (Net)	1,065	-
Total Cash was Provided from:	412,227	414,176
<i>Cash was Distributed to:</i>		
Suppliers and Employees	(344,886)	(340,780)
Capital Charge	(22,575)	(23,201)
Total Cash was Distributed to:	(367,461)	(363,981)
Net Cash Flows from Operating Activities	44,766	50,195
Cash Flows from Investing Activities		
<i>Cash was Provided from:</i>		
Sale of Property, Plant and Equipment	2,463	800
Total Cash was Provided from:	2,463	800
<i>Cash was Distributed to:</i>		
Purchase of Property, Plant and Equipment	(10,773)	(29,471)
Purchase of Intangibles	(31,619)	(27,204)
Total Cash was Distributed to:	(42,392)	(56,675)
Net Cash Flows from Investing Activities	(39,929)	(55,875)
Cash Flows from Financing Activities		
<i>Cash was Provided from:</i>		
Capital Contribution	30,379	15,715
Total Cash was Provided from:	30,379	15,715
<i>Cash was Distributed to:</i>		
Capital Withdrawal	(2,900)	-
Total Cash was Distributed to:	(2,900)	-
Net Cash Flows from Financing Activities	27,479	15,715
Movement in Cash		
Opening Cash and Cash Equivalents	21,171	53,920
Add Net Increase/(Decrease) in Cash Held	32,316	10,035
Closing Cash and Cash Equivalents	53,487	63,955

NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of Total Comprehensive Revenue and Expense to Net Cash Flow

from Operating Activities for the year ended 30 June 2017

	ACTUAL 2016 \$000	UNAUDITED FORECAST 2017 \$000
Total Comprehensive Revenue and Expense	13,657	13,223
Add/(Deduct) Non Cash Items		
Depreciation and Amortisation	32,771	34,929
Asset Revaluation Loss/(Gain)	(8,543)	-
Impairment of Assets	374	-
Loss on write down of asset	169	-
	24,771	34,929
Add/(Deduct) Items Classified as Investing Activities		
Loss/(Gain) on Sale of Property, Plant and Equipment	(208)	-
Revenue from Collection Donations and Legal Deposits	(368)	(363)
	(576)	(363)
Add/(Deduct) Movements in Working Capital Items		
(Increase)/Decrease in Debtors and Other Receivables	9,367	-
(Increase)/Decrease in Other Current Assets	(1,227)	-
Increase/(Decrease) in Creditors and Other Payables	(2,171)	2,406
Increase/(Decrease) in Other Current Liabilities	803	-
Increase/(Decrease) in Non-Current Liabilities	142	-
	6,914	2,406
Net Cash Flows From Operating Activities	44,766	50,195

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 Financial Statements – Departmental of the 2015/16 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 of the financial statements are finalised
- estimated year end information for 2015/16 was used as the opening position for the 2016/17 Forecast Statement of Financial Position, and
- the forecast for 2016/17 is prepared using Budget Economic Fiscal Update (BEFU) 2016 estimates.

Factors that could lead to material differences between the forecast financial statements and the 2016/17 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 2015/16 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 on 13 April 2016. 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 2017. Post-BEFU accounting adjustments to the actual balances as at 30 June 2016 have not been incorporated into these forecasts as no significant changes have occurred between BEFU and the time of finalising the 2015/16 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 Tier 1) International Public Sector Accounting Standards (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 2016 are based on New Zealand Tier 1 Public Benefit Entity (PBE) accounting standards.

The forecast financial statements are unaudited.

NOTES TO THE FINANCIAL STATEMENTS

1. Other Revenue

	ACTUAL 2016 \$000	UNAUDITED FORECAST 2017 \$000
Revenue from non-exchange transactions		
Other Third Party Revenue	514	130
Total Revenue from non-exchange transactions	514	130
Revenue from exchange transactions		
Passport Fees	97,077	100,046
Citizenship Fees	15,332	12,700
Birth, Death, Marriage and Civil Union Fees	11,139	10,829
Non-casino Gaming Licences and Fees	15,447	19,382
Casino Operators' Levies	5,415	5,243
VIP Transport	7,957	7,914
Recovery from New Zealand Lottery Grants Board	10,029	10,029
New Zealand Gazette	847	1,386
Translation Services	980	1,000
Language Line Interpreter Services	1,352	1,356
Electronic Purchasing in Collaboration	3,056	2,411
Te Puna Catalogue and Interloan Library Services	1,844	1,649
Kotui Library Services	1,924	1,027
Lake Taupo Boating Facilities	542	519
Charities Registrations	781	852
e-Government Development and Operations	4,490	6,993
National Dogs Database Levy	400	400
RealMe	744	1,608
Other Third Party Revenue	3,298	8,222
Total Revenue from exchange transactions	182,654	193,566
Total Other Revenue	183,168	193,696

2. Other Operating Expenses

	ACTUAL 2016 \$000	UNAUDITED FORECAST 2017 \$000
Agency Fees	12,468	12,677
Computer Costs	42,053	45,694
Consultants	10,959	7,420
Inventory Costs	18,717	18,388
Office Expenses	9,884	8,949
Professional Fees	2,163	1,966
Publicity and Promotion	1,122	1,807
Rental and Leasing Costs	20,590	20,105
Staff Development	3,019	2,866
Library Resources and Subscriptions	5,181	4,159
Travel Expenses	7,782	6,806
Fee for Auditor (for the Financial Statement Audit)	369	389
Other Departmental Operating Costs	4,861	18,390
Total Operating Expenses	139,168	149,616

3. Property, Plant and Equipment

	LAND \$000	BUILDINGS \$000	COMPUTER HARDWARE/ FURNITURE/ PLANT & EQUIPMENT \$000	MOTOR VEHICLES \$000	COLLECTIONS/ ART \$000	TOTAL \$000
Cost or revaluation						
Balance as at 1 July 2016	49,760	143,789	72,956	8,152	48,195	322,852
Additions by purchase	-	21,664	5,340	732	1,991	29,727
Disposals			-	(1,600)		(1,600)
Balance as at 30 June 2017	49,760	165,453	78,296	7,284	50,186	350,979
Accumulated depreciation and impairment losses						
Balance as at 1 July 2016	-	26,700	41,227	5,455	36,165	109,547
Depreciation expense	-	6,496	4,324	1,244	1,865	13,929
Disposals	-	-	-	(800)	-	(800)
Balance as at 30 June 2017	-	33,196	45,551	5,899	38,030	122,676
Carrying amount as at 30 June 2017	49,760	132,257	32,745	1,385	12,156	228,303

4. Intangible Assets

	SOFTWARE \$000
Cost	
Balance as at 1 July 2016	196,326
Additions	24,235
Revaluations	-
Balance as at 30 June 2017	220,561
Accumulated amortisation	
Balance as at 1 July 2016	121,375
Amortisation expense	21,000
Balance as at 30 June 2017	142,375
Carrying amount as at 30 June 2017	78,186

Non-financial Performance Statements

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1. OUTPUT APPROPRIATION: Administration of Grants (M15)

This appropriation is limited to administration of the processes supporting government grant funding schemes, from receiving applications to monitoring grant recipients.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
3,631	Revenue Crown	3,591	3,652	3,652
-	Revenue Third parties	-	-	5
3,631	Total Revenue	3,591	3,652	3,657
3,613	Expenses	3,591	3,652	3,648
18	Net Surplus/(Deficit)	-	-	9

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$61,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This appropriation is intended to achieve effective support for the government grant funding schemes that the Department administers and ensuring processes are maintained for receiving and monitoring grants.

Community Organisation Grants Scheme (COGS)

Performance Information		Standard	2014/15	2015/16
1.1	COGS grant applications are processed from receipt to decision notification within agreed timeframes	At least 95%	100%	100%
1.2	COGS Distribution Committee decisions are consistent with priorities, policies and procedures	At least 95%	99%	99%
1.3	COGS Distribution Committee satisfaction with operational support received assessed as '4' or '5'	At least 75%	96%	96%

Crown Community Grants Schemes (excluding COGS)

Performance Information		Standard	2014/15	2015/16
1.4	Crown grant applications (excluding COGS) processed from receipt to decision notification within agreed timeframes	At least 95%	100%	100%
1.5	Crown grant distribution committee decisions are consistent with priorities, policies and procedures	At least 95%	98%	100%
Demand Information				
1.6	Application levels for grant schemes (Other Expense Appropriations) administered: <ul style="list-style-type: none"> Community Development Scheme (\$4.860m) Community Internship Programme (\$231,000) Digital Literacy and Connection (\$720,000) Support for Volunteering (\$502,000) Youth Workers Training Scheme(\$200,000) 	Combined: 150-190	Combined: 199	Combined: 165
1.7	Application levels for grant schemes (Other Expense Appropriations) administered: Community Organisation Grants Scheme (\$12.500 million)	5,000-6,000	5,751	5,321

2. OUTPUT APPROPRIATION: Contestable Services Revenue Dependent Appropriation (M41)

This appropriation is limited to providing translation and other language services to government agencies and the public, and support services to government agencies.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
-	Revenue Crown	-	-	-
1,017	Revenue Third parties	1,000	1,000	982
1,017	Total Revenue	1,000	1,000	982
1,011	Expenses	1,000	1,000	981
6	Net Surplus/(Deficit)	-	-	1

This appropriation is intended to achieve effective translation and other language services to government agencies and the public, and support services to government agencies.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
2.1	Customers' satisfaction as to whether translations were provided within 'good' timeframes assessed as 5, 6 or 7	At least 75%	Not applicable*	89.16%
2.2	Customer satisfaction with the quality of translation services provided assessed as 'Satisfied' or better	At least 85%	96.13%	90.80%

* This was a new measure in the 2015/16 financial year.

3. OUTPUT APPROPRIATION: Local Government Services (M49)

This appropriation is limited to providing information to and about local government, administering the Local Government Act 2002 and other statutes, administering the Local Electoral Act 2001, administering the Rates Rebate Scheme, providing regulatory and boating services for Lake Taupō (including providing the Harbourmaster and managing the Lake Taupō Landing Reserve) and governance and management of the National Dog Control Information Database.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
1,878	Revenue Crown	1,886	2,113	2,113
1,085	Revenue Third parties	1,062	1,062	1,022
2,963	Total Revenue	2,948	3,175	3,135
2,625	Expenses	2,591	2,818	2,689
338	Net Surplus/(Deficit)	357	357	446

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$227,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This appropriation is intended to achieve effective and consistent Local Government operation across priority Government issues within New Zealand.

Local Government Services

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
3.1	Responses to requests for information from the public about the Rates Rebate Scheme – within 10 days of receipt	At least 98%	99.34%	100%
3.2	Eligible claims from councils for reimbursement of rates rebates processed within 30 days of receipt	At least 95%	96.38%	99.9%
3.3	National Dogs Database snapshot statistics for the year as at May made available to the public by June	Achieved	Not Achieved	Achieved
DEMAND INFORMATION				
3.2.1	Eligible claims from councils for reimbursement of rates rebates: estimated volume 110,000–120,000		103,574	106,008

Regulatory and Boating Services for Lake Taupō

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
3.4	Boating facilities and navigational safety equipment inspected in accordance with an annual compliance programme	All	All	All
3.5	Customer satisfaction with the quality of Lake Taupō navigational safety services assessed as average or above, when surveyed every two (2) years	At least 85%	99%	Not applicable*

* No survey was completed in the 2015/16 financial year as customers are only surveyed every two years.

4. DEPARTMENTAL CAPITAL EXPENDITURE AND CAPITAL INJECTIONS

Department of Internal Affairs – Capital Expenditure PLA (M41)

This appropriation is limited to the purchase or development of assets by and for the use of the Department of Internal Affairs, as authorised by section 24(1) of the Public Finance Act 1989.

2014/15		2015/16		
ACTUAL	DEPARTMENTAL CAPITAL EXPENDITURE (\$000)	MAINS	SUPPS.	ACTUAL
46,420	Capital Expenditure	56,540	43,000	42,031

This appropriation is intended to achieve investment in the renewal, upgrade and development of assets that support the delivery of the department's products and services.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
4.1	Asset development, purchase and use are in accordance with section 24(1) of the Public Finance Act 1989.	Achieved	Achieved	Achieved

5. NON-DEPARTMENTAL OTHER EXPENSES

CHATHAM ISLANDS WHARVES

This appropriation is limited to the repair and redevelopment of the Chatham Islands wharves.

2014/15 ACTUAL	NON-DEPARTMENTAL OTHER EXPENSE (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
2,848	Non-departmental Other Expenses	-	600	600

This appropriation is intended to achieve financial support for the upgrade and maintenance of the Chatham Islands Wharves to ensure appropriate access is maintained for New Zealanders.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
5.1	A Deed in relation to the redesign of the Pitt Island Wharf agreed and signed between the Chatham Islands Enterprise Trust and the Department of Internal Affairs.	Achieved	Achieved	Achieved
5.2	A Memorandum of Understanding to undertake the preparatory works for the Pitt Island Wharf redevelopment is agreed and signed between the New Zealand Transport Agency and the Department of Internal Affairs.	Achieved	Achieved	Achieved

TE ONEROA A TOHE BEACH MANAGEMENT

This appropriation is limited to contributing to the Te Oneroa a Tohe Beach management plan and associated joint committee operating costs.

2014/15 ACTUAL	NON-DEPARTMENTAL OTHER EXPENSE (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
-	Non-departmental Other Expenses	-	400	400

This appropriation is intended to provide support for the development of a beach management plan for Te Oneroa a Tohe Beach, Northland.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
5.3	Establish a baseline for satisfaction measure for supporting the development of a beach management plan for Te Oneroa a Tohe Beach, Northland	Baseline to be established	Not applicable*	Baseline established

* This was a new measure in the 2015/16 financial year.

6. NON-DEPARTMENTAL CAPITAL EXPENDITURE

CHATHAM ISLANDS WHARF REDEVELOPMENT

This appropriation is limited to the reconstruction of wharves on the Chatham Islands.

2014/15 ACTUAL	CAPITAL EXPENDITURE (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
-	Capital Expenditure	-	14,000	14,000

This appropriation is intended to achieve the financial support for the construction and redevelopment of Waitangi Wharf in the Chatham Islands to ensure appropriate access is maintained for New Zealanders.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
6.1	A Memorandum of Understanding to assist with the rebuild of Waitangi Wharf agreed between the New Zealand Transport Agency and the Department of Internal Affairs.	Achieved	Not applicable*	Achieved
6.2	A contract for the redesign and construction of Waitangi Wharf signed between the Memorial Park Alliance and the Department of Internal Affairs.	Achieved	Not applicable*	Achieved
6.3	Planning and design of new Chatham Islands Wharves completed	Achieved	Not applicable*	Achieved

* This was a new measure in the 2015/16 financial year.

7. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Civic Information Services (M41)

The overarching purpose of this appropriation is to contribute to the collection, management and provision of access to New Zealand's civic, government, identity and heritage information.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
7.1	Establish a baseline for overall perceptions ease of access, availability and use of civic, government, identity and heritage information and services, and growth of preservation and collections	Achieved	Not measured*	Not measured*

* The Department is not able to report this information. A new measure will be developed through the Department's review of its performance measures in 2016/17.

The appropriation is intended to achieve the collection, preservation, accessibility and security of New Zealand's civic, government, identity and heritage information.

CATEGORY: Managing and Accessing Identity Information

This category is limited to providing effective management of New Zealand's records of identity, authenticating official documents and coordinating the congratulatory message service.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
19,034	Revenue Crown	19,732	20,169	20,169
103,255	Revenue Third parties	95,012	117,432	125,396
122,289	Total Revenue	114,744	137,601	145,565
138,626	Expenses	138,167	140,445	138,463
(16,337)	Net Surplus/(Deficit)	(23,423)	(2,844)	7,102

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$2.278 million is due to the uptake of RealMe Services (increase of \$1.080 million), demand for Citizenship products (increase of \$761,000) and a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$698,000). The increase was partially offset by a contribution towards the Cross-agency System Package (decrease of \$261,000).

Births, Deaths, Marriages and Citizenship

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
7.2	Registration of birth, death, marriage and civil union information: • Accuracy – issued or registered without error	At least 99%	99.3%	99.28%
7.3	• Registration of death information will occur within the agreed timeframe on receipt of correct notification: two (2) days	At least 99%	100%	99%
7.4	• Registration of birth information will occur within the agreed timeframe on receipt of correct notification: eight (8) days	At least 99%	99%	99%
7.5	Birth, death, marriage certificates and printouts, congratulatory messages and citizenship documents: issued without error	At least 99%	99.69%	99.38%
7.6	Birth, death and marriage certificates, printouts, certificates of citizenship status, authentications and Apostils will be issued within the agreed timeframe on the receipt of a correct application: five (5) days	At least 99%	99%	99%
7.7	Applications for grant of citizenship to foreign nationals recommended to the Minister within 75 days of receipt of correct applications	At least 90%	97%	97.62%
7.8	Applications for registration of citizenship, not involving adoption, processed within 20 days of receipt of correct applications	At least 95%	98.54%	99.23%
7.9	Customer satisfaction with births, deaths, and marriages, citizenship and authentication service received assessed as '4' or '5'	At least 75%	89%	91%
DEMAND INFORMATION				
7.5.1	Birth, death, marriage certificates and printouts, congratulatory messages and citizenship documents: estimated volume 300,000–350,000		335,186	383,228
7.7.1	Applications for grant of citizenship to foreign nationals: estimated volume 24,000–28,000		25,855	31,604
7.8.1	Applications for registration of citizenship, not involving adoption: estimated volume 10,000–13,000		10,877	12,523

* A sample group of births, deaths, marriages and citizenship customers are asked to assess their satisfaction level with the overall quality of service delivery on a five point scale from 1 Very Dissatisfied, up to 5 Very Satisfied.

Identity and Passport Services

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
7.10	Passports, certificates and other travel documents issued without error	At least 99%	99.96%	99.95%
Passports issued within stated timeframes of receipt of correct applications:				
7.11	• standard passports – within ten (10) days	At least 99%	100%	100%
7.12	• urgent passports – within three (3) days	At least 99%	99.95%	99.98%
7.13	Percentage of applications for adult passport renewals via the online service	At least 40%	42.65%	46.35%
7.14	Customer satisfaction with the passport service received assessed as '4' or '5'	At least 75%	90%	92%
Number of new RealMe accounts created:				
7.15	• Account (verified)	75,000–100,000	34,253	123,400
7.16	Customer satisfaction with the experience of getting a RealMe verified identity are assessed as '4' or '5'	At least 75%	57%	65%**
Availability of RealMe Service:				
7.17	• Logon	At least 99%	100%	100%
7.18	• Identity verification	At least 99%	100%	100%

* Satisfaction performance measure involves a five-point scale, either numerical (1–5, with '5' being the highest rating) or qualitative: Very Unsatisfied, Poor, Satisfied, Good, Very Satisfied.

** We are working towards improving customer satisfaction. The RealMe video, which aims to improve the understanding of RealMe services and increase customer satisfaction, is expected to go live on the RealMe website by the middle of August 2016. Other service enhancements are in the pipeline for the next financial year.

Digital Transformation

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
Number of public and private RealMe services that are available for use:				
7.19	Logon	At least 16	11	11*
7.20	Identity verification	At least 10	1	5**
7.21	Attribute providers eg, NZ Post for address attribute	At least 1	0	0***
Number of new RealMe accounts created:				
7.22	Account (basic)	700,000–800,000	521,260	652,263****
7.23	Clients' satisfaction with the services provided assessed as '4' or '5'*****	At least 75%	100%	100%

* Achievement of this standard is dependent on other agencies implementation of online services. There was a delay in four new services coming on-board in 2015/16. There are seven local councils plus seven other services in the pipeline to go live in the first quarter of 2016/17.

** Achievement of this standard is dependent on agencies completing integration projects and going live to the public. There was a delay in five integrations occurring in 2015/16. Four services are now expected to go live in the first quarter of 2016/17. Other integrations are dependent on legislative amendments to the Electronic Identity Verification Act 2012 that will allow for consent based sharing of the photo image (e.g. Licenced Builders and electrical workers registration processes).

*** This standard is highly dependent on external agency project implementation. Specific opportunities exist with life event projects, such as Birth of a Child, which will allow for the sharing of additional attributes using RealMe (such as a dependent's birth record). Our current focus remains on the sharing of birth record information by parents/guardians.

**** The rising re-use of login means there is a resultant decrease in login creation. The number of logins created per month averaged 54,000 for the 2015/16 financial year, in line with an increase in the number of customers using their login to access multiple services. This measure will be replaced with a new measure focussed on re-use of logins for 2016/17.

***** Satisfaction performance measure involves a five point scale, either numerical (1–5, with '5' the highest rating) or qualitative: Poor, Satisfied, Good, Very Satisfied.

CATEGORY: Managing and Accessing Knowledge Information

This category is limited to management of public archives in both physical and digital formats on behalf of the Crown, the provision of public access to archives held by Archives New Zealand, provision of services which assist access to library collections and other information, the collection and preservation of published and unpublished items for the National Library and Alexander Turnbull Library collections, provision of library and information services and products to schools in support of the National Curriculum, and administration of the Public Lending Right for New Zealand Authors Scheme.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
83,477	Revenue Crown	84,569	81,111	81,111
7,503	Revenue Third parties	6,840	8,270	8,506
90,980	Total Revenue	91,409	89,381	89,617
93,258	Expenses	91,282	89,334	91,340
(2,278)	Net Surplus/(Deficit)	127	47	(1,723)

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$1.948 million was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$2.318 million), a transfer of funding to the non-departmental other expense Chatham Islands Wharves to provide funding for the cost overruns associated with the reconstruction of Pitt Island Wharf in the Chatham Islands and for the redesign of the Pitt Island Wharf (decrease of \$600,000), a transfer of funding to the Support for Statutory and Other Bodies MCA to provide funding towards the Local Government: Fit for the Future Initiative (decrease of \$500,000) and a transfer of funding to Vote Statistics to reflect the Department of Internal Affairs' contribution to the Data Futures Partnership (decrease of \$40,000). These decreases were partially offset by demand for the Kotui shared library and resource discovery service (increase of \$910,000) and Electronic Purchasing in Collaboration (EPIC) services (increase of \$600,000).

National Archives – Managing Public Archives

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
7.24	Number of transfers received from public offices completed	60–80	93	68
Storage environments maintained to required standards 24 hours a day, 7 days a week:				
7.25	Temperature	At least 80%	92.36%	91.87%
7.26	Relative humidity	At least 80%	79.20%	86.90%
DEMAND INFORMATION				
7.27	Archives held in storage: physical archives – linear metres (LM)	108,000–114,000	107,235	108,330

National Archives – Provision of Access to Public Archives

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
7.28	Copies of archives newly made available online	20,000–30,000*	67,277	20,240

* The standard was 10,000–20,000 in the Estimates of Appropriations 2015/16. However, revised standard of 20,000–30,000 was approved by the Minister of Internal Affairs in September 2015.

National Library – Access to Information

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
7.29	Requests (non-school) for the off-site supply of documents – completed within two (2) days of receipt	At least 90%	99.5%	99%
7.30	Public Lending Right payments to all authors eligible for payment made within the timeframe stipulated by regulation	At least 95%	99%	100%
7.31	Digitised items newly available for access online	At least 450,000	410,568	*567,088
7.32	Availability of Te Puna catalogue and interloan services to subscribers during advertised hours	At least 95%	97%	97%
DEMAND INFORMATION				
7.29.1	Requests (non-school) for the off-site supply of documents: estimated volume 8,000–12,000		9,473	8,526
7.30.1	Public Lending Right payments: estimated volume 1,600–1,700		1,577	1,514

* Delayed digitisation of items in 2014/15 of around 50,000 pages were progressed in 2015/16.

National Library – Collecting and Preserving Information

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
Of the acquisitions to the Alexander Turnbull Library (new heritage collections):				
7.33	• Accession records for unpublished collections completed within 10 days of receipt	At least 80%	81%	80%
7.34	• Descriptive records for unpublished collections added within 20 days of accession	At least 80%	97%	90%
'At risk' items digitised or digital formats transformed:				
7.35	• Audio-visual items	At least 120	1,010	688*
7.36	• Images	At least 300	3,534	313
7.37	Published acquisitions to the Alexander Turnbull Library (new heritage collections)	65,000–75,000	71,728	72,145
DEMAND INFORMATION				
7.33.1	Accession records for unpublished collections: estimated volume 1,000–1,500		923	687
7.34.1	Descriptive records for unpublished collections: estimated volume 1,000–1,500		660	384

* These performance measures are demand driven with year-end results well above standard.

National Library – Library and Information Services to Schools

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
7.38	Number of visits to schools online services	150,000–180,000*	Not applicable**	316,489***
7.39	Items supplied on request from the schools collections	450,000–500,000	754,370	546,451
7.40	Advisory support provided to targeted schools	At least 75%	82%	75%
DEMAND INFORMATION				
7.40.1	Advisory support provided to targeted schools: estimated volume 650–700		684	675

* The standard was 200,000–240,000 in the Estimates of Appropriations 2015/16. However, revised standard of 150,000–180,000 was approved by the Minister of Internal Affairs in September 2015.

** This was a new measure in the 2015/16 financial year.

*** Greater demand for online services for schools occurred following changes to the Department's delivery model, which intends to make it easier for schools to access and request information online.

CATEGORY: Publishing Civic Information

This category is limited to publishing information through the New Zealand Gazette.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
–	Revenue Crown	–	–	–
793	Revenue Third parties	844	964	848
793	Total Revenue	844	964	848
1,120	Expenses	896	1,196	1,040
(327)	Net Surplus/(Deficit)	(52)	(232)	(192)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$300,000 was due to expenditure associated with the provision of the New Zealand Gazette.

New Zealand Gazette

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
7.41	Accuracy – notices published consistent with text supplied by clients	99%	99.97%	99.87%
DEMAND INFORMATION				
7.41.1	NZ Gazette notices: estimated volume 8,000–10,000		7,796	7,400

8. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Community Funding Schemes (M15)

The overarching purpose of this appropriation is to support communities and voluntary sector organisations so they can become stronger, more cohesive and resilient.

2014/15		2015/16		
ACTUAL	NON-DEPARTMENTAL OTHER EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
18,722	Non-departmental Other Expenses	19,163	19,880	19,731

This appropriation is intended to achieve financial support for communities and organisations for community development.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
8.1	Case studies completed that demonstrate benefits to community grant funding recipients	Achieved	Achieved	Achieved*

* Refer to measure 8.2.

CATEGORY: Community Development Scheme

This category is limited to providing grants to community organisations for projects to achieve improved economic, social and cultural wellbeing.

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	2014/15	2015/16
8.2	Two case studies completed to assess grants' communities benefit	Achieved	Achieved	Achieved*

* Two examples of case studies include the Alpine Community Development Trust (the Trust) and KiwiHarvest. Alpine Community Development Trust operates a one-stop centre that provides resources that enable the delivery of high quality social support services to the Upper Clutha Region. The Trust provides a number of services and activities for the community, such as Meals on Wheels, School Holiday Club, IT support for seniors, supporting individuals and families via the food-bank distribution. A significant amount of this work is undertaken by volunteers. A grant of \$1,500 from COGS in August 2015 was given towards the staff and volunteer related costs of the Trust. KiwiHarvest collects food from 28 food donors and delivers to 58 agencies that provide food to those in need within the Auckland community. KiwiHarvest employs five part-time employees and has over 30 volunteers helping in all aspects of their work. Kiwi Harvest received a total of \$9,000 from three Auckland COGS Local Distribution Committees in August 2015. The grants have helped KiwiHarvest to rescue over 44,250 kgs of food destined to be disposed of in landfill. This good, nutritious food has been redistributed back into the community providing the equivalent of approximately 126,430 meals. The monetary value of this food is estimated to be \$442,500.

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.

CATEGORY: Youth Workers Training Scheme

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

Performance measure: Exempted from performance measurement.

9. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Community Information and Advisory Services (M41)

The overarching purpose of this appropriation is to support communities, hapu and iwi to be empowered and resilient by providing information, training and advisory services.

This appropriation is intended to achieve support for communities, hapū, iwi and community organisations.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
9.1	Establish a baseline for community satisfaction with the availability of information, training and advice provided by the Department.	Achieved	Achieved*	Achieved*

* Results are based on an average of community satisfaction measured in 9.4, 9.8 and 9.9.

CATEGORY: Advisory and Information Services to Ethnic Communities

This category is limited to the provision of advisory and information services to ethnic communities; management of the contract for the telephone interpreting service (Language Line); and provision of information and training to ethnic communities and agencies using Language Line.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
4,356	Revenue Crown	4,321	4,568	4,568
1,328	Revenue Third parties	1,356	1,356	1,373
5,684	Total Revenue	5,677	5,924	5,941
5,561	Expenses	5,677	5,924	5,969
123	Net Surplus/(Deficit)	-	-	(28)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$247,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
9.2	Ethnic Diversity Management related training sessions	10–15	7	7*
9.3	Forums and workshops for ethnic communities held	40–50	31	24**
9.4	Percentage of workshop attendees who found the workshop useful	75%	89%	91%
9.5	Interpreting clients connected with an appropriate interpreter within two (2) minutes of a call to Language Line	At least 95%	96%	95%
DEMAND INFORMATION				
9.2.1	Ethnic Diversity Management related training sessions: estimated number of attendees: 300 to 350		67	88
9.3.1	Forums and workshops for ethnic communities: estimated number of participants 800–1,000		510	647
9.6	Organisations with agreements for the provision of telephone interpreting services through Language Line	105	108	108

* During the 2015/16 financial year, we replaced some training sessions with a new online module of delivery called Intercultural Capability e-Learning. This measure will be replaced in 2016/17 with a more relevant measure around e-learning.

** During 2015/16, the Department targeted effort towards increasing participant numbers, and on leadership development and influencing, rather than bulk outreach.

CATEGORY: Community Archives Support

This category is limited to support for community, iwi and hapū organisations and other jurisdictions in preserving and managing their own records and archives and making them available.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
85	Revenue Crown	85	80	80
1	Revenue Third parties	31	31	76
86	Total Revenue	116	111	156
114	Expenses	116	111	110
(28)	Net Surplus/(Deficit)	-	-	46

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$5,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
9.7 Availability of the online descriptive tool 24 hours a day, 7 days a week	At least 99%	100%	99.45%

CATEGORY: Community Development and Engagement Advice

This category is limited to the provision of advisory support and information to support community groups with community development, including information related to accessing grants.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
4,740	Revenue Crown	4,750	4,607	4,607
-	Revenue Third parties	-	-	14
4,740	Total Revenue	4,750	4,607	4,621
4,844	Expenses	4,750	4,607	4,552
(104)	Net Surplus/(Deficit)	-	-	69

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$143,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
Customer satisfaction with community advisory projects and activities:*			
9.8	• Advisory projects are considered effective	At least 85%	94%
9.9	• Other advisory activities are considered effective	At least 85%	100%
9.10	Number of community advisory projects completed	55-60	77

* Recipients of advisory services are surveyed and asked to assess the effectiveness of the service on a five point scale from 1 Ineffective, up to 5 Very effective.

** Thirteen of 16 respondents answered 'effective' or 'very effective' to the question: 'How effective was the service in meeting your needs?' There were no negative responses to the survey question. However, three neutral responses have impacted on the results due to the small sample size. This measure will be combined with measure 9.9 for 2016/17.

10. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Information and Technology Services (M41)

The overarching measure for this multi-class appropriation is to provide advice to government and the state sector regarding ICT investment, and assurance in respect of data and information management.

This appropriation is intended to achieve effective and efficient public sector investment in ICT infrastructure, data, and information management and government's online presence.

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
10.1 Case study completed that demonstrates how information technology and support provided by the Department contributed to public sector investments in ICT, data and information being well-planned, efficient, cost-effective and customer focussed.	Achieved	Achieved	Achieved*

* Telecommunications as a Service (TaaS) is a catalogue of telecommunications and managed security services provided by a panel of suppliers. These services provide a foundational layer enabling agencies to accelerate their delivery of the Better Public Services (BPS) initiatives. The Department collaborated with The Ministry of Business Innovation and Employment (MBIE) and eight other agencies to design and develop this new service. TaaS allows government agencies to collaborate securely with each other and their customers to deliver more citizen-centric services. The Department has received over 2,600 inquiries from agencies since TaaS was launched in November 2015, and over 50 Memoranda of Understanding have been signed with agencies. Benefits are being realised not only through the direct services, but also through the avoidance of costly procurement and the competitiveness we have created through this open market approach.

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

This category is limited to supporting the functional leadership role of the Government Chief Information Officer by implementing an All-of-Government ICT strategy, architecture, operating model, assurance framework, and the Result 10 service transformation programme; overseeing the government's ICT investment portfolio; and providing leadership across the State sector for the government's ICT supply chain.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
17,775	Revenue Crown	12,682	18,283	18,283
1,823	Revenue Third parties	-	-	12
19,598	Total Revenue	12,682	18,283	18,295
16,031	Expenses	12,682	18,448	16,379
3,567	Net Surplus/(Deficit)	-	(165)	1,916

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$5.766 million was due to funding for the progression of four All-of-Government ICT initiatives, Telecommunications as a Service, Citizen Entry Point, the Leadership and Workforce Capability Programme and the API Marketplace Development and Rollout (increase of \$3 million), expense transfers from 2014/15 to 2015/16 for Result 10 (increase of \$2.261 million), ICT Functional Leadership (increase of \$1 million) and ICT Tagged Contingency Funded projects (increase of \$995,000), funding for Common Delegations and Information sharing initiatives (increase of \$1.867 million) and an increase of expenditure associated with Result 10 (increase of \$165,000). These increases were partially offset by expense transfers from 2015/16 to 2016/17 to reflect the expected timing of the delivery of a number of large Result 10 initiatives in 2016/17 (decrease of \$2.400 million) and to enable the successful completion of the Result 9: Common Delegations and Information Sharing initiatives in 2016/17 (decrease of \$800,000), and a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$322,000).

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
10.2	Approved actions due for delivery in 2015/16 in the Government ICT Strategy and Action Plan, for which DIA is the lead agency, are delivered	Achieved	Not applicable*	Not measured**
10.3	Establish a dynamic and integrated programme of work to support the delivery of the Government ICT Strategy	Achieved	Not applicable*	Achieved
10.4	Governance Group satisfaction with the quality of advice and support received assessed as '3' or better	75%	100%	100%
10.5	Customers' satisfaction with the ease of use of digital services assessed as '4' or '5'	Achieved	Not applicable*	Achieved
10.6	Overall online target projections increase	At least 53%	45.30%	50.7%***
10.7	Implementation of ICT supply chain assurance model	Achieved	Not applicable*	Achieved

* This was a new measure in the 2015/16 financial year.

** In October 2015, Cabinet approved a refreshed Government ICT Strategy, and subsequently approved a portfolio approach to delivering the ICT Strategy in May 2016 (refer to www.ict.govt.nz for more information). The Government ICT Action Plan has been replaced with a dynamic and integrated programme of work. As a result, aspects of the ICT action plan were no longer applicable. An updated work programme is reported against in measure 10.3.

*** Based on 2015 forecasts, digital uptake is currently below forecast for four of ten indicator transactions. Lower than expected digital uptake and delayed deployment of services underpinned this result. Updated projections in mid-2016 indicate that results are on-track to support achievement of the Result 10 target.

CATEGORY: Government Chief Privacy Officer

This Category is limited to developing and implementing 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.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
1,344	Revenue Crown	1,094	1,204	1,204
-	Revenue Third parties	-	-	-
1,344	Total Revenue	1,094	1,204	1,204
1,247	Expenses	1,094	1,204	1,189
97	Net Surplus/(Deficit)	-	-	15

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$110,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
10.8	Departments' governance maturity rating' from the privacy maturity self-assessment is established	Achieved	Not applicable*	Achieved
Number of agency:				
10.9	• engagements	140	Not applicable*	225**
10.10	• privacy leadership forums	5	Not applicable*	5
10.11	• collateral items developed and promoted	5	Not applicable*	5
10.12	Aggregate privacy maturity self-assessment rating is established	Achieved	Not applicable*	Achieved

* This was a new measure in the 2015/16 financial year.

** Demand for support to agencies exceeded initial expectations.

CATEGORY: Government Information and Technology Services

This category is limited to providing All-of-Government online services and Government ICT common capabilities.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
9,945	Revenue Crown	7,451	7,300	7,300
2,840	Revenue Third parties	4,624	4,912	4,544
12,785	Total Revenue	12,075	12,212	11,844
14,462	Expenses	14,719	13,556	14,030
(1,677)	Net Surplus/(Deficit)	(2,644)	(1,344)	(2,186)

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$1.163 million was due to a reduction in expenditure associated with the All-of-Government adoption of Cloud Computing (decrease of \$2.300 million), a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$651,000), a realignment of the revenue and expenditure baseline associated with the provision of All-of-Government Common Capability Products (decrease of \$552,000) and a realignment of the revenue and expenditure baseline for the provision of services by the Government Chief Information Officer to government agencies (decrease of \$500,000). These decreases were partially offset by an increase in expenditure associated with All-of-Government Common Capability Products due to the addition of two new products, Software Acquisition Strategy and Telecommunications as a Service, during 2015/16 and an increase in security related expenditure for existing products (increase of \$1.600 million), an increase in expenditure associated with demand for Infrastructure as a Service (IaaS) services by government agencies and investment in IaaS Cloud service offerings (increase of \$700,000), an expense transfer from 2014/15 to 2015/16 to enable the successful completion of the deliverables of the Software Acquisition Strategy programme in 2015/16 (increase of \$500,000), and the Govt.nz recoveries from government agencies for non-Crown funded services provided (increase of \$40,000).

Government Information and Technology Services

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
10.13 All-of-Government Common Capability products, where DIA is the lead agency, meet service level agreements	Achieved	Not Achieved	Achieved
10.14 All-of-Government online products and services meet service level agreements	Achieved	Achieved	Achieved

11. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Ministerial Support Services (M41)

The overarching purpose of this appropriation is to provide services to Ministers in order to support them to discharge their portfolio responsibilities other than policy decision-making.

This appropriation is intended to achieve non-policy support for Ministers.

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
11.1 Ministers' satisfaction with the quality of support received from the Department is assessed as "satisfied" or better*	Satisfied	Very Good	Very Good

* Result is assessed on the basis of a survey carried out with the Minister responsible for Ministerial Services, rated as Very Poor, Poor, Satisfactory, Good, or Very Good. Satisfied or better corresponds to a result of satisfied or better.

CATEGORY: Ministerial Support Services – Crown Entity Monitoring

This category is limited to providing 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.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
978	Revenue Crown	971	739	739
-	Revenue Third parties	-	-	3
978	Total Revenue	971	739	742
910	Expenses	971	739	735
68	Net Surplus/(Deficit)	-	-	7

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$232,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
11.2	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%	100%	94%*
11.3	Appointment processes for board vacancies managed consistent with the approach agreed with the Minister (including amendments agreed with the Minister)	All	All	All
DEMAND INFORMATION				
11.2.1	Advice on accountability and performance documents: (estimated volume 12-17)		15	14
11.3.1	Appointment processes for board vacancies: (estimated volume 6-8)		7	14

* This measure was not achieved due to the late arrival of data from a Crown Entity.

CATEGORY: Ministerial Support Services – Community and Voluntary Sector

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to the community and voluntary sector.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
185	Revenue Crown	184	213	213
-	Revenue Third parties	-	-	-
185	Total Revenue	184	213	213
169	Expenses	184	213	210
16	Net Surplus/(Deficit)	-	-	3

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$29,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
11.4	Required timeframes are met: Parliamentary Questions (written) – within three (3) days of notification or as agreed with the Minister	At least 95%	100%	100%
11.5	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95%	100%	100%
11.6	Required timeframes are met: Ministerial Official Information Act requests – at least five (5) days prior to statutory timeframes	At least 95%	Not applicable (0)	100%
DEMAND INFORMATION				
11.4.1	Parliamentary Questions (written): estimated volume 0–10		42	273
11.5.1	Ministerial correspondence (draft responses): estimated volume 20–40		22	100
11.6.1	Official Information Act requests: estimated volume 0–10		0	18

CATEGORY: Ministerial Support Services – Ethnic Communities

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to ethnic communities.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
86	Revenue Crown	86	108	108
–	Revenue Third parties	–	–	–
86	Total Revenue	86	108	108
104	Expenses	86	108	100
(18)	Net Surplus/(Deficit)	–	–	8

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$22,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
11.7	Required timeframes are met: Parliamentary Questions (written) – within three (3) days of notification or as agreed with the Minister	At least 95%	Not applicable (0)*	100%
11.8	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95%	100%	95%
11.9	Required timeframes are met: Ministerial Official Information Act requests – at least five (5) days prior to statutory timeframes	At least 95%	100%	100%
DEMAND INFORMATION				
11.7.1	Parliamentary Questions (written): estimated volume 5–10		0	3
11.8.1	Ministerial correspondence (draft responses): estimated volume 10–20		29	91
11.9.1	Official Information Act requests: estimated volume 1–5		9	2

* This result was recorded as not applicable as none were received in this year.

CATEGORY: Ministerial Support Services – Internal Affairs

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to internal affairs.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
417	Revenue Crown	411	465	465
-	Revenue Third parties	-	-	1
417	Total Revenue	411	465	466
427	Expenses	411	465	459
(10)	Net Surplus/(Deficit)	-	-	7

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$54,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
11.10	Required timeframes are met: Parliamentary Questions (written) – within three (3) days of notification or as agreed with the Minister	At least 95%	100%	100%
11.11	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95%	100%	99.55%
11.12	Required timeframes are met: Official Information Act requests – at least five (5) days prior to statutory timeframes	At least 95%	100%	100%
DEMAND INFORMATION				
11.10.1	Parliamentary Questions (written): estimated volume 30–50		26	16
11.11.1	Ministerial correspondence (draft responses): estimated volume 250–350		349	222
11.12.1	Official Information Act requests: estimated volume 5–15		11	4

CATEGORY: Ministerial Support Services – Local Government

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to local government.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
508	Revenue Crown	503	578	578
-	Revenue Third parties	-	-	1
508	Total Revenue	503	578	579
540	Expenses	503	578	565
(32)	Net Surplus/(Deficit)	-	-	14

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$75,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
11.13	Required timeframes are met: Parliamentary Questions (written) – within three (3) days of notification or as agreed with the Minister	At least 95%	100%	100%
11.14	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95%	100%	100%
11.15	Required timeframes are met: Official Information Act requests – at least five (5) days prior to statutory timeframes	At least 95%	100%	100%
DEMAND INFORMATION				
11.13.1	Parliamentary Questions (written): estimated volume 110–130		26	26
11.14.1	Ministerial correspondence (draft responses): estimated volume 350–550		406	237
11.15.1	Official Information Act requests: estimated volume 20–40		13	11

CATEGORY: Ministerial Support Services – Ministerial Services

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to Ministerial Services.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
212	Revenue Crown	211	209	209
-	Revenue Third parties	-	-	-
212	Total Revenue	211	209	209
212	Expenses	211	209	234
-	Net Surplus/(Deficit)	-	-	(25)

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$2,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
11.16	Required timeframes are met: Parliamentary Questions (written) – within three (3) days of notification or as agreed with the Minister	At least 95%	100%	100%
11.17	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95%	Not applicable*	100%
11.18	Required timeframes are met: Official Information and Privacy Act requests, and Ombudsmen inquiries – within agreed timeframes at least five (5) days prior to statutory timeframes	At least 95%	95.8%	100%
DEMAND INFORMATION				
11.16.1	Parliamentary Questions (written): estimated volume 60–120		23	17
11.17.1	Ministerial correspondence (draft responses): estimated volume 1–10		0	4
11.18.1	Official Information Act requests: estimated volume 70–120		48	60

* The result for 2014/15 was deemed not applicable as the number was zero.

CATEGORY: Ministerial Support Services – Racing

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to racing.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
59	Revenue Crown	57	64	64
-	Revenue Third parties	-	-	-
59	Total Revenue	57	64	64
65	Expenses	57	64	64
(6)	Net Surplus/(Deficit)	-	-	-

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$7,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
11.19	Required timeframes are met: Parliamentary Questions (written) – within three (3) days of notification or as agreed with the Minister	At least 95%	100%	100%
11.20	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed	At least 95%	100%	100%
11.21	Required timeframes are met: Official Information Act requests – at least five (5) days prior to statutory timeframes	At least 95%	100%	100%
DEMAND INFORMATION				
11.19.1	Parliamentary Questions (written): estimated volume 0–10		39	13
11.20.1	Ministerial correspondence (draft responses): estimated volume 40–60		56	37
11.21.1	Official Information Act requests: estimated volume 0–10		10	11

12. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Policy Advice (M41)

The overarching purpose of this appropriation is to provide policy advice to support Ministers in discharging their policy decision-making responsibilities.

This appropriation is intended to achieve well-informed decision making by Ministers through the provision of high quality advice about government policy matters.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
12.1	Establish a baseline for Portfolio Ministers' satisfaction with the overall quality of policy advice received.	Achieved	Achieved	Achieved

CATEGORY: Policy Advice – Community and Voluntary Sector

This category is limited to the provision of 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.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
617	Revenue Crown	605	688	688
-	Revenue Third parties	-	-	4
617	Total Revenue	605	688	692
615	Expenses	605	688	723
2	Net Surplus/(Deficit)	-	-	(31)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$83,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
12.2	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Achieved	Achieved (7.25 out of 10)	Achieved (7.3 out of 9)
12.3	Minister's satisfaction with the quality of policy advice assessed as 'Satisfied' or better*	Satisfied	Good	Good
12.4	Total cost of an hour of professional staff time devoted to policy unit outputs	\$140-\$160	\$162.35	\$166.18

* Ministerial satisfaction is rated: Very Poor (1-2), Poor (3-4), Satisfied (5-6), Good (7-8), Very Good (9-10).

CATEGORY: Policy Advice – Ethnic Communities

This category is limited to the provision of 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 communities.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
787	Revenue Crown	786	377	377
-	Revenue Third parties	-	-	3
787	Total Revenue	786	377	380
553	Expenses	786	377	371
234	Net Surplus/(Deficit)	-	-	9

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$409,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
12.5	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Achieved	Achieved (7.25 out of 10)	Achieved (7.3 out of 9)
12.6	Minister's satisfaction with the quality of policy advice assessed as 'Satisfied' or better*	Satisfied	Satisfied	Satisfied
12.7	Total cost of an hour of professional staff time devoted to policy unit outputs	\$140-\$160	\$162.35	\$166.18

* Ministerial satisfaction is rated: Very Poor (1-2), Poor (3-4), Satisfied (5-6), Good (7-8), Very Good (9-10).

CATEGORY: Policy Advice – Internal Affairs

This category is limited to the provision of 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.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
4,327	Revenue Crown	4,282	4,834	4,834
(2)	Revenue Third parties	36	36	39
4,325	Total Revenue	4,318	4,870	4,873
4,371	Expenses	4,318	4,870	4,995
(46)	Net Surplus/(Deficit)	-	-	(122)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$552,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
12.8 Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Achieved	Achieved (7.25 out of 10)	Achieved (7.3 out of 9)
12.9 Minister's satisfaction with the quality of policy advice assessed as 'Satisfied' or better*	Satisfied	Good	Good
12.10 Total cost of an hour of professional staff time devoted to policy unit outputs	\$140-\$160	\$162.35	\$166.18

* Ministerial satisfaction is rated: Very Poor (1–2), Poor (3–4), Satisfied (5–6), Good (7–8), Very Good (9–10).

CATEGORY: Policy Advice – Local Government

This category is limited to the provision of 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.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
5,184	Revenue Crown	5,771	6,142	6,142
(1)	Revenue Third parties	-	-	9
5,183	Total Revenue	5,771	6,142	6,151
5,418	Expenses	5,771	6,142	5,967
(235)	Net Surplus/(Deficit)	-	-	184

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$371,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
12.11	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Achieved	Achieved (7.25 out of 10)	Achieved (7.3 out of 9)
12.12	Minister's satisfaction with the quality of policy advice assessed as "Satisfied" or better*	Satisfied	No response	Good
12.13	Total cost of an hour of professional staff time devoted to policy unit outputs	\$140-\$160	\$162.35	\$166.18

* Ministerial satisfaction is rated: Very Poor (1-2), Poor (3-4), Satisfied (5-6), Good (7-8), Very Good (9-10).

CATEGORY: Policy Advice – Racing

This category is limited to the provision of 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.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
197	Revenue Crown	199	221	221
-	Revenue Third parties	-	-	1
197	Total Revenue	199	221	222
165	Expenses	199	221	231
32	Net Surplus/(Deficit)	-	-	(9)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$22,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
12.14	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment	Achieved	Achieved (7.25 out of 10)	Achieved (7.3 out of 9)
12.15	Minister's satisfaction with the quality of policy advice assessed as 'Satisfied' or better*	Satisfied	Good	Good
12.16	Total cost of an hour of professional staff time devoted to policy unit outputs	\$140-\$160	\$162.35	\$166.18

* Ministerial satisfaction is rated: Very Poor (1-2), Poor (3-4), Satisfied (5-6), Good (7-8), Very Good (9-10).

13. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Regulatory Services (M41)

The overarching purpose of this appropriation is to carry out the effective delivery of regulatory functions and services that are assigned to the Department of Internal Affairs.

This appropriation is intended to achieve effective promotion of regulatory regimes to minimise harm and maximise benefits.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
13.1	Establish a baseline for regulatory regimes to deliver on all legislated responsibilities.	Achieved	Achieved*	Achieved
13.1.1	Regulatory regimes are in place to deliver all legislated responsibilities	Achieved	New measure	Achieved

* For the 2014/15 financial year, the measure 'Regulatory regimes are in place to deliver all legislated responsibilities' was achieved. The 2015/16 standard seeks to establish a baseline for delivery through the development of the Department's regulatory stewardship strategy.

CATEGORY: Charities Regulation

This category is limited to the registration and monitoring of charities in order to contribute to promoting public trust and confidence in the charitable sector.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
5,217	Revenue Crown	5,221	5,435	5,435
781	Revenue Third parties	852	852	795
5,998	Total Revenue	6,073	6,287	6,230
6,259	Expenses	6,073	6,287	6,342
(261)	Net Surplus/(Deficit)	-	-	(112)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$214,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
13.2	Fully completed applications for registration decided within 40 days	At least 70%	84.22%	70.33%
13.3	Fully completed annual returns published within 10 days of receipt	At least 95%	97.59%	97.47%
13.4	Stakeholders who accessed or used a capability-building initiative and provided positive feedback	At least 75%	90%	95.9%
13.5	Number of compliance activities undertaken to ensure that registered charities continue to meet the requirements for registration as charitable entity	200-250	Not applicable*	1,716
13.6	Number of investigations into complex and serious offending **	50-60	Not applicable*	20
13.7	Customer satisfaction with Charities Services service received assessed as '4' or '5'***	At least 75%	80%	78%
13.8	Charities Registration Board member satisfaction with the quality of secretariat support services provided assessed as 'Good' or better****	Achieved	Very Good	Satisfactory*****
13.9	Charities Registration Board satisfaction with the quality of advice received assessed as '4' or '5'*****	At least 75%	Not applicable*	100%
DEMAND INFORMATION				
13.3.1	Fully completed annual returns: estimated volume 15,000-30,000		24,811	20,866

* This was a new measure in the 2015/16 financial year.

** The number of on-hand investigations, and increase in complexity of work related to completing investigations, meant that fewer investigations could be completed.

*** A sample group of charities customers were asked to assess their satisfaction level with the overall quality of service delivery on a five point scale from 1 Very Dissatisfied, up to 5 Very Satisfied.

**** Charities Registration Board member satisfaction is measured on a five point scale from Very Poor to Very Good.

***** This measure was not achieved due to several issues raised by the Board. We are working with the Board and Charities to resolve these concerns.

CATEGORY: Regulatory Services

This category is limited to operational policy advice and services to administer all aspects of the regulatory regime under the Public Records Act 2005.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
12,105	Revenue Crown	12,790	13,867	13,867
19,140	Revenue Third parties	21,470	21,436	20,392
31,245	Total Revenue	34,260	35,303	34,259
34,568	Expenses	34,136	35,771	34,828
(3,323)	Net Surplus/(Deficit)	124	(468)	(569)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$1.635 million was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$1.077 million), expenditure associated with gaming activities (increase of \$500,000) and funding from the United States Department of Homeland Security for Censorship activities (increase of \$58,000).

Gambling

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
13.10 Venue inspections conducted	Up to 150	290	283*
13.11 Provisional audit reports to non-club gaming machine societies completed	4–10	4	4
13.12 Number of Provisional audit reports to non-club gaming machine societies completed within six (6) months	At least 75%	75%	75%
DEMAND INFORMATION			
Applications for gambling licences processed:			
13.13 • club and non-club licence renewals	280–350	354	343
13.14 • other class 3 and 4 licence applications and Certificates of Approval	3,900–4,600	4,761	5,525

* The number of venue inspections has steadily decreased over the last 3 years (2013/14: 343, 2014/15: 290) as a result of a transitional change in our operating model, where we are targeting higher risk venues. New measures will be introduced to support the Department's responsive risk-based approach.

Censorship

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
13.15 Number of images uploaded, as a result of investigation, to the Interpol Child Sexual Exploitation Database	2,000–6,000*	9,836	6,901
13.16 Number of child exploitation websites being filtered by the specialist software developed and maintained by DIA	400–1,000	508	412
DEMAND INFORMATION			
13.17 Number of justified appeals compared to the total number of appeals received from websites being filtered	Less than 10%	0%	0%

* The standard was 4,000–9,000 in the Estimates of Appropriations 2015/16. However, revised standard of 2,000–6,000 was approved by the Minister of Internal Affairs in September 2015.

Unsolicited Electronic Messages

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
13.18	Number of complaints received	7,000–15,000*	10,829	16,606
13.19	Percentage of complaints received which are analysed within three (3) months	At least 80%	93%	97%
13.20	Civil liability proceedings undertaken – covering warning letters, infringement notices and statements of claim	20–50	66	52

* The standard was 3,500–6,500 in the Estimates of Appropriations 2015/16. However, revised standard of 7,000–15,000 was approved by the Minister of Internal Affairs in September 2015.

Public Sector Recordkeeping

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
13.21	Public offices independently audited against recordkeeping standards (Public Records Act 2005)	20	33	Withdrawn*
13.22	Number of Public Offices, Local Authorities and other organisations provided with targeted records and archives management advice	50–100	120	134
13.23	Attendee satisfaction with training courses – assessed as ‘Good’ or ‘Very Good’	At least 80%	92.52%	99%

DEMAND INFORMATION

13.23.1	Attendees at training courses: estimated volume 200–250		155	131
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* The measure relating to Public offices independently audited against record keeping standards (Public Records Act 2015) was removed by the Minister of Internal Affairs in September 2015. The Audit Programme had been completed.

Anti-Money Laundering and Countering Financing of Terrorism

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
13.24	Number of programme reviews completed	80–150	154	94
13.25	Number of onsite visits conducted	15–20	24	28
13.26	Remediation plan put in place within six (6) months after compliance monitoring (where required)	At least 70%	100%	Withdrawn*
13.27	Number of education/information/follow up contacts	250–500	402	331

* The measure relating to Remediation plan put in place within six months after compliance monitoring (where required) was removed by the Minister of Internal Affairs in September 2015. This measure was an internal process that did not reflect the quality or level of response from the reporting entity.

Private Security Personnel and Private Investigators

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
13.28	Ministry of Justice satisfaction with services provided*	3	1 – Very satisfied	1 – Very satisfied

DEMAND INFORMATION				
13.29	Number of investigation requests received from the Licensing Authority	15–45	16	26

* Annual survey of the Ministry of Justice, with satisfaction rated on a 5-point scale, where 1 is equivalent to “very satisfied”.

14. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Services Supporting the Executive (M47)

The overarching purpose of this appropriation is to support the Government and the Executive to perform their role.

This appropriation is intended to achieve provision of support services for Government and the Executive to support effective democratic arrangements within New Zealand.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
14.1	Minister responsible for Ministerial Services' satisfaction with the quality of support provided by the Department to the Executive	Satisfied	Very Good	Very Good

CATEGORY: Coordination of Official Visits and Events

This category is limited to managing programmes for visiting guests of Government, State and ministerial functions, co-ordinating 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.

2014/15		2015/16		
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS.	ACTUAL
5,873	Revenue Crown	4,460	7,332	7,332
-	Revenue Third parties	5	5	-
5,873	Total Revenue	4,465	7,337	7,332
5,650	Expenses	4,465	7,337	6,522
223	Net Surplus/(Deficit)	-	-	810

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$2.872 million was due to funding for Ministerial Services fiscal pressures, including the visit of the Prince of Wales and Duchess of Cornwall, and the public memorial service to honour Jonah Lomu (increase of \$2.925 million). The increase was partially offset by a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$53,000).

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
14.2	Percentage of visits where the Sponsoring Ministers rate as "satisfactory" or above	90%	100%	100%

DEMAND INFORMATION				
14.3	Number of Guests of Government visits	35-50	77	34
14.4	Number of Partial Guests of Government visits	10-15	33	17
14.5	Number of Commemorative and special events	10-15	17	15
14.6	Facilitations of parties through Auckland and Wellington International Airports	500-600	741	659

CATEGORY: Support Services to Members of the Executive

This category is limited to providing 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 and office accommodation.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
26,591	Revenue Crown	25,807	26,860	26,860
-	Revenue Third parties	35	35	1
26,591	Total Revenue	25,842	26,895	26,861
26,839	Expenses	25,842	26,895	27,191
(248)	Net Surplus/(Deficit)	-	-	(330)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$1.053 million was due to funding for Ministerial Services fiscal pressures, including improved arrangements for providing support to Ministers (increase of \$1.270 million) partially offset by a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$217,000).

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
14.7	Availability of information and communications technology systems, 24 hours a day, 7 days a week	No less than 99.5%	99.40%*	98.19%*
14.8	Minister Responsible for Ministerial Services' satisfaction with the quality and level of support services provided to the Members of the Executive assessed as "satisfied" or better**	Satisfied	Very good	Very good
DEMAND INFORMATION				
14.9	Average number of Ministerial office personnel provided	150-170	150	151

* This measure is sensitive. Service levels were impacted by a change in service provider, which impacted the overall average for ICT system availability.

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

CATEGORY: VIP Transport Services

This category is limited to providing 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.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
-	Revenue Crown	-	-	-
7,857	Revenue Third parties	7,914	8,114	8,049
7,857	Total Revenue	7,914	8,114	8,049
7,878	Expenses	7,914	8,114	8,519
(21)	Net Surplus/(Deficit)	-	-	(470)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$200,000 was due to demand for services provided by VIP Transport.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
14.10	Chauffeur-driven services provided leading to no sustained complaints	At least 99.5%	99.9%	99.8%
DEMAND INFORMATION		STANDARD	2014/15	2015/16
14.10.1	Chauffeur-driven services: estimated volume: 17,000–20,000 jobs		19,627	21,637
14.11	Total vehicle fleet	72–77	71	83*

* Due to the fleet replacement, at the end of the 2015/16 financial year, four vehicles were in the disposal process and a further six were awaiting disposal.

15. MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE: Support for Statutory and Other Bodies (M41)

The overarching purpose of this appropriation is to support statutory, advisory and other bodies to discharge their responsibilities.

This appropriation is intended to achieve provision of support services for statutory and other bodies to support effective constitutional arrangements within the community.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
15.1	Statutory body members' satisfaction with the quality of the support provided by the Department assessed as 'Good' or better.*	Good	Good to Very good	Very good

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

CATEGORY: Commissions of Inquiry & Similar Bodies

This category is limited to supporting commissions of inquiry and similar bodies.

2014/15		2015/16	
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS. ACTUAL
2,652	Revenue Crown	150	-
-	Revenue Third parties	1	-
2,652	Total Revenue	151	-
2,120	Expenses	149	-
532	Net Surplus/(Deficit)	2	-

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$149,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$147,000) and elimination of residual surplus associated with the reallocation of shared services costs within Vote Internal Affairs (decrease of \$2,000).

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
15.2	Commissions' satisfaction with the timeliness and quality of services received assessed as '4' or '5'	At least 75%	Good to Very Good	Not measured*
	<ul style="list-style-type: none"> Government Inquiry into the Whey Protein Concentrate Contamination Incident Confidential Listening and Assistance Service Inquiry into Allegations Regarding Judith Collins and a Former Director of the Serious Fraud Office 			

* No support was required for any inquiries or similar bodies for the 2015/16 financial year.

CATEGORY: Statutory and Advisory Body Support – National Archives

This category is limited to the provision of advisory and support services to statutory and advisory bodies established under the Public Records Act 2005 in respect of their statutory functions.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
117	Revenue Crown	117	117	117
-	Revenue Third parties	-	-	-
117	Total Revenue	117	117	117
152	Expenses	117	117	115
(35)	Net Surplus/(Deficit)	-	-	2

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
Statutory and Advisory Body Support - National Archives				
15.3	Statutory body member satisfaction with the quality of secretariat services provided assessed as '4' or '5'	At least 75%	Very good*	100%
DEMAND INFORMATION		STANDARD	2014/15	2015/16
15.4	Support services provided for meetings of Statutory bodies which advise the Minister including: <ul style="list-style-type: none"> Archives Council 	4	4	3

* "Very good" equates to 100%.

CATEGORY: Statutory and Advisory Body Support – National Library

This category is limited to the provision of 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.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
98	Revenue Crown	98	101	101
-	Revenue Third parties	7	7	-
98	Total Revenue	105	108	101
100	Expenses	105	108	79
(2)	Net Surplus/(Deficit)	-	-	22

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$3,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
15.5	Statutory body member satisfaction with the quality of secretariat services provided assessed as '4' or '5'	At least 75%	Good to Very good*	Very good*
DEMAND INFORMATION				
15.6	Support Services provided to the following statutory bodies – meetings supported:			
15.6.1	• Guardians Kaitiaki of the Alexander Turnbull Library	3	4	3
15.6.2	• Library and Information Advisory Committee	4	4	4
15.6.3	• Public Lending Right Advisory Group	1	2	2

* "Very good" equates to 100%.

CATEGORY: Statutory Body Support – Gambling Commission

This category is limited to the provision of services and advice to the Gambling Commission to enable the Commission to discharge its responsibilities.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
-	Revenue Crown	-	-	-
832	Revenue Third parties	1,158	1,158	626
832	Total Revenue	1,158	1,158	626
810	Expenses	1,158	1,158	707
22	Net Surplus/(Deficit)	-	-	(81)

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
15.7 Gambling Commission's satisfaction with the quality of advice and support services provided assessed as '4' or '5'*	At least 75%	Good to Very Good	100%

* Gambling Commission, Local Government Commission, and Statutory body members are asked to assess support received on a five point scale: Very Poor, Poor Satisfied, Good, Very Good.

CATEGORY: Statutory Body Support – Local Government Commission

This category is limited to the provision of advisory and support services to the Local Government Commission in respect of its statutory functions.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
1381	Revenue Crown	2,282	3,703	3,703
-	Revenue Third parties	-	-	1
1,381	Total Revenue	2,282	3,703	3,704
2,776	Expenses	2,282	3,703	3,331
(1,395)	Net Surplus/(Deficit)	-	-	373

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$1.421 million was due to funding for the Local Government: Fit for the Future Initiative (increase of \$1 million), and a transfer of funding from the Civic Information Services MCA for the Local Government: Fit for the Future Initiative (increase of \$500,000). These increases were partially offset by a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$79,000).

PERFORMANCE INFORMATION	STANDARD	2014/15	2015/16
15.8 Local Government Commission's satisfaction with the quality of advice and support services provided assessed as '4' or '5'	At least 75%	Good	Very good*

* "Very good" equates to 100%.

CATEGORY: Support for Grant Funding Bodies – Community and Voluntary Sector

This category is limited to the provision of 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.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
241	Revenue Crown	238	243	243
-	Revenue Third parties	-	-	1
241	Total Revenue	238	243	244
250	Expenses	238	243	244
(9)	Net Surplus/(Deficit)	-	-	-

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

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
15.9	Trust grant applications processed from receipt to decision notification within agreed timeframes	At least 95%	100%	100%
15.10	Trust grant committee member satisfaction with operational support received assessed as at least '4' or '5'*	75%	89%	80%

DEMAND INFORMATION			2014/15	2015/16
15.11	Support services provided to the following grant funding bodies – committee meetings organised: <ul style="list-style-type: none"> • Norman Kirk Memorial Trust • Pacific Development and Conservation Trust • Peace and Disarmament Education Trust • Vietnam Veterans and Their Families Trust • Disarmament Education Grants 	Combined: 10	10	10

* Committee members are surveyed and asked to assess the overall quality of advisory services received on a five point scale from 1 Very poor, up to 5 Very good.

CATEGORY: Support for Grant Funding Bodies – Internal Affairs

This category is limited to the provision of 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.

2014/15 ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	2015/16 SUPPS.	ACTUAL
688	Revenue Crown	538	650	650
10,127	Revenue Third parties	10,129	10,029	10,059
10,815	Total Revenue	10,667	10,679	10,709
10,683	Expenses	10,667	10,679	10,652
132	Net Surplus/(Deficit)	-	-	57

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$12,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$112,000) partially offset by demand for services from the Lottery Grants Board (decrease of \$100,000).

PERFORMANCE INFORMATION		STANDARD	2014/15	2015/16
15.12	Lottery grant distribution committee member satisfaction with operational support received assessed as '4' or '5'*	At least 75%	95%	98%
15.13	Lottery grants processed from receipt to decision notification within agreed timeframes	At least 95%	99%	98%
15.14	Lottery grant distribution committee decisions are reviewed for consistency with priorities, policies and procedures	At least 95%	98%	99%
DEMAND INFORMATION				
15.15	Number of applications received and serviced for the following grant funding bodies: <ul style="list-style-type: none"> • Distribution Committees of the Lottery Grants Board • New Zealand Winston Churchill Memorial Trust • Chinese Poll Tax Heritage Trust 	5,700–6,200	5,284	4,648

* Committee members are surveyed and asked to assess the overall quality of advisory services received on a five point scale from 1 Very poor, up to 5 Very good.

CATEGORY: Taskforces and Similar Bodies

This category is limited to supporting taskforces and similar bodies.

2014/15		2015/16	
ACTUAL	REVENUE AND OUTPUT EXPENSES (\$000)	MAINS	SUPPS. ACTUAL
946	Revenue Crown	75	684
-	Revenue Third parties	-	-
946	Total Revenue	75	684
492	Expenses	75	705
454	Net Surplus/(Deficit)	-	(21)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$609,000 was due to a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

CATEGORY: Taskforces Members' Fees

This category is limited to fees for members of Government appointed Taskforces.

2014/15		2015/16	
ACTUAL	NON-DEPARTMENTAL OTHER EXPENSES (\$000)	MAINS	SUPPS. ACTUAL
29	Non-departmental Other Expenses	25	25

Performance measure: Exempted from performance measurement.

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APPENDIX A: PIF overview

Key work underway related to PIF Reviews

A fit for purpose Department

The 2012 PIF Review noted that for the Department to achieve its Excellence Horizon goals, it will need to ensure that there are plans in place to enhance capability of leaders to effect change, govern effective planning and sequencing, and to achieve the right balance of all-of-government work (GCIO and BPS Results 10) so that improvements needed to deliver other departmental services are not overwhelmed. Further to this, a funding and charging model for the GCIO ICT functional leadership role was identified as critical to its success, and needed to be resolved in the short term. The Department's Chief Executive and a senior official from the DPMC now govern resolution of this last issue.

The Department's 2014 PIF Follow-up Review noted the significant progress we have made on our change journey since 2012, with a number of early wins and some very sound improvements in place. This includes work to align organisational frameworks and structures, to ensure that the direction of travel for the Department is clear and appropriate, and developing work plans to achieve our goals. The 2014 Follow-up Review noted that the Department does understand what is required to be both a high performing department to deliver the services for which it has responsibility, and deliver on its all-of-government responsibilities.

In 2015/16 we have continued to build on these successes:

The Department's staff engagement results indicate that staff continue to hold strong respect for our senior leadership team, seeing them as visible, cohesive, and energised leaders of the organisation; staff also know and understand how they connect to our purpose, principles, and key Focus Areas.

We have targeted effort to improve the internal business processes and systems, that are critical for delivery of services to New Zealand. For example, we simplified the delivery of our online services through changes to our online application forms and related guidance material for customers. We have also progressed delivery enhancements to improve our web and other digital services. More broadly, we have introduced a new benefits realisation framework to support mapping and monitoring the benefits that accrue from investment in the Department's operations. The benefits register will support the Department's up and coming Investment Confidence Rating (ICR) review.

Transforming service delivery

Addressing issues raised by the 2014 PIF Follow-Up Review continues to be important to achieving our targets in this area. Our **GCIO** functional leadership role is now firmly embedded in the state sector. The Government's refreshed ICT Strategy was agreed by Cabinet in October 2015. An integrated programme of work will follow in 2016/17 using a portfolio approach to deliver the priority initiatives which have been identified as providing the greatest contribution to the outcomes of the strategy. This programme of work will enable the groups to set up under the Partnership Framework to better deliver the outcomes required.

Work has extended beyond the Government ICT Strategy to review the current measures that are in place to measure ICT performance. Future work will include the development of a GCIO functional leadership maturity model.

The **BPS Result 10** programme delivered an increase in uptake across integrated life events services, illustrating that we are making it easier for New Zealanders to transact with government online. Participating agencies are now aligning their work programmes to put the customer at the centre of design and delivery of digital services. Integrated life events include; 'Birth of a Child', 'Victim of Crime', 'Becoming a senior: turning 65" and 'Moving house: renting a home".

These GCIO and BPS Result 10 work programmes will remain a feature of Departmental actions over the medium term.

APPENDIX B: Our people

Table 1: Permanent staff by classification and job family, full and part time as at 30 June 2016:

PERMANENT STAFF BY JOB FAMILY/CLASSIFICATION	FULL TIME	PART TIME	TOTAL
Business Support	79	13	92
Corporate	130	9	139
Delivery	682	51	733
Information Management	278	58	336
Information Technology	223	9	232
London	8	0	8
Non-banded	36	3	39
Policy	79	5	84
Regulatory	114	5	119
Sydney	15	5	20
Total	1,644	158	1,802

Note: Numbers are based on headcount for Permanent staff only.

The Permanent FTE as at 30 June 2016 was 1752.67 (this excludes events based staff).

Table 2: Permanent staff by classification and job family, 2015/16:

PERMANENT STAFF BY JOB FAMILY/YEAR	2015/16
Business Support	92
Corporate	139
Delivery	733
Information Management	336
Information Technology	232
London	8
Non-banded ²⁵	39
Policy	84
Regulatory	119
Sydney	20
Total	1,802

²⁵ There is a small number of roles that have not been sized by the Department's Job Evaluation Committee due to their short term, temporary nature. These have been described as 'non-banded' roles.

Table 3: Permanent staff by location, 2015/16:

PERMANENT EMPLOYEES BY LOCATION	2015/16
Auckland	236
Canterbury	60
Gisborne	4
Hawke's Bay	3
Manawatu-Wanganui	5
Nelson	5
Northland	7
Otago	16
Taranaki	3
Waikato	25
Wellington	1,408
West Coast (previous years submitted as Southland)	2
London	8
Sydney	20
Total	1,802

Note: Numbers are based on headcount for Permanent staff only.

Table 4: Number of staff by location and gender 2015/16:

LOCATION	GENDER	2015/16
Wellington	Male	983
	Female	701
Regional	Male	268
	Female	136
	Gender data not provided	10
Total		2,098

Note: Numbers are based on headcount for Permanent, Fixed Term and Events Based staff only.

The Permanent, Fixed Term and Events Based FTEs as at 30 June 2016 was 2,028.38.

Table 5: Staff by location, job family, and gender as at 30 June 2016:

LOCATION	JOB FAMILY	FEMALE	MALE	UNKNOWN	TOTAL
Auckland	Corporate	0	1	0	1
	Delivery	107	49	1	157
	Policy	3	3	0	6
	Regulatory	7	20	0	27
	Information Management	32	10	0	42
	Business Support	7	0	0	7
	Information Technology	0	2	0	2
Auckland Total		156	85	1	242
Canterbury	Delivery	25	7	0	32
	Regulatory	2	6	0	8
	Information Management	11	2	0	13
	Business Support	3	0	0	3
	Information Technology	3	3	0	6
Canterbury Total		44	18	0	62
Gisborne	Delivery	2	1	0	3
	Business Support	1	0	0	1
Gisborne Total		3	1	0	4
Hawke's Bay	Delivery	1	1	0	2
	Business Support	1	0	0	1
Hawke's Bay Total		2	1	0	3
Manawatu-Wanganui	Delivery	2	3	0	5
Manawatu-Wanganui Total		2	3	0	5
Nelson	Delivery	3	0	0	3
	Information Management	0	1	0	1
	Non Banded	1	0	0	1
Nelson Total		4	1	0	5
Northland	Delivery	4	1	0	5
	Business Support	2	0	0	2
Northland Total		6	1	0	7
Otago	Delivery	2	3	0	5
	Information Management	5	2	0	7
	Business Support	3	0	0	3
	Non-Banded	0	1	0	1
Otago Total		10	6	0	16
Taranaki	Delivery	1	1	0	2
	Business Support	1	0	0	1
Taranaki Total		2	1	0	3

LOCATION	JOB FAMILY	FEMALE	MALE	UNKNOWN	TOTAL
Waikato	Delivery	12	5	0	17
	Regulatory	0	3	0	3
	Business Support	5	0	0	5
Waikato Total		17	8	0	25
Wellington	Corporate	107	84	2	193
	Delivery	359	215	1	575
	Policy	55	62	0	117
	Regulatory	35	51	0	86
	Information Management	197	100	2	299
	Business Support	99	9	1	109
	Information Technology	95	160	3	258
	Non Banded	36	20	0	56
Wellington Total		983	701	9	1693
West Coast	Delivery	2	0	0	2
West Coast Total		2	0	0	2
London	London	6	4	0	10
London Total		6	4	0	10
Sydney	Sydney	14	7	0	21
Sydney Total		14	7	0	21
Total		1,251	837	10	2,098

Note: Numbers are based on headcount for Permanent, Fixed Term and Events Based staff only.

The Permanent, Fixed Term and Events Based FTE as at 30 June 2016 was 2,028.38.

Table 6: Core unplanned turnover²⁶

FINANCIAL YEAR	2011/12	2012/13	2013/15	2014/15	2015/16
Turnover rate	14.6%	13.2%	14.9%	10.8%	14.1%

Note: Core unplanned turnover is defined as resignations, retirements, dismissals and death of permanent employees.

Table 7: Average leave entitlement for staff

FINANCIAL YEAR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Average leave entitlement (weeks)	4.23	4.22	4.26	4.24	4.20	4.21

Note: Numbers are based on 2,067 Headcount for staff entitled to Annual Leave (excluding London and Sydney Staff).

²⁶ Includes staff from the former Charities Commission from 1 July 2012 onwards, and excludes MCDEM from 1 April 2014.

APPENDIX C: Separate Reporting Requirements

Incidents of any cancelled passports

Passports Act 1992

Under the provisions of sections 4A and 8A of the Passports Act 1992 the Minister of Internal Affairs may refuse to issue a passport or cancel a passport on grounds of national security.

For the period 1 July 2014 to 30 June 2015 there have been five occasions where the Minister of Internal Affairs has taken this action.

Incidents of any search or surveillance warrants

Search and Surveillance Act 2012

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 2015/16 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.

Implementation Requirements for the New Zealand Business Number

New Zealand Business Number Act 2016

The Department is required to report on its progress to give effect to and have regard to requirements under the provisions of sections 10 to 12 of the New Zealand Business Number Act 2016.

As a Tier 2 agency, the Department is required to give effect to requirements 1, 7, 8, and 9 by December 2018; and to have regard to requirements 2 – 6 by 31 December 2020. Monitoring and reporting standards were established in August 2016 by the Registrar of New Zealand Business Numbers.

Since 25 May 2016, when requirements were set, the Department has initiated work to assess the impact on the Department and to develop a work programme to meet implementation requirements. The Department will report on this plan in the 2016/17 Annual Report.

APPENDIX D: Regulatory stewardship

Overview of regulatory stewardship for DIA

Regulation is one of the most important tools that governments use to protect people. Many things in our daily lives are controlled or influenced in some way by rules and regulations that we may not even be conscious of. The Department is one of the top five government regulators, with policy responsibility for more than 40 Acts (excluding more than 600 local Acts) and service delivery responsibility for more than 20 Acts.

In the Department of Internal Affairs regulation provides an essential context for much of the work that we do. We have roles in numerous regulatory regimes covering areas as diverse as anti-money laundering and countering financing of terrorism, gambling and racing, censorship and classification, fire and emergency services, charities, identity information and public records.

Over the past few years there has been a change in the way government thinks about regulation. We have started seeing regulation as an asset – in the same way as buildings, vehicle fleets and computer networks are assets. But like all assets, our regulatory regimes need to be well designed and regularly maintained, and parts that don't work need to be replaced. We need to ensure that we have the best asset we can afford, continuing to consider how they can be improved, and stay on the lookout for new developments.

This activity of managing regulatory assets is called *regulatory stewardship*, and it's something that government departments are required to do under the State Sector Act. Stewardship requires us to analyse our environment, understand where the future might take us, and assess whether our regulatory systems are equipped to cope with that future. It also leads us to work with other agencies and with the people affected by regulation, to ensure that regulatory requirements have the desired impact and don't have unwanted impacts. This is why the Department of Internal Affairs, along with a number of other government agencies, has introduced a work programme to incorporate stewardship into its regulatory activities.

Development of strategy

In the last year, we have continued to deliver on our obligations surrounding regulatory stewardship and developed a Regulatory Strategy to guide our work. In developing this strategy the Department is acting in accordance with its statutory duty under the State Sector Act to exercise stewardship over its regulatory regimes, reinforced by Cabinet's Regulatory Stewardship Expectations.

Our Regulatory Strategy is a 'first' in a number of ways. It will be the first annual publication of our regulatory management information as directed by Cabinet. It's the first time we have reported on the condition of all our regulatory regimes in one document, applying a common template to allow regimes to be compared. And it's the first time we have had a strategy setting out how we will manage regulation as a stewardship activity with a coherent underlying approach. It shows that we are taking the steps required to address any issues, and sets out our goal: 'future-focussed regulatory design and delivery practices that produce resilient, adaptable regulatory systems'.

Our Strategy has an *end-to-end systems view* which means that stewardship isn't confined to policy and legislation. It includes implementation, customer service delivery, compliance and enforcement, information management, support services, regulatory practice and capability, and organisational culture. It includes feedback loops and evaluation. Our future scanning will contribute to systems design, and enable flexibility to be built into regulatory settings to accommodate future challenges.

With every annual refresh, our Strategy will provide evidence that future-focussed regulatory design and delivery practices will produce resilient, adaptable regulatory systems, to support the Department's effective performance.