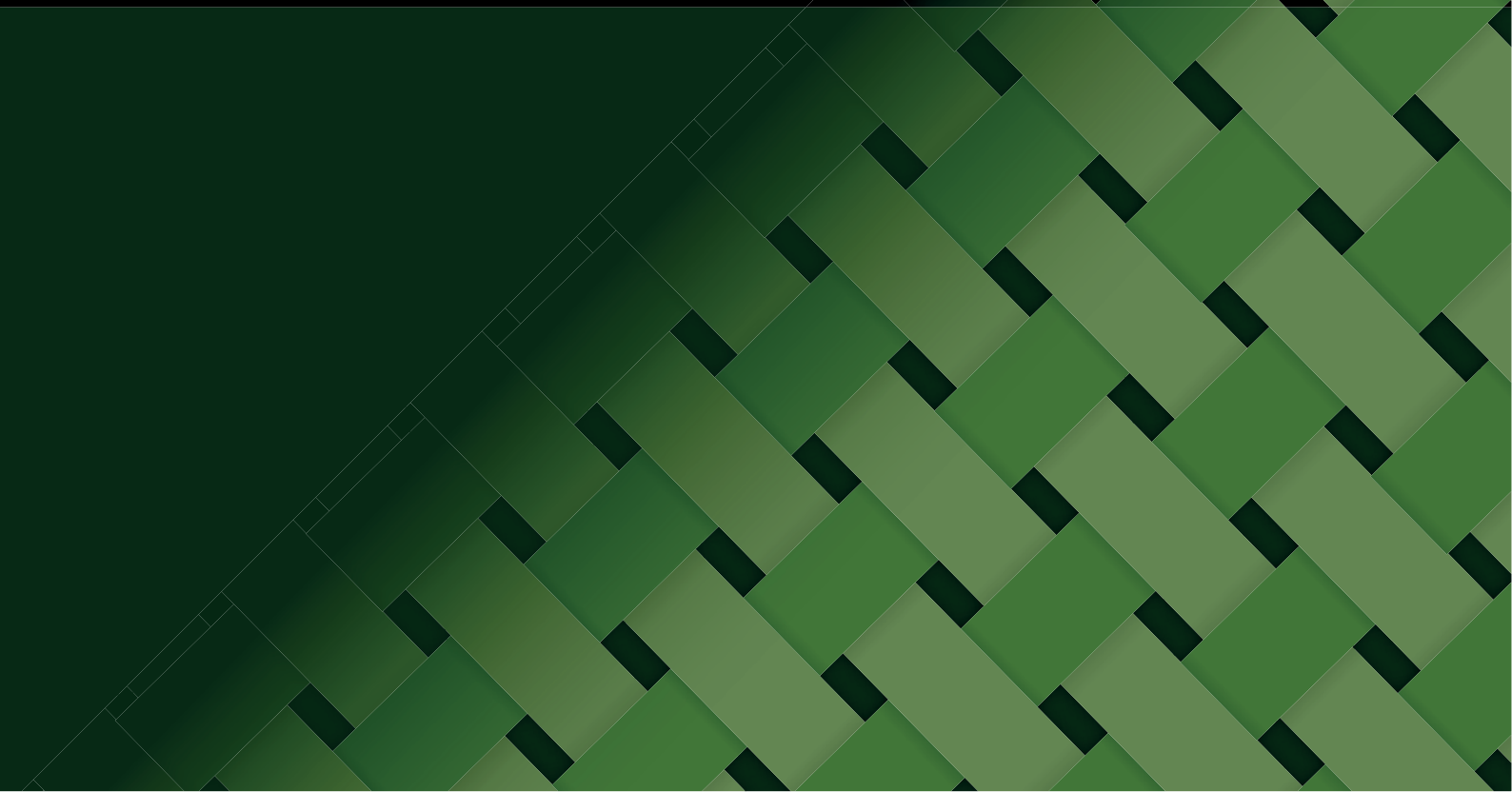




Te Tari Taiwhenua
Internal Affairs

2017–18 **Annual Report** Pūrongo Ā Tau



Our Purpose

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

Tō Tātou Whaingā

Ko tā te Tari Taiwhenua he whakarato me te hono i ngā iwi, ngā hapori me te kāwanatanga ki te hanga motu haumarū, tōnui, whai mana hoki.

Our principles and behaviours

We make it easy, we make it work

- Customer centred
- Make things even better

We're stronger together

- Work as a team
- Value each other

We take pride in what we do

- Make a positive difference
- Strive for excellence

Ka whaka māmāhia, ka whaka tinanahia

Kei roto i te kotahitanga tō tātou kaha

Ka mahi i runga i te ngākau whakahī



Te Tari Taiwhenua
Internal Affairs

Annual Report

Pūrongo Ā Tau

1 July 2017 – 30 June 2018

Presented to the House of Representatives
pursuant to Section 44 (1) of the Public Finance Act 1989

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Contents

PART ONE: Introduction	3
Chief Executive's Overview	4
Foreword	7
2017/18 Summary	8
Nature and Scope of Functions	9
PART TWO: How we are measuring up	11
Transforming service delivery	13
Stronger more resilient communities	19
Trusted information	26
PART THREE: How we used our resources	35
How we used our resources	36
Part FOUR: Financial and non-financial results	43
Statement of responsibility	44
Independent Auditor's Report	45
Financial Statements – Departmental	48
Financial Statements – Non-Departmental	97
Statements of Expenses and Capital Expenditure	126
Non-Financial Performance Statements	138
Appendices	177
Appendix A: Working with our partners	178
Appendix B: Our people	180
Appendix C: Separate reporting requirements	185
Appendix D: Asset Performance Indicators	186



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Part 1: Introduction





Chief Executive's Overview

E ngā mana, e ngā reo, e ngā rau rangatira mā, tēnā koutou katoa

I am pleased to present the Department of Internal Affairs' Annual Report 2017/2018.

The Department of Internal Affairs is one of the most diverse government agencies, with a broad range of responsibilities and functions.

This Annual Report sets out in detail what we have done over the 2017/18 year, and the progress we are making in our key areas. Over the past year, there have been significant successes and achievements within the Department's Ministerial portfolios.

We are progressing in the transformation of service delivery across government

We are leading the drive of digital government transformation through the Government Chief Digital Officer (GCDO). We have worked collaboratively across Government to improve digital inclusion, to develop a national digital strategy, and to ensure New Zealanders' rights in the digital age.

New Zealanders are now finding it much easier to access and use identity and 'life event' online services. Over 68% of all applications of adult passport renewals were made via the online passports service, and over 86% of customers said they found it easy to use and access services. More than 227,000 new and expectant parents have accessed vital information and services online using *SmartStart*, a new service centred around the birth of a child. In late 2017 we introduced *Te Hokinga ā Wairua* End of Life Service, which supports families through the legal and practical matters that need to be taken care of following the death of a loved one. Both services were identified through external consultation as priorities for development.

RealMe now uses biometric technology to verify a person's identity against their New Zealand passport. 157,273 new *RealMe* verified identities have been issued, with more than 97% of applications being processed within three days. The *RealMe* identity verification service was awarded the Privacy Trust Mark by the Office of the Privacy Commissioner in 2018.



We are supporting communities to build resilience

The Department works to support our communities to be stronger and more resilient, and our involvement is far-reaching. We helped to allocate over \$600 million in grant funding to communities, allowing them to lead their own development.

Through our focus on the integrity of the grants process, we continued to encourage the distribution of grants to a more diverse range of recipients, and influenced operators to increase their returns to the community.

The Department funded a critical lifeline structure for the Chatham Islands community which opened in March 2018. Paving the way to improved economic and social outcomes, the \$55.7m upgraded Waitangi Wharf was a collaborative partnership between the New Zealand Transport Agency, Memorial Park Alliance, and the local community.

We also supported communities and minimised harm, through a focus on problem gambling. A “Culture of Care” was implemented in collaboration with Ministry of Health and the Health Promotion Agency in pubs and clubs that have gambling machines. This initiative supports the detection and monitoring of gamblers showing signs of potential problem gambling.

Reforms to the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act in August 2017 meant that we are now also overseeing the activities of solicitors and real estate agents as part of a broadened mandate to prevent criminal activity. We held over 540 education-focused sessions to talk with people about the new requirements, and successfully undertook the first prosecution under the Act during this year.

The establishment of the *Central/Local Government Partnerships* function within the Department is driving a strengthened relationship between central and local government. The function is leading critical system-wide change including the Three Waters Review, local government funding, and exploring local government’s role in an effective Crown-Māori relationship.

We are a trusted and transparent source of information

Making the information we hold accessible is critical. The National Library has agreements in place with 38 councils to provide affordable and efficient management of physical and electronic collections with leading edge services for local library users. In 2018 these libraries served 1.28 million New Zealanders and circulated over 14.3 million items (library books, CDs, DVDs, magazines and music scores).

Nearly 314,000 print resources and digital content items were provided to schools to support literacy and learning across the country through our services to schools programme. The National Library works alongside the Ministry of Education and the Ministry for Culture and Heritage to find out more about how students and teachers discover, access, use, create and share these resources.

We have continued to tackle the challenge of the long-term preservation of, and access to, digital information of national significance. This includes investment in the digitisation of the unique documentary heritage held by Archives New Zealand and the National Library.

Archives New Zealand successfully took in its first large-scale transfer of digital archives from the Education Review Office in 2018. The National Library signed agreements with Fairfax Media, NZ Legal Information Institute (court decisions) and SOUNZ Centre for NZ music (music scores) for automatic ingestion of their published content to the National Digital Heritage Archive, so that it can be preserved.



We are a fit for purpose and agile agency

We are retaining a focus on ensuring that the Department is a robust, sustainable and fit-for-purpose agency in order to deliver services for the public now and into the future.

We adopted the New Zealand Government Coat of Arms as our 'visual identity', adhering to the State Services Commission (SSC) guidelines. As part of this, we applied bilingual practices throughout the Department. This is in line with both Te Puni Kōkiri (TPK) best practice, and our commitment to Te Aka Taiwhenua, our Māori Strategic Framework. We are proud to be one of the first public sector agencies to implement our new logo with both the SSC and TPK guidelines.

We became one of the lead agencies in the Māori Language Strategy Chief Executive Forum to revitalise the use of *Te Reo Māori* across government. We ran a successful Māori Staff hui with about 70 staff at Takapuwahia Marae. The hui had three main areas of focus: revitalising the Māori networks, our Māori leadership programme *Te Kurutao*, and the Department's Māori strategic framework *Te Aka Taiwhenua*.

We have continued our work to address the gender pay gap. This has included increasing the midpoints for some job levels that have predominantly female staff, and providing senior leaders with unconscious bias training.

In the 2017/18 year, we carried out our largest ever capital investment programme of \$87 million, which included the completed Christchurch Archives building, our new Wellington workplace at 45 Pipitea Street, and we rolled out new technology for staff. This investment futureproofs the Department for years to come and provides our people with the tools and resources necessary to work and serve New Zealanders more efficiently.

Our 'new ways of working' programme informed the fit-out in our new Pipitea Street site providing updated facilities that encourage collaborative working.

Looking ahead to the future

This is my last Annual Report as Chief Executive. As I look back on my time at the Department of Internal Affairs, I am proud of the achievements we have made, and of our reputation as an efficient, effective and influential contributor to State services. While the Department is well-placed for the future, it will be important to continue to strive. I am confident that the incoming Chief Executive, Paul James, will build on the strengths of the Department and continue our journey to be a high-performing organisation and a great place to work.

Kua tawhiti kē to haerenga mai, kia kore e haere tonu. He nui rawa o mahi, kia kore e mahi tonu.

You have come too far not to go further, you have done too much not to do more.

– Sir James Henare

It has been a privilege to serve as Chief Executive since April 2012. I am humbled by the dedication, professionalism and customer focus that our people demonstrate every day. They are the real heroes – the people of the Department of Internal Affairs who turn up every day in the spirit of service to make a difference to the lives of New Zealanders.

*He aha te mea nui o te ao
He tāngata, he tāngata, he tāngata*

What is the most important thing in the world?
It is the people, it is the people, it is the people.

Colin MacDonald
Chief Executive



Foreword

This document outlines what we achieved in the year against our outcomes and priorities we set out in the 2017/18–2020/21 Statement of Intent.

It assesses our performance across the short and medium term – those activities we carried out in 2017/18 to make a positive difference to our outcomes, and how we performed against the measures set for each outcome and impact.

The outcomes framework below provides the basis for reporting and assessment for 2017/18. Given the breadth of our functions and our diversity, the framework incorporated four Focus Areas for driving targeted effort

and management in the Department. These areas are discussed more fully throughout this Report.

Our strategic direction is transitioning. Throughout the year the Department has continued to review its performance framework and refine outcomes and measures to improve the relevance and integrity of information provided. Activities have stopped, changed, or been implemented in some areas in response to the changing environment and changes in strategic priorities. The Department will be taking this work forward over the next year.

Changes to our strategic direction, outcomes and measures will be reflected in our next Statement of Intent. Progress against these changes will be reported in the 2018/19 Annual Report.

Aspects	DEPARTMENTAL OUTCOME FRAMEWORK									
Vision	CONNECTED CITIZENS, COMMUNITIES AND GOVERNMENT									
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 belonging			TRUSTED INFORMATION Measure area: Number of data sets Trust and confidence				
Supporting outcomes	Contributing to people having access to public services which are designed around them, when they need them	Contributing to the creation of new social, economic and cultural value from New Zealand's information and knowledge	Connected, informed and resourced communities	Reducing community harm	Strong and transparent community governance and institutions	NZers access and use digital information for a range of purposes	NZers experience better services and have a hand in shaping them	NZers have increased trust and confidence in the public service	Data and information is used effectively to inform policy and design services	
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 Te Aka Taiwhenua, Te Ara Vaka Measure areas: Staff engagement and Fiscal sustainability									
Resources applied	Financial Statements					Statements of Service Performance				



2017/18 Summary

167,736

Items added to the National Library collections

5,712,378

total pages in Papers Past

110,205

linear metres of physical archives held in storage

\$1.68 billion

value of the Taonga we hold and preserve

\$688 million

DIA's total appropriated expenditure for 2017/18

\$510m departmental incl. \$87m capital
\$178m non-departmental incl. \$54m capital

\$370 million

In grants to community organisations

17

VOTE PORTFOLIOS

103

Acts and Regulations DIA is responsible for

40,303

Visitors to He Tohu in its first 12 months to 30 June 2018

Office locations



12

Commemorative and special events

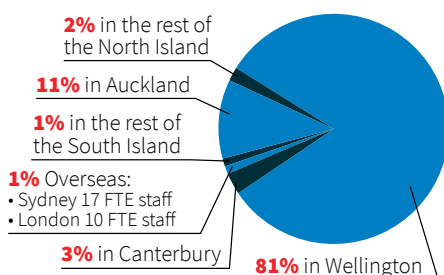
43

Guests of Government visits to New Zealand facilitated

724,984

Passports issued in 2017/18

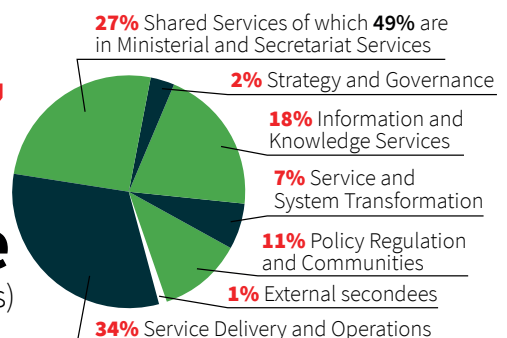
Our permanent staff work in **18 public offices and other facilities** in New Zealand and overseas



2,187

DIA People
(not including contractors)

Where DIA people work





Nature and Scope of Functions

Our Ministerial Portfolios

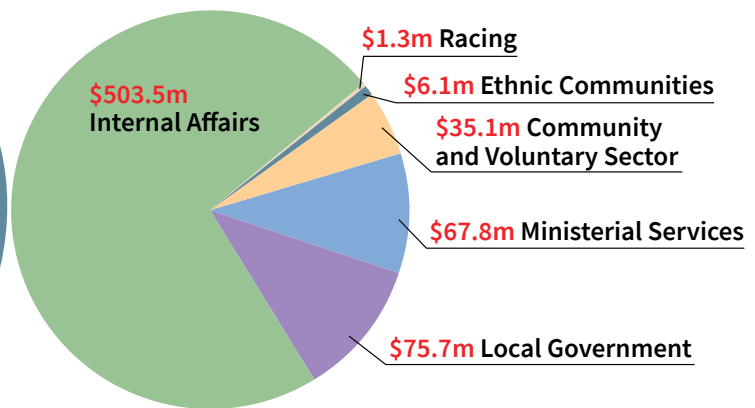
The Department is responsible for managing seven Ministerial Portfolios, within a single Vote: Internal Affairs. We are responsible to seven Ministers; the Minister of Internal Affairs is the Vote Minister and the Responsible Minister overseeing the Government's ownership interests in the Department.

Portfolios and Responsible Ministers were:

Internal Affairs	Hon Tracey Martin
Racing	Rt. Hon Winston Peters
Ministerial Services	Hon Chris Hipkins
Local Government	Hon Nanaia Mahuta
Ethnic Communities	Hon Jenny Salesa
Government Digital Services	Hon Clare Curran
Community and Voluntary Sector	Hon Peeni Henari

The Portfolio responsibilities include:

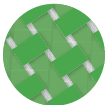
- + **Internal Affairs** – providing services and support to people, communities and government. This includes national identity related services, supporting digital government, Archives New Zealand and the National Library of New Zealand, and gambling regulation.
- + **Racing** – supporting communities from the proceeds of betting which are made possible through our funding of the racing and sports sectors.
- + **Ministerial Services** – providing support services to the Executive so members can perform their duties effectively and transparently.
- + **Local Government** – assisting with the administration of local government legislation and supporting the stewardship of the local government system.
- + **Ethnic Communities** – enabling ethnic communities to develop and maintain a positive sense of belonging to New Zealand.
- + **Government Digital Services** – facilitating the use of digital services and data to fundamentally transform and achieve a more responsive, efficient and participatory government. This new portfolio was established with the change of administration.
- + **Community and Voluntary Sector** – administering grants funding and charities regulation, advising communities, supporting initiatives to grow the sector, and leading whole-of-government issues impacting on community organisations.







Part 2: How we are measuring up



Making communities better for New Zealand

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

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

Ko tātou ngā 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.

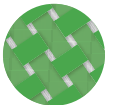
Our vision is to support a strong sense of identity and pride in community and nation; better access to the services of government; and strong and resilient communities that gain strength from their diversity. The Department works with people every day to make Aotearoa/New Zealand somewhere that we all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

Every New Zealander can show their connection to Aotearoa/New Zealand through national identity documents, such as passports and citizenship. We also record the marriages, births, and deaths of our people. We also preserve, and make accessible, heritage and

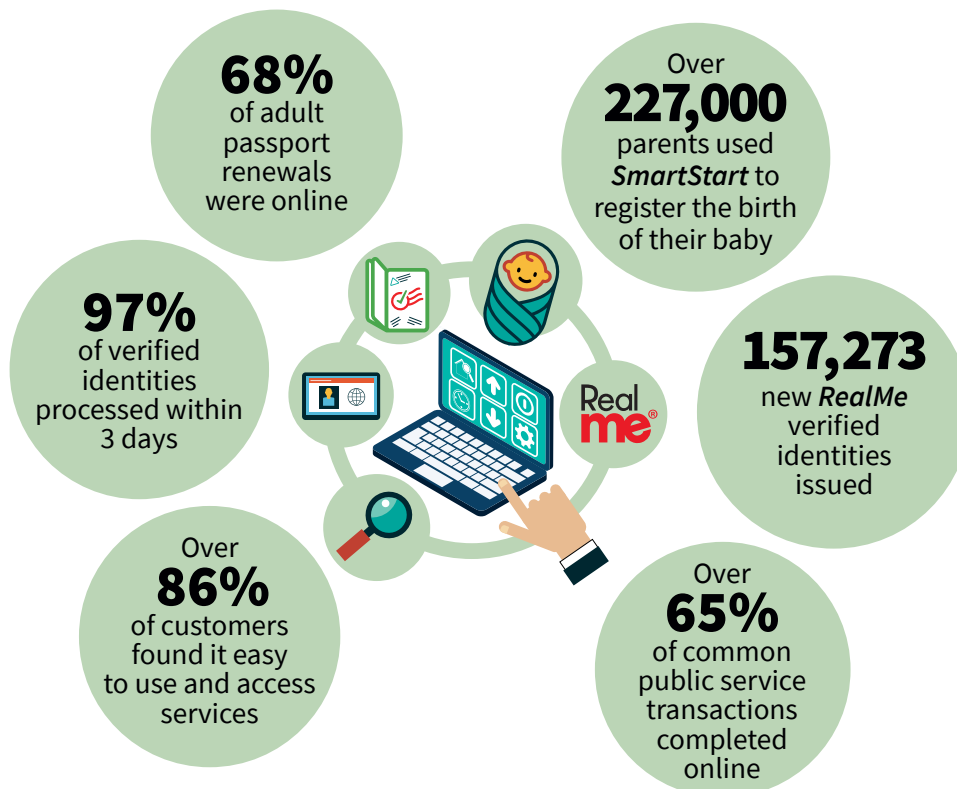
Government items so that there is a record of what has been. This helps us to keep our unique history alive to ensure that we pass our culture, traditions and way of living to future generations. It also allows us to celebrate what we have achieved, and to honour those now departed.

We want our services to work, and ensure that people can use them – 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 Aotearoa/New Zealand.



Transforming service delivery



We are responding to a changing world

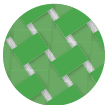
We wanted to create a digital environment to enable better access to public services, which are designed around the people, contributing to the creation of new social, economic and cultural value.

Changes in our environment have highlighted the need for the Department to respond effectively to the increasingly complex problems facing us and to succeed in meeting Government priorities and outcomes. People want to participate more in Government decisions about issues and policies that affect them and their families. They also want to be reassured that their personal data is secure, their privacy is protected and Government is supporting them as their way of living, working and socialising changes.

In recognition of the changing environment, a new Ministerial Portfolio of Government Digital Services (GDS) was established. The GDS vision for New Zealand is “all New Zealanders are thriving in a digital world”.

We are supporting the Portfolio priorities that include: improving digital inclusion, developing a national digital strategy, and ensuring New Zealanders’ rights in the digital age. This has also included working with the Ministry for Business, Innovation and Employment to establish and support the Digital Economy and Digital Inclusion Ministerial Advisory Group and the role of Chief Technology Officer.

Efforts over past years have been focussed largely on improving IT systems and processes so that they better support more agile and better integrated delivery of government services. New technologies are now offering vast opportunities to do things differently and maximise benefits for all. Through accelerating digital government transformation, we are continuing to provide new and improved ways to respond to a changing world, which supports a strengthened democracy, inclusive growth, and drives better outcomes for all New Zealanders.



We are leading the digital government transformation

To address the digital changes and **increasing demand** for sector leadership, the State Services Commissioner re-focused the role of Government Chief Information Officer (GCIO) to the Government Chief Digital Officer (GCDO) to drive digital government transformation. The GCDO works collaboratively across government. One important mechanism for collaboration is the Digital Government Partnership (previously known as the Partnership Framework), which involves over 60 senior executives across government, including a leadership group of 10 chief executives. This year, for the first time, we assessed our All-of-Government effectiveness using a maturity framework (refer to output 3.44) and exceeded the standard.

It will be **easier, quicker, more secure, and more cost-effective** for government agencies to access a full range of digital capabilities through an online Marketplace. The Marketplace simplifies how the government buys ICT products and services, and this significant development will be operational for Government use by September 2018. Digital.govt.nz was launched as a source of digital government information.

We have helped make it easier for New Zealanders **to interact** with Government. Through the Service Innovation Lab government agencies, non-government organisations and the private sector have been working collaboratively to design integrated people-centric public services. In the last year, we have made progress towards transforming government digital services, enabling more than 65% of specific transactions with Government to be completed in a digital environment (refer to the graph on page 18).

The Government Online Engagement Service (GOES) is making it **easy for people to provide feedback** into policy discussions and the design of Government services. We remain focused on making our services easy to use and understand.

We released the first All-of-Government Digital Services Standard. The purpose of the standard is to provide the design thinking for anyone who designs or provides Government services. This supports **trusted, easily accessible, integrated and inclusive** transactions with Government to be completed in a digital environment.

The Govt.nz website won the best plain English website at the Plain English awards in September 2017.

We are also **international leaders**. New Zealand's digital approach is **recognised as among the best in the world**. The Digital Planet 2017 Report¹ on competitiveness and trust in digital economies highlighted New Zealand as one of three countries with a unique digital strategy to be considered by other nations as worthy of emulation or adoption. It describes New Zealand as “a stand-out country”, “standing out among other stand-outs”, “highly digitally advanced”, and “a leader in driving innovation”.

We make it easy to access and use digital services

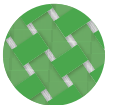
Customers are finding it **easier to access services** when and how they want. Over 86% of customers of life event services say that they found them easy to access and to use (refer to output 3.02). Over 77%² of New Zealanders now access and use digital services to manage their own information and access services (The World Internet Project May 2018, refer to the table on page 16).

More **customer-centric services** are being delivered online in a more joined-up, consistent and effective way. For example:

- + More parents are using *SmartStart* to register the birth of their child and obtain an IRD number (95% compared to 80% in 2016/17). More than 13,000 parents have chosen to share their child's birth record with the Ministry of Social Development (MSD) in order for their benefit to be updated.
- + Over two thirds (68%) of all applications for adult passport renewals are now made online (refer to output 3.06).

1 https://sites.tufts.edu/digitalplanet/files/2017/05/Digital_Planet_2017_FINAL.pdf

2 An increase from 65% for the 2016/17 year.



"I am loving the scanning or taking a photo of the completed form and getting confirmation when you have sent it off. Before it was an unknown if they ever received it by post."

(Marriage Celebrant)

+ Couples can now **register their intention to marry online**. The *Modernising Marriages* service enables couples to register their intention to marry online (in collaboration with the Ministry of Justice, local authorities and with support from the Celebrants Association of New Zealand). Since launching in late 2017, approximately 70% of couples intending to marry are using the online service.

- + **People can now join Kiwibank without presenting their ID** in person at a local branch. *RealMe Now* is a joint project between the Department, Kiwibank and New Zealand Post, using innovative technology, making joining Kiwibank a completely digital process.
- + People are guided through the legal and practical matters that need to be taken care of following the death of a loved one. *Te Hokinga ā Wairua* End of Life Service enables people to create and share a personalised plan for end of life wishes, and enables health professionals to record the death of a patient digitally (refer to the case study below).

Case Study: *Te Hokinga ā Wairua* – End of Life Service

For many people, talking about death with family, whanau and friends isn't something that is done early. Things can be greatly eased for loved ones when they understand more about what happens following a death, and what someone's wishes are following their death.

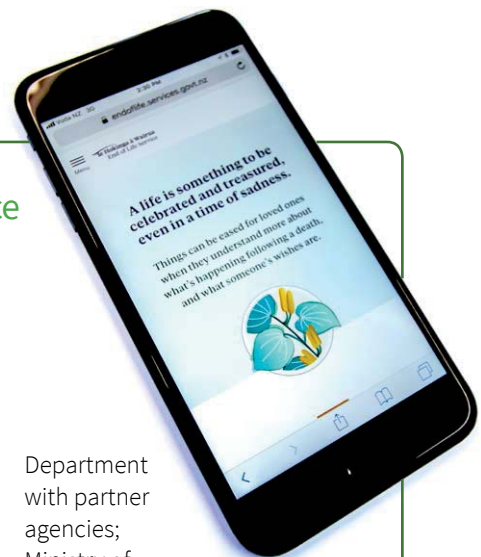
Te Hokinga ā Wairua End of Life Service is a new application that gives users access to the information and tools they need to create and share a personalised plan of their end of life preferences and provides guidance for those experiencing the loss of a loved one.

People experiencing life events, including the bereavement of someone close, often need to interact with several Government agencies. The more they need to interact, the more they can be frustrated by agency silos – the difficulty of getting clear

information about entitlements, having to provide the same information multiple times, or the need to get evidence from one agency to provide to another agency to prove their eligibility for a service.

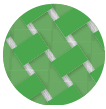
This free, online service provides guidance for those experiencing the loss of a loved one, with a clear and concise timeline of what to do in the days, weeks, and months following a death. Practical advice such as finding a funeral director, guidance on funeral and memorial service options, financial assistance, and details about wills and administering an estate, is all consolidated in one, easily navigated place. This helps to ease the burden of decision making for next-of-kin and helps executors following the death.

Te Hokinga ā Wairua is a cross-agency initiative led by the



Department with partner agencies; Ministry of Health, Ministry of Social Development and Inland Revenue, with support drawn from partner agencies, non-government organisations and other organisations such as the Funeral Directors Association of NZ, NZ Law Society and the Mary Potter Hospice. *Te Hokinga ā Wairua* End of Life Service supports digital government transformation through cross-agency and collaborative processes.

In the first year of the service being available, there have been more than 31,000 visits to the site.



We have made a difference

Short to medium term results

Customers have **found it easier** over time to interact with the Department and other Government agencies; and people have access to more integrated services, in the way that they want. We have seen positive changes in year-on-year trends of our immediate goals of: integrated citizen-centric services and radically transformed public services to improve results for New Zealanders and Government. While the results around satisfaction with the internet as a channel for Government services has fluctuated over the years, people’s overall satisfaction with the online transactions with Government has increased.

Public sector agencies also saved through avoided, or reduced, costs by **greater use of common capabilities**. Ongoing sustainable savings per annum in excess of \$100 million can be reprioritised towards activity that improves results for New Zealanders.

Integrated citizen-centric services

Since 2009 there has been a substantial increase in the proportion of people **accessing online government services**; this trend has 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 ³					Desired change	Trend on track?
IMPROVING THE ACCESSIBILITY OF ONLINE GOVERNMENT SERVICES								
People who have used the internet to get information on government or council services	World Internet Project ⁴	2011: 57%	2013: 59%	2015: 57%	2016: n/a	2017: 77.3%	Increase	✓
People who have used the internet to use government or council services that are delivered online ⁵		2011: 48%	2013: 59%	2015: 52%	2016: n/a	2017: 64.6%	Increase	✓
INCREASING SATISFACTION WITH GOVERNMENT ONLINE SERVICES								
People’s satisfaction with the internet as the most recent contact channel with government ⁶	Kiwis Count survey (State Services Commission)	2012: 81%	2014: 82%	2015: 77%	2016: 86%	2017: 73%	Increase	✗
People’s satisfaction with carrying out transactions with government online ⁷		2012: 68%	2014: 77%	2015: 81%	2016: 78%	2017: 84%	Increase	✓

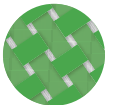
3 Trend information in this table, and in all medium-term tables following, is assessed over differing periods. In places, this will vary in relation to available information (for example in places, 2010/11 is the starting point for reported information while in others it is 2012/13).

4 The World Internet Project New Zealand Report 2017 was published on 24 May 2018.

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

6 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.

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



Digital environment

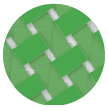
Over recent years we have been developing a digital environment capable of supporting radically transformed Public Services. This has seen a large increase in the number of services available through Government digital channels. From the Department, these include *SmartStart*, passport applications, *RealMe*, *Modernising Marriages*, and *Te Hokinga ā Wairua* End of Life Service.

RealMe has seen an increase in service availability as a result of our All-of-Government work. This year, *RealMe Now* enables fully online identity verification for a number of services to New Zealanders.

We have also continued to increase the numbers of public libraries able to deliver digital and physical services to their communities.

Measure	Source	Trend information ³					Desired change	Trend on track?
		2013/14	2014/15	2015/16	2016/17	2017/18		
INCREASING ACCESS TO INFORMATION THROUGH UPTAKE OF COMMON CAPABILITIES								
Percentage increase in services available through <i>RealMe</i> each year (2013/14 baseline year) ⁸	Department of Internal Affairs	30%	24%	23%	24%	30%	Increase	—
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	19	28	34	34	36	Increase	✓

⁸ 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.



Progress in longer term results

In 2017/18, an increasing number of New Zealanders' most common transactions with Government were completed in a digital environment.

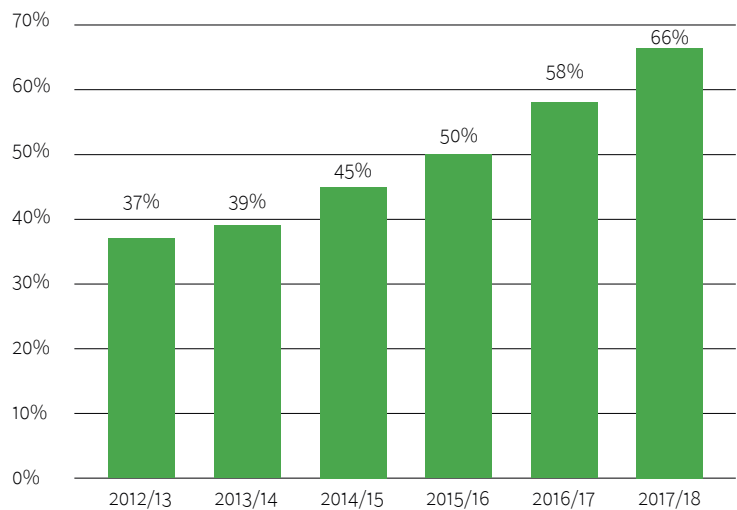
Performance information is provided below:

Measure

70% of New Zealanders' most common transactions with Government are completed in a digital environment by 2017/18

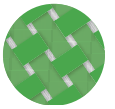
(Source: Department of Internal Affairs)

Performance

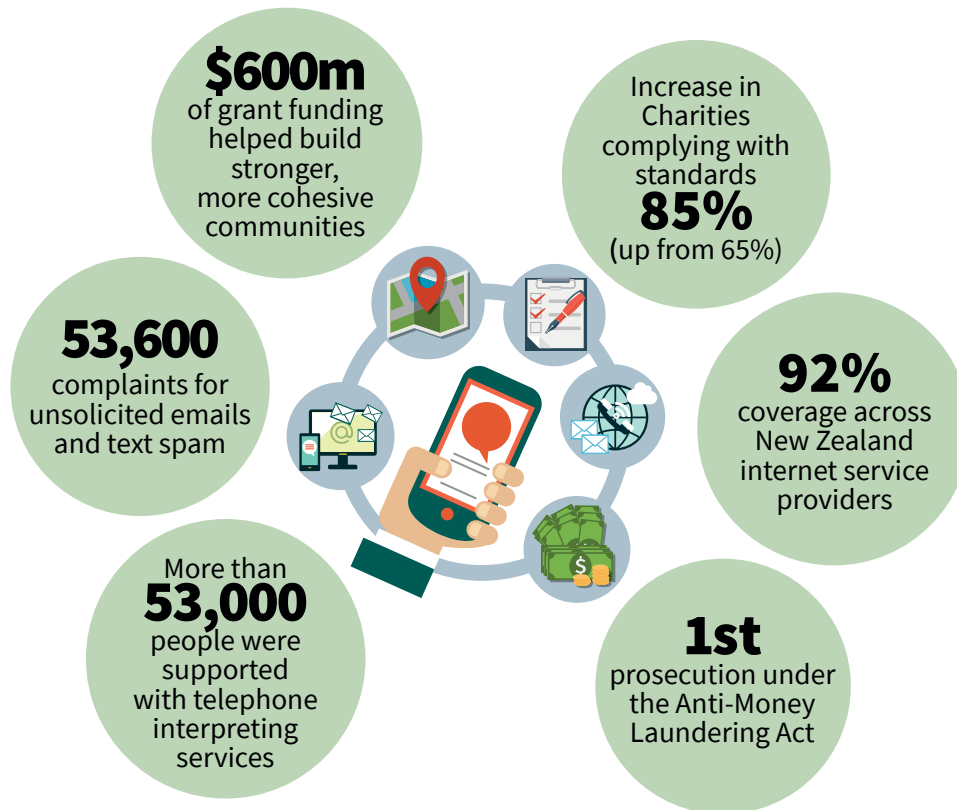


65.7% of New Zealanders' specific transactions with Government were completed in a digital environment. While this standard was not achieved, digital uptake has increased significantly from 37% in 2012/13. We continue to work with our agency partners to ensure focus is maintained on driving digital uptake.

As at 30 June 2017, we delivered in excess of \$100 million sustainable savings per annum through the provision of common capabilities that enabled agencies across government to improve business efficiencies, with cumulative savings in excess of \$230 million. This level of per annum savings continued through to 30 June 2018.



Stronger more resilient communities



We are responding to a changing world

Our strategic direction is being refreshed. Changes in our environment have highlighted the need to continue to respond to the diverse needs of communities and expand our involvement with them. Communities continue to benefit from the advice and support provided by the Department to ensure they become stronger and more resilient.

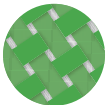
The Department will be taking the refresh of its strategic direction forward over the next year. Changes to our strategic direction, outcomes and measures in this area will be reflected in the 2019/20 to 2022/2023 Statement of Intent.

We have helped connect, inform and resource communities

Communities are becoming stronger through the partnership models of the Community-led Development Programme (CLDP) with support including: improving

governance and project management; supporting different ways of thinking; sharing new insights and community information; reporting progress; identifying potential stakeholders, and guiding strategic direction. (refer to outputs 3.31 and 3.32).

Communities and local initiatives have **benefited from receiving targeted support** and grant funding, as well as advice, connections and capability building we provided. More than \$600 million of grant funding has been distributed to support communities and the wider community and voluntary sector. The sector is challenging us to reduce the administrative burden of grant funding. One example where we have done this is *Oranga Marae*, which is an initiative to support the physical and cultural revitalisation of marae for future generations. The joint initiative with Te Puni Kōkiri has made it easier for hāpu and whānau to access both Lottery (administered by the Department) and Crown funds (administered by Te Puni Kōkiri) through a single grant application. Crown grant funding such as the Community Organisation Grants Scheme (COGS)



continued to benefit communities (refer to output 3.33 for examples).

Eleven communities across the country have partnered with the Department in the CLDP for **advice and support to realise their aspirations**. The Department

supported communities and hāpu to work together, to build on strengths, to develop leadership and action plans, and to connect with people who can provide resources, tools and expertise.

We supported the leadership groups in these communities by bringing them together in a CLDP

Partners' Hui to share experiences and resources, learn from each other and build connections. An example of a local CLDP partnership is in Karamea which received funding for the upgrade of Oparara Arch track and carpark, and a skills development workshop for the leadership group.

“Community Led Development is an organic process, one where ideas are nurtured and people are empowered to enact positive change in their places.”
(Community Member)

Communities have improved confidence that registered charities are reporting consistently and transparently on where their funds have come from, and what the funds are being spent on. There has been a significant increase in the number of charities complying with the new reporting standards (85%), an increase from 65% in 2016/17.

We continued our **support to strengthen ethnic communities**. New Zealand is one of the most ethnically diverse countries in the OECD, with over 213 ethnic groups that call New Zealand home. More than 53,600 people have been supported through our provision of telephone interpreting services via Language Line (refer to outputs 3.38 and 3.39). The languages most in demand were Mandarin, Samoan, Korean and Cantonese. The demand for the online training to build intercultural capability exceeded expectations with more than 940 people accessing these (compared to the 300–400 standard) (refer to output 3.35).

Long-term interventions to **improve safety and sustainability** in our communities was the theme of the Safer Ethnic Communities Ministerial Forum in May 2018. In partnership with the New Zealand Police and the Ministry of Justice, the Ministerial Forum provided an opportunity to improve safety in our communities by identifying and addressing the issues and challenges faced by those communities. These issues included

social inclusion, small business crime prevention and family violence and harm. Over 80 ethnic community representatives attended.

A critical lifeline structure for the Chatham Islands community opened in March 2018 paving the way to **improved economic and social outcomes**. The \$55.7 million upgraded Waitangi Wharf was a collaborative partnership between the New Zealand Transport Agency (NZTA), Memorial Park Alliance (MPA) and the local community (refer to output 2.04).

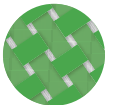
We have helped minimise and reduce harm

We **supported communities and minimised harm**, through a focus on reducing problem gambling. A “Culture of Care” was implemented in collaboration with the Ministry of Health and the Health Promotion Agency in pubs and clubs that have gambling machines to enhance the detection and monitoring of gamblers showing signs of potential problem gambling.

We significantly reduced the percentage of societies operating in public bars and clubs that failed venue inspections (29% compared to 48% for the previous year) (refer to the table on page 24). We processed over 5,000 gambling licences and continued to monitor performance against the Gambling Act 2003 in collaboration with key agencies (refer to outputs 3.94 and 3.95). This included ensuring good practice in the distribution of community funding.

We helped **minimise and reduce harm** by strengthening our regulatory practice. Our education and prevention strategy *Haumarū Tuihono* seeks to: educate parents and caregivers to safeguard their children online; prevent children and young people becoming victims; and reduce onset offending utilising a nudge approach working with therapeutic service providers, the Ministry of Social Development and NetSafe.

We continued our tough stance to combat the trade in child sexual abuse images by making it **more difficult for people** to access the material. We maintained 92% coverage of Internet Service Providers’ (ISP) customers that are covered by the filters across New Zealand ISPs (refer to the table on page 24).



We made it easier for New Zealanders to complain about spam. We received more than 53,600 complaints for unsolicited emails and text spam (nearly doubling the number from the previous year) and triaged 98% of all nuisance spam within the required timeframes (refer to outputs 3.99 and 3.100).

People and businesses are now more **aware of the risks and can protect themselves** from money laundering. Reforms to the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act 2009 in August 2017 extended the legislation to cover other businesses and

professions that are at a high risk of being misused by criminals. The Department has engaged with each new sector and their professional bodies to develop fit-for-purpose guidance and delivered a series of roadshows to educate these businesses about their AML/CFT obligations (refer to output 3.107). We also completed over 540 education focused proactive engagements to help those we currently regulate understand what they need to do (refer to outputs 3.104, 3.105 and 3.106). (refer to the case study below).

Case Study: Anti-Money Laundering and Countering the Financing of Terrorism

Globally, money laundering and financing terrorism is big business for criminals with an estimated \$1.35 billion from fraud and illegal drugs laundered through legitimate businesses in New Zealand every year. AML/CFT measures help us stop crime and keep New Zealand's reputation as a safe and corruption free place to do business.

The Department is one of the three supervisors under the AML/CFT Act alongside the Reserve Bank and the Financial Markets Authority. As a supervising agency, we focus on ensuring that entities captured by the Act understand and meet their obligations under the Act. The Department's approach is to use the full range of regulatory tools, from education to enforcement. We primarily work with entities

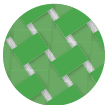
to support them to comply with the Act but take firm action against those entities that are wilfully non-compliant.

New Zealand's first successful prosecution (a precedent setting case) under the AML/CFT Act occurred in late 2017. Ping An Finance (Group) New Zealand Company Ltd (Ping An) and its Director Xiaolan Xiao (a money remitter and foreign currency exchange business), were proved non-compliant, and found to have wilfully ignored the Act. The business was fined \$5.3 million, and both the business and its director were banned from carrying out financial activities that would



bring them under the AML/CFT Act in the future.

Reforms to the AML/CFT Act in August 2017 now mean that other businesses and professions that are a high risk of being misused by criminals will be required to take AML/CFT measures over the next two years. We received an IPANZ Public Sector Excellence Award in 2018 along with other partner agencies for Excellence in Regulatory Systems for our AML/CFT work.



We have supported stronger and more transparent governance through our work to support Local Government, Ministers and the Executive

We continued to **provide assistance** to councils. The Central/Local Government Partnership was established as a system leadership role to promote stronger connection between the two parts of government and ensure greater alignment on key issues such as Three Waters, infrastructure funding and financing; funding of local government; digital local government; housing and urban development; and community resilience. Working in this way will achieve improved outcomes for citizens and communities.

Throughout the year, the Department supported the Local Government Commission's work to engage with and support local authorities and the communities they serve to ensure they **achieve a governance structure that is fit for purpose and reflects the needs of each community**. Matters considered included: a final proposal for a combined Wairarapa District; a reorganisation in Auckland; a draft reorganisation proposal for a combined Resource Management Act district plan for the West Coast; recommendations under section 31 of the Local Government Act regarding regional cooperation in Northland; and Wellington Region and Auckland Council on improving local democracy and delivery of services.

During the year we supported three bills and developed a fourth bill that will **strengthen local governance for community wellbeing**, expand electoral participation mechanisms and improve the efficiency and effectiveness of the local government regulatory system.

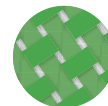
We continued to develop regulations to **support the implementation** of the new requirements under the Fire and Emergency New Zealand Act, following on from the amalgamation of the urban and rural fire services into Fire and Emergency New Zealand (FENZ) (refer to outputs 2.05 and 2.06).

We have **enhanced trust in Government and improved transparency** through our secretariat support for the operation of the following statutory Inquiries: the Government Inquiry into Havelock North Drinking Water; the Government Inquiry into Mental Health and Addiction; the Royal Commission of Inquiry into Historical Abuse in State Care; and the Government Inquiry into Operation Burnham (refer to outputs 3.121, 3.122 and 3.123).

We supported the **transition to the new Government** as a result of the General Election in 2017. This included supporting both the exit of staff and Ministers from the previous administration, and new staff in Ministers' offices, including running induction programmes.

We continued to play a part in **maintaining and developing New Zealand's international profile** through coordination of international visits and events for Ministers and other members of the Executive. We facilitated more than 30 visits from guests of government including Prime Ministers of Vietnam, the Cook Islands, the Solomon Islands; the President of Indonesia; the Commonwealth Secretary General; and the Trade Commissioner of the European Community (refer to outputs 3.112 and 3.113).

Policy advice to Ministers improved. The NZIER rating of 7.48 (an independent assessment of the quality of the Department's policy advice) was an improvement from the previous year (7.3) (refer to the table on page 25). The number of Portfolio Ministers increased from six to seven following the establishment of the Government Digital Services Portfolio. In addition we supported an Undersecretary and an Associate Minister. We managed a significant increase in official correspondence compared to previous years. Our cost of policy advice (\$202.91 per hour) was outside the standard of \$150 to \$180 per hour established by the Treasury.



We have made a difference

Short to medium term results

As with our focus to *Transform Service Delivery*, we continue to demonstrate positive change in the 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

While results from the New Zealand Census 2018 are not available, people have continued to have support to be better connected in their community through language interpretation.

Measure	Source	Trend information ⁹						Desired change	Trend on track?
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		
INCREASING THE NUMBER OF PEOPLE SUPPORTING LOCAL COMMUNITIES THROUGH VOLUNTEERING AND GIVING									
The percentage of people participating in unpaid community work	General Social Survey (Statistics NZ)	30.6% ¹⁰	39.7% ¹¹	n/a	n/a	n/a		Maintain	Not known
IMPROVING THE RESPONSIVENESS OF PUBLIC AGENCIES TO THE NEEDS OF DIVERSE COMMUNITIES									
The number of interpreting calls provided by Language Line per annum	Department of Internal Affairs	49,038	54,822	55,150	55,371	54,946		Increase	✓

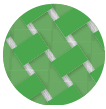
⁹ Trend information in this table, and in all medium-term tables following, is assessed over differing periods. In places, this will vary in relation to available information (for example in places, 2010/11 is the starting point for reported information while in others it is 2012/13).

¹⁰ This information was collected from the General Social Survey in 2012/13. This information is no longer collected by the General Social Survey.

¹¹ This information was collected from the NZ Census (5 yearly) in 2012/13 and reported in 2013/14.

¹² This information was not available from Statistics NZ at the time of reporting.

¹³ This is a demand driven measure. While there was a slight decline in the number of interpreting calls provided by Language Line in 2017/18, it is too early to determine if the trend is declining.



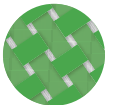
Reducing community harm

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 have seen a substantial decrease in venues failing inspection. 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.

Measure	Source	Trend information ⁹						Desired change	Trend on track?
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		
REDUCING HARM FROM GAMBLING									
Percentage of societies operating in public bars and clubs (C4 gambling sector) that have venues failing inspection	Internal Affairs	n/a	74%	76%	57%	48%		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 ¹⁵	Internal Affairs	85%	92%	92%	92%	92%		Maintain	✓
INCREASING AWARENESS OF OBLIGATIONS UNDER THE ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM LEGISLATION									
Increasing sector awareness (5 point Likert scale)	Internal Affairs	n/a	3.87	4.00	4.07	4.06		Increase	✓

14 During the 2017/18 financial year, DIA revised the counting rules for this performance measure due to changes to our approach to venue inspections. This change means that the second half of the financial year could not be compared to prior years’ performance. For comparison purposes, the 2017/18 financial year counts only the first half of the financial year.

15 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. 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

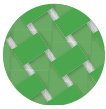
We continue to support building strong and transparent community governance and institutions through the quality of our advice and support to decision makers.

Measure	Source	Trend information ⁹						Desired change	Trend on track?
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		
Quality of policy advice Public Sector Rating	NZIER survey	7.6 respectable	7.5 respectable	7.25 adequate	7.3 adequate	7.3 adequate	7.48 adequate	Maintain	✓

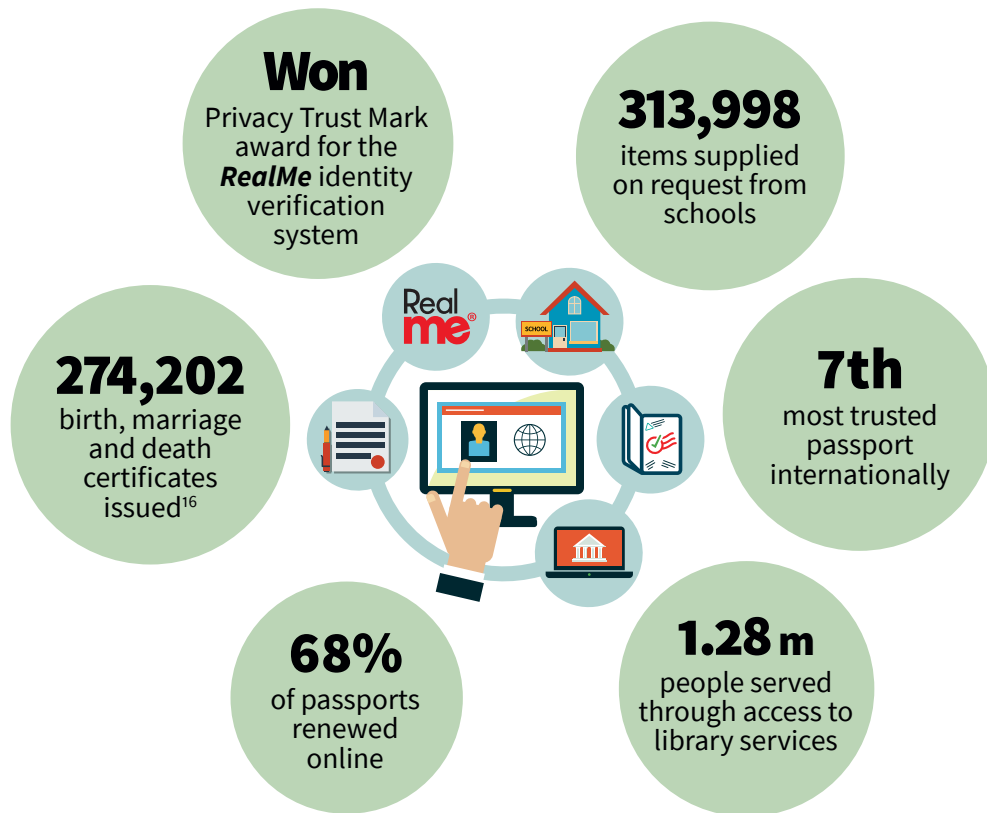
Progress on longer term results

Because our strategic direction is transitioning, our lead outcome measure has changed from focussing on measuring the percentage of people who feel a sense of belonging to the community. Our focus is increasingly to partner with communities, with an emphasis on building long-term relationships with them and to support them to achieve locally identified aspirations, initiatives and goals.

The Department will be taking this work forward over the next year. Changes to our strategic direction, outcomes and measures in this area will be reflected in the 2019/20 to 2022/2023 Statement of Intent.



Trusted information



We have enhanced access to information for New Zealanders

Access to information for all New Zealanders has improved. The Education Review Office (ERO) transferred 26,733 of their school reports to Archives in digital form. The reports were created between 1994 and 2011 and came in nine different file formats. This is a significant achievement for digital preservation, as all previous transfers were much smaller in number (refer to output 3.16).

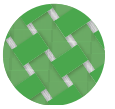
In August 2017, DigitalNZ launched a significantly refreshed and updated www.digitalnz.org. This website provides **free and seamless access to the digital collections** – including taonga, photographs, artworks, and archives – of over 200 organisations from across Aotearoa. The refresh included an update to *Stories*, DigitalNZ's tool so that people can collect together their favourite items and write something alongside them. New Zealanders have been using *Stories* for school and university assignments; family history; to commemorate important milestones such as Suffrage 125; and just for fun!

The farming and agribusiness sectors can now access key information. We collaborated with the Ministry for Primary Industries to release over 60 registry datasets as machine readable open data directly on data.govt.nz, for reuse in farming and agribusiness sectors.

Publishers have had their material preserved. Agreements with Fairfax Media Limited (newspapers and magazines), NZ Legal Information Institute (Court Decisions) and SOUNZ Centre for NZ music (music scores) provide for automatic ingestion of their published content. 167,736 items were added to the National Library collections.

At risk material has been preserved and made available online. In July 2017, Archives NZ established a new up-scaled digitisation programme. Since this time over 80,000 images have been digitised, including material from the Public Works Department, the New Zealand Constabulary Force and Education Boards. The digitisation programme has begun with Crown Purchase Deeds (records of land transactions); Colonial Secretaries' Inwards correspondence; and negatives and photographs from several government departments (which are currently hard to access and copy in physical form).

¹⁶ Birth certificates issued: 177,662; Marriage certificates issued: 45,923; Death certificates issued: 50,617.



The National Library digitised over 513,000 items during the year and placed them online (refer to output 3.20). These include magazines, newsletters and sound recordings in Te Reo Māori from our holdings or in partnership with other organisations to add to the body of knowledge available for speakers, readers and researchers of Te Reo and Mātauranga Māori, locally and internationally. We know from our research¹⁷ together with Victoria University of Wellington that our digitised Te Reo Māori collections are used for language revitalisation initiatives. Historic Māori magazines have been digitised. In agreement with Te Taura Whiri I Māori and Te Puni Kōkiri, Te Kaea, Tu Tangata and He Muka are being made available on line.

“The project has helped demonstrate what we can achieve together to both better support students and teachers and inform our strategic directions”.

(Ministry of Education project partner.)

Through our **services to schools**, work continued on the implementation of National Library’s *Turning Knowledge into Value – Strategic Directions to 2030*. One project to support this was *Increasingly Digital*, a multi-agency collaborative project aimed at exploring and supporting students and teachers in their

discovery, access, use, creation and sharing of learning resources in current and future learning environments. Collaborating agencies included the Ministry of Education, the Ministry for Culture and Heritage, and private technology partners such as NZRise.

We ensure privacy and security of information is critical

We continued our support to **improve privacy practice and maturity**. Through our Government Chief Privacy Officer (GCPO) system leadership role we provided coaching and guidance to 62 State Sector agencies (including 20 District Health Boards) to improve privacy practice maturity and capability, and advice to State Sector agencies on use and management of personal

information during policy development processes. We completed our assessments of over 60 Government agencies to determine compliance with privacy principles and the Privacy Act. All agencies have met standards (refer to outputs 3.45, 3.46 and 3.47).

New Zealanders can feel even more confident that their private information held with government agencies is **protected and secure**. We have continued to act as guardians of much of our nation’s personal information. 91% of our customers feel their personal information is confidential, and secure (refer to the table on page 29).

A Privacy Trust Mark was awarded to the Department’s *RealMe* identity verification system during the year. This gives New Zealanders assurance that a product or service has been designed with their **privacy interests** in mind. The Privacy Trust Mark highlights the importance of privacy and personal information management and demonstrates that a “privacy by design” approach was used. It is intended to give consumers confidence in particular products or services.

We continue to protect our national identity and culture

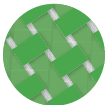
As custodians of our key constitutional documents (for example, Te Tiriti o Waitangi at *He Tohu*) we provide **free access to taonga**¹⁸ for all New Zealanders as well as **enhanced learning opportunities** (including through our Services to Schools programme). As sector leaders, we have brought together five culture and heritage organisations to work alongside Iwi to improve how Treaty negotiations and implementation plans with Iwi Treaty partners are conducted (*Te Ara Taonga*). Pupils from Rāwhiti School in Christchurch and Te Kura Kaupapa Māori o Whangaroa in Northland were the inaugural recipients of the Te Puna Foundation¹⁹ travel fund for schools, and used the funds to visit the *He Tohu* exhibition in Wellington.

We have supported Dr Selina Tusitala Marsh, Poet Laureate 2017–19 to create new work and promote

17 Crookson, M., Oliver, G., Tikao, A., et al. (2016) *Kōrero kitea: Ngā hua o te whakamamatitanga: The impacts of digitised Te Reo archival collections*.

18 Archives and the National Library documentary heritage is valued at \$1.68 billion in the Crown accounts. By making it available for educational, personal interest or for business purposes, we are contributing to our nation’s economic value through knowledge creation – and are creating social and cultural capital for our people and communities, or whanaungatanga.

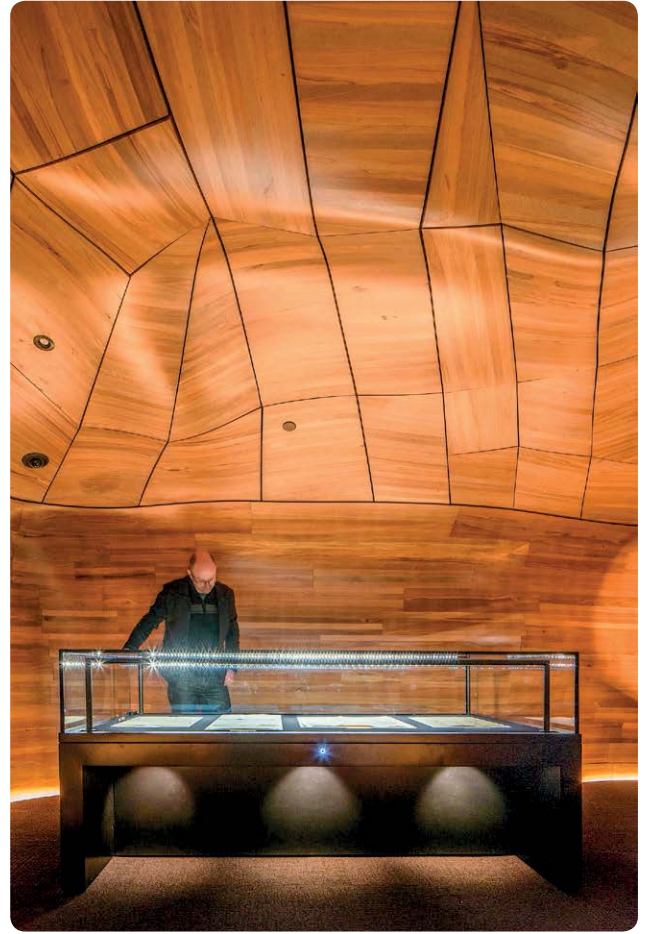
19 The Te Puna Foundation is the fundraising body for the National Library of New Zealand.



poetry throughout the country. Dr Marsh is of Samoan, Tuvaluan, English, Scottish and French descent and is the first Pasifika Poet Laureate in New Zealand. A strong advocate for Pasifika poetry and literature, Dr Marsh is helping to ensure that the Pasifika culture is reflected in our national identity through new work.

We have continued to ensure our **priority documents are protected**. We have maintained our storage environments to a high quality, exceeding the minimum standards for temperature and humidity control in our National Archives (refer to outputs 3.13 and 3.14) and the National Library (refer to the table on page 32). We have rebuilt our archives repository in Christchurch enabling safe, secure, storage for the next thirty years (refer to the case study below).

He Tohu continued to offer **greater public access and interaction** with the constitutional documents and helped ensure their preservation for generations to come. The *He Tohu* exhibition has won 22 awards since opening in May 2017, receiving national and international accolades across a number of award categories including Architecture, Design, Marketing and Public Relations. The strong partnership between the Crown and Māori set the intensely collaborative nature of the project and is a huge factor in *He Tohu's* success.



Case Study: Archives New Zealand Christchurch Regional Office Re-build

Safe, secure, and accessible storage for the region's public archives for the next 30 years, while also enabling people to access and use the archives has been achieved with the opening of Archives NZ's new facility in Christchurch.

In 2011, the existing old facility was seriously damaged in the earthquakes and while safe to occupy it could no longer provide enough storage for the archives holdings. As a result there have been no new transfers of public archives to the Christchurch Office for seven years. The Christchurch Regional Office provides Government archives services for

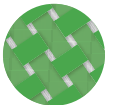
the Canterbury and West Coast regions.

In the 2016 Budget, funding was provided to develop a new, purpose built archives repository and facility on land leased from the New Zealand Defence Force at Wigram. Over the last two years the facility has been designed and built and the completed facility is now in the process of being utilised.

Opening to the public in August 2018, it will enable Government agencies to restart the process of transferring the records they no longer need but which are of long term value to the public and society so they can be easily located and used.



The new facility also provides storage space for several other organisations, including the Christchurch City Libraries and Environment Canterbury, and its close proximity to the Air Force Museum means it acts as part of a hub for research in Christchurch.



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 mostly 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 7th equal against comparable jurisdictions. Over the same period, the number of complaints to the Office of the Privacy Commissioner around privacy breaches of personal information has decreased; whilst the use and re-use of information continued to increase.

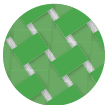
The Chief Archivist's Annual Report to the Minister of Internal Affairs on the state of Government recordkeeping was presented to the House of Representatives in March 2018. The report has focussed on digital information management, and also discusses the increasing use in Government of advanced computer systems to **inform decision-making and improve service delivery**.

Measure	Source	Trend information ²⁰						Desired change	Trend on track?	
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18			
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 ²¹	Department of Internal Affairs	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Maintain	✓
Percentage of DIA services customers who feel personal information is confidential and secure		No survey conducted	90% ²²	91%	91%	91%	91%	91%	Maintain	✓

20 Trend information in this table, and in all medium-term tables following, is assessed over differing periods. In places, this will vary in relation to available information (for example in places, 2010/11 is the starting point for reported information while in others it is 2012/13).

21 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 2014 actual results were 0.0018%, in 2015 actual results were 0.0008%, in 2016 actual results were 0.0037% and in 2017 actual result were 0.0008%.

22 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.



Measure	Source	Trend information ²⁰						Desired change	Trend on track?
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		
NZ passport is recognised as having high integrity ²³	Henley Visa Restriction Global Index	5th equal	5th equal	5th equal	4th equal	5th equal	7th 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	2	2	5	1	1	0	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	339,918	401,319	856,406	1,010,834	1,129,674	1,385,126	Increase	✓
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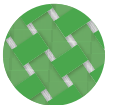
INCREASING THE AVAILABILITY OF RE-USABLE ONLINE DATASETS HELD BY GOVERNMENT

Dataset listing pages on the open data directory website, data.govt.nz	Department of Internal Affairs	2,339	2,660	3,405	4,355	5,021	5,831	Increase	✓
Percentage change in the number of unique data.govt.nz website visitors ²⁴		8.4%	-4.8% ²⁵	36.2%	9.8%	18.19%	95.27%	Increase	✓

23 <https://www.henleyglobal.com/henley-passport-index/>.

24 A positive result indicates an increase in the number of unique data.govt.nz website visitors. The number of visitors increased from 47,528 in 2016/17 to 92,806 in 2017/18.

25 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 0.6FTE technical expertise provided via the Open Data programme also contributed to increased release of datasets.



Access to heritage information

Since 2012/13, access to heritage information has continued to increase across the board – many increases are significant, for example the published content provided by full-text platforms in the National Library

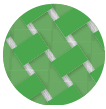
increased to 571,715 in 2017/18. Published content provided through National Library full-text platforms has continued to increase, and we have also increased the percentage of heritage collections and public records protected and preserved for future generations.

Measure	Source	Trend information ²⁰						Desired change	Trend on track?
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		
INCREASING ACCESS TO COLLECTIONS OF INFORMATION AND THE PUBLIC RECORD									
Institutions describing archival holdings online through the Community Archive ²⁶	Department of Internal Affairs	380	379	381	394	397		Maintain	✓
Full text databases made accessible through NZ libraries in the EPIC consortium ²⁷		42	102	111	114	145		Increase	✓
Access to online records for NZ publications		423,562	441,524	456,996	460,864	481,960		Increase	✓
Usage of Online Services (through archway.archives.govt.nz)		n/a	n/a	n/a	n/a	n/a		Increase	New measure
Published content provided through National Library full-text platforms		2,960,523	3,433,050	3,835,759	4,758,980 ²⁸	5,210,935		Increase	✓

²⁶ While there was a decline in the number of institutions in 2017/18, it is too early to determine if the trend is declining.

²⁷ Results are based on a snapshot taken within the financial year at the same point in time every year.

²⁸ The 2016/17 measure includes Appendices to the Journals of the House of Representatives. These were not included in the reported measure in prior periods.



Measure	Source	Trend information ²⁰						Desired change	Trend on track?
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		

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	Department of Internal Affairs	100%	100%	100%	100%	100%	93.4% ²⁹	Maintain	✓
The percentage of Archives NZ holdings held in an appropriate environment		80.5%	87.97%	85.78%	89.35%	92.94%	84.81% ³⁰	Increase	✗
The number of transfers received by Archives NZ		71	74	93	68	31	38 ³¹	Increase	✗

IMPROVED NZ SCHOOL STUDENTS' LEARNING AND ACCESS TO DOCUMENTARY HERITAGE

Usage of the National Library collection items, online packages developed	Department of Internal Affairs	n/a	18	20	17	58	109	Increase ³²	✓
Visits to schools online services		241,030	243,378	257,705	316,489	382,361	270,527 ³³	Increase	✓

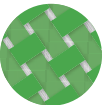
29 This measures the proportion of instances throughout the year that temperature and relative humidity recordings meet environmental storage standards. Environmental conditions are recorded regularly multiple times every day. An instance of non-compliance is whenever a data reading falls outside the standards. This was due to seasonal variation, but remained within the safe daily threshold and within internationally accepted standards. The standard is “greater than 80%”. At this stage, it is too early to establish if this is a trend.

30 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. This was due to seasonal variations, primarily in Wellington and Dunedin. Dunedin plant will be upgraded in 2018/19. The standard is “greater than 80%”.

31 Physical transfers to the Wellington repository were suspended in July 2017 to allow for remediation of shelving damaged by the November 2016 earthquakes, and to address storage capacity issues through shelving intensification. Digital transfers and transfers to regional repositories were not affected by this suspension.

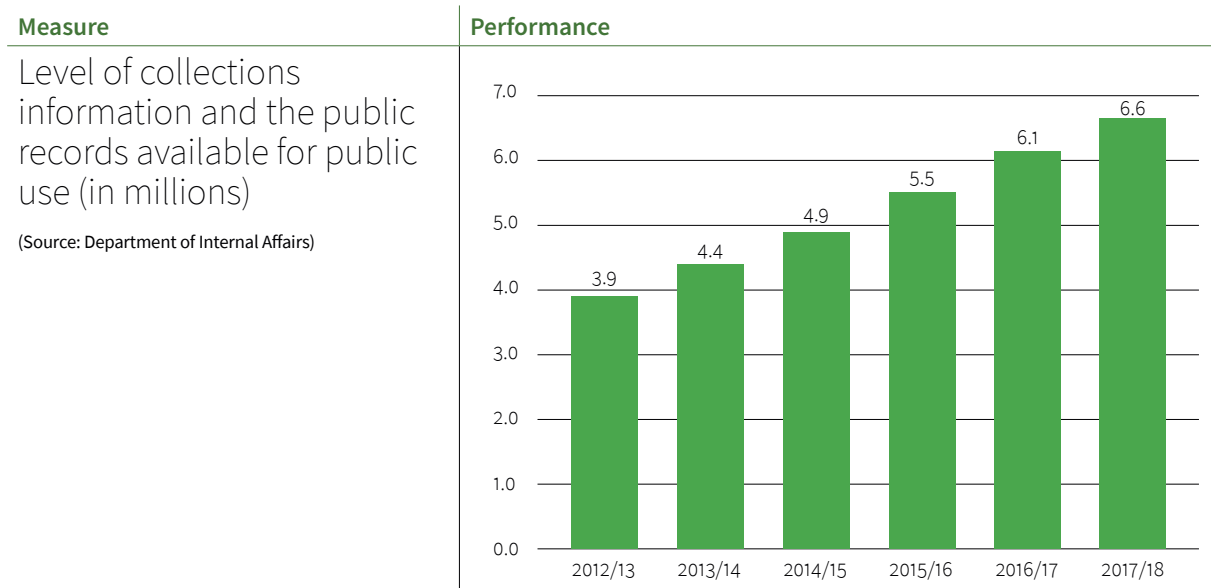
32 The direction of trend was initially “Maintain” in the 2016 Statement of Intent, but as a result of changes to the operating model, in 2016/17 the trend was changed to “Increase”.

33 While there was a decline in the number of visits to schools online services in 2017/18, it is too early to determine if the trend is declining.

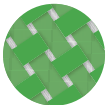


Progress in longer term results

We have increased the level of collections information and the public record available for public use. Performance information is provided below³⁴:

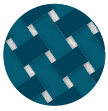


³⁴ This is an interim measure, and represents a summation of Access to heritage information supporting outcome measures for Increasing access to collections of information and the public record.





Part 3: How we used our resources



How we used our resources

What we have done

We wanted to continue to build strong organisational health and capability to support the delivery of results for New Zealanders and make the Department a great place to work.

In past years we have reported results against the State Services Commission’s 7Cs Framework. This year we have presented our results under three broad areas: managing our finances; lifting internal capability; and optimising systems and infrastructure.

Managing our finances

The Department **continued to operate within budget** for the last year. We addressed our financial risks through: reprioritisation of funding to deliver on Departmental priorities (e.g. Central/Local Government Partnerships and the Stewardship and Organisational Sustainability programme); refocussing strategic decisions to manage risk; direct expense management (e.g. contractors, consultants, recruitment); savings achieved (e.g. property lease costs); reviewing third-party revenue; cross agency funding for Service Innovation; and successful Budget 2018 funding.

We established a twelve month Stewardship and Organisational Sustainability (SOS) programme to examine the **efficiency and effectiveness** of the Department to ensure we fulfil our stewardship responsibilities and that the Department is financially sustainable over the long term. Our purpose was to examine our robustness, sustainability, and fitness for purpose in the medium term.

After an extensive review of the Department’s activities and services, the initial findings from the programme

indicated that we have been operating well (achieving a seven percent productivity dividend over the last four years), delivered to the standards we have set ourselves, and that our customers are broadly satisfied with our services.

In November, at the request of the Minister of Finance (following the change in Government) the Department completed a full baseline review. In June, a Budget Strategy approach was implemented to refine the Department’s direction, strategic options for change, and to prioritise investment options for Budget 2019.

Lifting internal capability

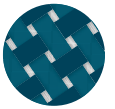
The Department has continued to focus on **lifting internal capability** to deliver on our strategic direction, core functions and cross-government leadership responsibilities. In the future the capability of our workforce will need to change to match the fast pace of change in digital technology and the new ways we will deliver our services.

We supported our people to feel **connected, empowered and valued**. In the last year, we refreshed our culture work to bring our principles and behaviours and *Te Aka Taiwhenua* mātāpono into how we do things on an everyday basis. This creates the foundation for an empowering workplace that values and connects us.

We ran Te Reo workshops with staff as part of Māori Language week, and workshops with our leadership group, to **encourage and support the use of Te Reo** across our Department whether as part of service delivery, through our online presence, or in everyday conversations’.

At a system level, the Department became one of the lead agencies in the Māori Language Strategy Chief Executive Forum to revitalise the **use of Te Reo Māori across Government**.





To ensure that our planned workforce changes over the next decade match our strategic direction, we continued to **focus on growing strong, capable and confident leaders** by identifying and designing development activities that support the skills required. We implemented a new Core Leadership Programme (CLP) and celebrated the first group of CLP graduates. To further support managers, we released two new tools – the Change Leadership Toolkit and the Problem Solving Toolkit.

We continued our **talent management approach** (including talent boards) for all people leaders, integrated into annual development planning and aligned with the renewed State Sector Career Board approach. The State Services Commission has commented favourably on our internal talent boards and our leadership framework.

We are **diverse by default**, having in excess of 80 ethnic groups represented in our staff. We have continued to support **inclusive and equitable** work practices. With a wide ranging portfolio, our increasingly diverse customers are at the centre of what we do, and we seek to reflect, value and understand this diversity across our workforce and our workforce planning. To support managers to manage diversity in the workplace we provided senior leaders with unconscious bias training. We support diversity internally through our *Authentic Self Network*, *Te Ara Vaka*, and the Department's *Women's Network*.

Since 2016, the Department has taken steps to **address its gender pay gap**. Through 2018, we have sought to identify and understand the extent of any gender pay gap within the Department and determine possible solutions to address it. A joint working group, between the Department and the Public Service Association completed a review of our pay and found there was no gender pay gap when comparing like for like jobs. However, the Working Group identified that occupational and vertical segregation of women are the key drivers of the current 16% gender pay gap. As a result, we have increased the midpoints for some Information Management bands (predominantly female staff). Existing gender diversity in governance and management gives us a good platform upon which to build; for example, women represent half our executive management team.

The **health and safety** of our people is a top priority, and this is reflected in the newly formed Information and Safety Group. We brought together the Department's experts in Security and Risk, Health and Safety, Resilience and Recovery, Privacy, and Information Management to keep our people safe and our information and assets protected.

We have used the core State Sector staff engagement benchmark to assess our staff engagement in past years. In 2016/17, 20.6% of our people were engaged compared with the State Sector benchmark of 19.4%. This year the Department introduced a new way of engaging with our people. A continuous listening approach to regularly check in with our people on a range of issues was adopted. Options for getting feedback from our people on 'how we are doing as an organisation' included straw polls using our 1840 intranet, digital screens, and mini-pulse questionnaires.

We remain committed to maintaining and **upholding our standards of conduct** through our *Speaking Up* work. We provided information and support to staff about speaking up about possible wrongdoing. Being able to raise concerns about possible wrongdoing without fear of punishment or reprisal is vital for maintaining the integrity of our State Services and helping us make sure the Department is a high performing organisation and a great place to work.

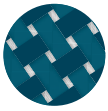
Optimising systems and infrastructure

We have delivered a number of changes to ensure that our staff have the right **tools, resources and working environment** to deliver on our outcomes. We have improved the efficiency of our technology infrastructure through our uptake of common capabilities.

Staff have more **flexibility** in how and where they work, whether it's working out in the community, delivering services from one of our many sites, or being based in an office. Our new ways of working are being progressively rolled out across the country to provide staff with more flexibility in how and where they work. This year we have provided our people with the **technology** that will allow them to operate in ways that best suit their work. *Tō Tātou Rohe* (Our

"It's all about our environment, having the right technology, tools and spaces to support them doing their job. That is what ways of working is all about."

(Manager)



Place) informed the fit-out in our new Pipitea Street site, supporting this new way of working, providing updated technology, new workstations, formal meeting rooms, informal meeting areas, breakout areas and quiet rooms.

The Department has continued to link relevant drivers of performance and accountability by improving its **governance and decision making** approaches, processes and controls. A *Finance Governance Committee*, combining essential financial and non-financial performance reporting, to inform executive decision making was established. Investment, operations, and risk and assurance governance committees were also strengthened to support effective decision making.

In January 2018, we **reduced our property footprint**, with many staff based in Wellington City moving into

Pipitea Street, creating a Pipitea precinct (with the National Library and Archives New Zealand located in close proximity). The relocation saw approximately 1,100 staff move from six premises into a single building.

We have implemented a more proactive approach across our **property management** group moving from a reactive mode used in the past. An upgraded property strategy guides decision making, property priorities and potential savings. All leases are being reviewed, and Conditional Building Assessments on Department owned property have been completed. This approach supports the requirements of the Department's Investor Confidence Rating with Treasury. We are developing asset performance measures which are outlined in Appendix D.

Case Study: Public Relations Institute's Supreme Award Winner for 2018



This distinctive marketing campaign using tupuna images was developed in close consultation with iwi, so a wide cross section of people can see and experience the original documents and the innovative information and content provided in the *He Tohu* exhibition. The exhibition enhances access to three of the most significant archives held by Archives

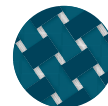
New Zealand: The Treaty of Waitangi, the Women's Suffrage Petition and the Declaration of Independence.

The Department's campaign won the Public Relations Institute's Supreme Award for 2018, amongst a variety of national and international awards for the exhibition design, marketing and media. Since the *He Tohu* exhibition opened in May 2017 there have been 43,000 visitors, including over 7,500 school children. This is seven times the average visitor rate to the previous exhibition that ran from 1991 to 2016. *He Tohu* has also proven to be a popular fixture on the itineraries of visiting politicians and VIP guests of Government.

The purpose of the exhibition is to provide ongoing public access

to the three documents for the next 25 years, whilst ensuring their long term preservation through a secure, state of the art, environmentally controlled exhibition facility.

A strong Crown-Iwi partnership is a feature of the exhibition. This has been formalised by a Kawenata endorsed by Cabinet, for the life of the exhibition. This relationship has enabled the unique and distinctive marketing campaign to include tupuna images. Involvement of groups such as the National Council of Women has also been important in ensuring the significance of the Women's Suffrage Petition is properly recognised. The exhibition has been a part of the 125th anniversary commemorations of women's suffrage in 2018.



We have made a difference

Short to medium term

To further support the achievement of results across our other three focus areas for 2017/18 the Department established two short to medium term measures of focus: the first being to fully utilise our appropriation and create a positive budget variance, and the second to have staff engagement levels amongst the top quartile for all Public Sector agencies.

In the last year, Departmental revenue was slightly below budget due to changes in demand for key services resulting in lower overall expenditure.

We have used the core State Sector staff engagement benchmark to assess our staff engagement in past years. In 2016/17, 20.6% of our people were engaged compared with the State Sector benchmark of 19.4%. This year the Department introduced a new way of engaging with our people which meant that a number of results in the table below are not available.

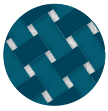
Sustainability and Fit for Purpose goals

Goals by 2018/19	Supporting indicators	Trend Information ³⁵				Desired change over medium-term	Trend on track?
		2014/15 (Baseline year)	2015/16	2016/17	2017/18		
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 ³⁶	n/a	n/a	n/a		n/a	n/a
	Decline in staff turnover	10.8%	14.1%	13.60%		Decrease	✓
	Improvement in people recommending or wishing to work at the Department ³⁷	63.6%	66.2%	65.50%		Increase	n/a
WORK ENVIRONMENT / WORKPLACE							
Our workplace will enable people to deliver their best.	Improvement in performance ratings	n/a	n/a	n/a		Increase	n/a
	Increase in staff reporting they have the tools and resources needed ³⁷	59.7%	62.7%	54.40%		Increase	n/a

³⁵ Trend information in this table, and in all medium-term tables following, is assessed over differing periods. In places, this will vary in relation to available information (for example in places, 2010/11 is the starting point for reported information while in others it is 2012/13).

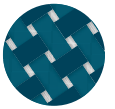
³⁶ The next PIF Review will be undertaken in 2018/19.

³⁷ The Department has introduced a new way of engaging with its people. Accordingly, this data is not available.



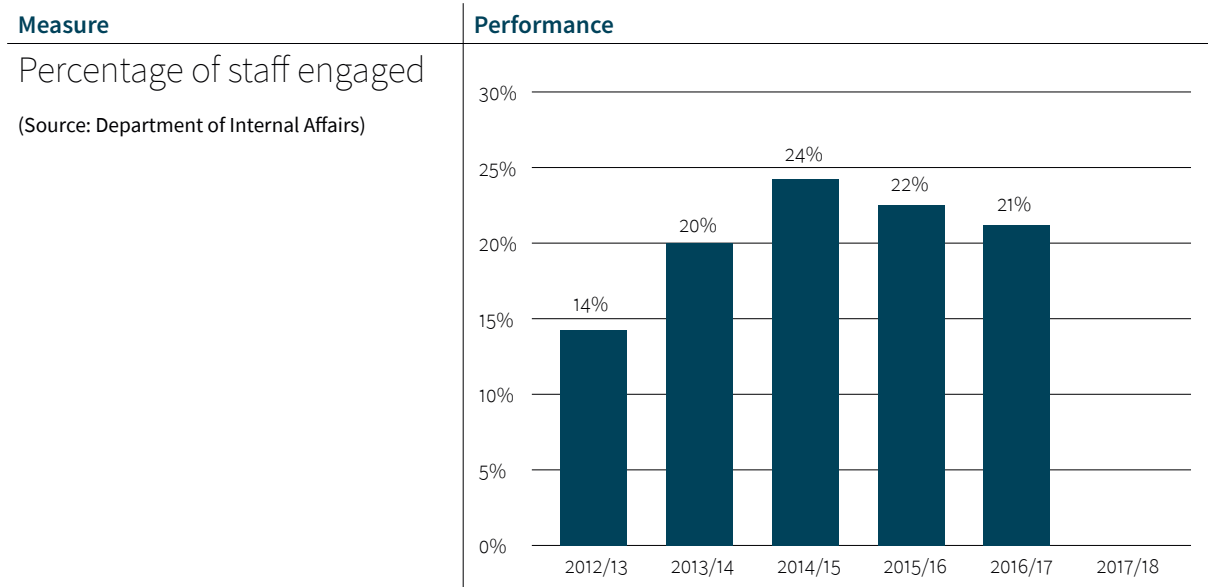
Goals by 2018/19	Supporting indicators	Trend Information ³⁵				Desired change over medium-term	Trend on track?
		2014/15 (Baseline year)	2015/16	2016/17	2017/18		
LEADERSHIP							
We will have leaders at all levels of our organisation who step up and show the way and who are supported to innovate and change. We will manage change well and our governance will provide clear direction, accountability and assurance.	Improved PIF rating ³⁶	n/a	n/a	n/a	n/a	Increase	n/a
	Improved staff confidence in leadership ³⁷	65.6%	61.2%	61.70%	n/a	Increase	n/a
CUSTOMER							
We will understand our customers and what they value and will make it easier to do business with us. ³⁸ 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	n/a	36%	Decrease	n/a
	Improved PIF rating ³⁶	n/a	n/a	n/a	n/a	Increase	n/a
	Privacy breaches	5	1	1	0	Maintain	✓
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 ³⁶	n/a	n/a	n/a	n/a	Increase	n/a
	Reduction in year-on-year administration costs	n/a	n/a	n/a	n/a	Decrease	n/a
	Improved forecasting accuracy and realisation of benefits	n/a	n/a	100%	n/a	Increase	n/a

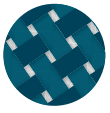
38 Based on those who expected it not to be easy, but found it easier than expected to do business with the Department.



Progress in longer term results

We have used the core State Sector staff engagement benchmark to assess our staff engagement in past years. In 2016/17 20.6% of our people were engaged compared with the State Sector benchmark of 19.4%. This year the Department introduced a new way of engaging with our people which meant that our result in this area is not available.







Part 4: Financial and Non-Financial results





Statement of responsibility

for the year ended 30 June 2018

I am responsible, as Acting Secretary for Internal Affairs, for:

- + the preparation of the Department's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- + having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- + ensuring that end-of-year performance information on each appropriation administered by the Department is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- + the accuracy of any end-of-year performance information prepared by the Department, whether or not that information is included in the annual report.

In my opinion:

- + the financial statements fairly reflect the financial position of the Department as at 30 June 2018 and its operations for the year ended on that date; and
- + the forecast financial statements fairly reflect the forecast financial position of the Department as at 30 June 2019 and its operations for the year ending on that date.

A blue ink signature of Peter Murray, written in a cursive style.

Peter Murray
Acting Chief Executive
28 September 2018

A blue ink signature of Arun Patel, written in a cursive style.

Arun Patel
Acting Chief Financial Officer
28 September 2018



Independent Auditor's Report

To the readers of the Department of Internal Affairs' annual report for the year ended 30 June 2018

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, on his behalf, the audit of:

- + the financial statements of the Department on pages 48 to 96 that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and assets as at 30 June 2018, 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 2018 on pages 12 to 33 and 139 to 176;
- + the statements of expenses and capital expenditure of the Department for the year ended 30 June 2018 on pages 126 to 138; and
- + the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 97 to 125 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2018;
 - the schedules of expenses; and revenue for the year ended 30 June 2018;
 - the statement of trust monies for the year ended 30 June 2018; and
 - the notes to the schedules that include accounting policies and other explanatory information.
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- + the performance information of the Department on pages 12 to 33 and 139 to 176:
 - presents fairly, in all material respects, for the year ended 30 June 2018:
 - 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; and
 - complies with generally accepted accounting practice in New Zealand.
- + The statements of expenses and capital expenditure of the Department on pages 126 to 138 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 on pages 97 to 125 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2018; and
 - expenses; and revenue for the year ended 30 June 2018; and
 - the statement of trust monies for the year ended 30 June 2018.

Our audit was completed on 28 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Opinion

In our opinion:

- + the financial statements of the Department on pages 48 to 96:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year ended on that date; and

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International



Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Department 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 is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Department, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Department's Statement of Intent 2017/18–2020/21, Estimates and Supplementary Estimates of Appropriations 2017/18 for Vote Internal Affairs, and the 2017/18 forecast financial figures included in the Department's 2016/17 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- + We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- + We obtain an understanding of internal control relevant to the audit 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.
- + We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.



- + We evaluate the appropriateness of the reported performance information within the Department's framework for reporting its performance.
- + We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- + We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 11, 34 to 44 and 177 to 188, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Department in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, 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



Financial Statements – Departmental

Statement of comprehensive revenue and expense	49
Statement of financial position	50
Statement of changes in equity	51
Statement of cash flows	52
Statement of commitments	54
Statement of contingent assets and liabilities	55
Notes to the financial statements	56
Basis of reporting	
1. Statement of accounting policies	56
Results for the year	
2. Other revenue	60
3. Personnel costs	62
4. Other operating expenses	62
5. Memorandum accounts	63
Operating assets and liabilities	
6. Cash and cash equivalents	70
7. Debtors and other receivables	70
8. Inventories	71
9. Property, plant and equipment	72
10. Non-current assets held for sale	78
11. Intangible assets	79
12. Creditors and other payables	82
13. Provisions	82
14. Revenue received in advance	84
15. Employee entitlements	84
16. Return of operating surplus	86
Capital structure and financing costs	
17. Finance leases	86
18. Capital charge expense	87
19. Finance costs	88
20. Other financial liabilities	88
21. Equity	88
22. Capital injections and withdrawals	90
Financial risk management	
23. Financial instruments and risk management	91
Other disclosures	
24. Related party transactions and key management personnel	93
25. Explanation of significant variances against budget	94
26. Significant events after balance date	96



Statement of comprehensive revenue and expense

for the year ended 30 June 2018

ACTUAL 2017 \$000		NOTE	ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPP EST 2018 \$000	UNAUDITED FORECAST 2019 \$000
REVENUE						
215,893	Revenue Crown		234,951	215,627	234,951	225,648
215,945	Other revenue	2	220,051	227,643	228,396	221,879
96	Gain on sale of property, plant and equipment		-	-	-	-
431,934	Total revenue		455,002	443,270	463,347	447,527
EXPENSES						
197,893	Personnel costs	3	207,732	196,680	206,137	215,167
32,805	Depreciation, amortisation and impairment expense	9, 11	38,871	36,721	36,612	38,104
19,432	Capital charge	18	18,164	16,181	18,164	20,699
462	Finance costs	19	419	468	419	373
151,894	Other operating expenses	4	157,285	164,692	174,294	147,475
402,486	Total expenses		422,471	414,742	435,626	421,818
29,448	Operating surplus/(deficit)		32,531	28,528	27,721	25,709
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
<i>Item that will not be reclassified to net surplus</i>						
-	Asset revaluation gains/(losses)	21	505	-	-	-
29,448	Total comprehensive revenue and expense		33,036	28,528	27,721	25,709

Explanations of significant variances against budget are detailed in Note 25. The accompanying notes form part of these financial statements.



Statement of financial position

as at 30 June 2018

ACTUAL 2017 \$000		NOTE	ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPP EST 2018 \$000	UNAUDITED FORECAST 2019 \$000
ASSETS						
<i>Current assets</i>						
30,804	Cash and cash equivalents	6	49,808	35,118	23,029	25,215
30,000	Debtor Crown		39,344	69,000	30,000	100,000
12,948	Debtors and other receivables	7	10,814	7,372	10,072	11,236
2,199	Inventories	8	2,102	1,711	1,983	2,072
5,836	Prepayments		4,130	4,986	7,824	6,603
37,120	Non-current assets held for sale	10	39,939	-	37,120	-
118,907	Total current assets		146,137	118,187	110,028	145,126
<i>Non-current assets</i>						
1,204	Prepayments		1,464	-	-	-
195,863	Property, plant and equipment	9	212,127	217,643	225,961	234,068
89,942	Intangible assets	11	115,992	98,504	132,492	150,293
287,009	Total non-current assets		329,583	316,147	358,453	384,361
405,916	Total assets		475,720	434,334	468,481	529,487
LIABILITIES AND TAXPAYERS' FUNDS						
<i>Current liabilities</i>						
35,706	Creditors and other payables	12	31,696	28,875	29,735	36,214
3,650	Provisions	13	3,771	3,649	5,460	3,456
11,805	Revenue received in advance	14	12,501	8,395	12,155	11,132
10,592	Employee entitlements	15	10,018	17,172	10,430	10,524
557	Finance leases	17	602	513	603	653
48	Other financial liabilities	20	262	-	-	-
763	Return of operating surplus	16	2,591	-	-	-
63,121	Total current liabilities		61,441	58,604	58,383	61,979
<i>Non-current liabilities</i>						
258	Provisions	13	280	-	-	-
2,601	Employee entitlements	15	2,450	2,089	2,601	2,601
4,932	Finance leases	17	4,330	4,469	4,329	3,676
188	Other financial liabilities	20	2,627	-	-	-
7,979	Total non-current liabilities		9,687	6,558	6,930	6,277
71,100	Total liabilities		71,128	65,162	65,313	68,256
334,816	Net assets		404,592	369,172	403,168	461,231
EQUITY						
256,429	Taxpayer's funds	21	295,930	328,985	355,253	413,316
30,472	Memorandum accounts	5	60,412	-	-	-
47,915	Revaluation reserves	21	48,250	40,187	47,915	47,915
334,816	Total equity		404,592	369,172	403,168	461,231

Explanations of significant variances against budget are detailed in Note 25. The accompanying notes form part of these financial statements.



Statement of changes in equity

for the year ended 30 June 2018

ACTUAL 2017 \$000	NOTE	ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPP EST 2018 \$000	UNAUDITED FORECAST 2019 \$000
300,956	Balance at 1 July	334,816	299,577	334,816	404,276
29,448	Operating surplus for the year	32,531	28,528	27,721	25,709
	– Other comprehensive revenue and expense	505	–	–	–
29,448	Total comprehensive revenue and expense	33,036	28,528	27,721	25,709
	OWNER TRANSACTIONS				
5,175	Capital injections	41,256	41,067	42,556	31,246
	– Capital withdrawal	(1,925)	–	(1,925)	–
(763)	Return of operating surplus	(2,591)	–	–	–
334,816	Balance at 30 June	404,592	369,172	403,168	461,231

Explanations of significant variances against budget are detailed in Note 25.
The accompanying notes form part of these financial statements.



Statement of cash flows

for the year ended 30 June 2018

ACTUAL 2017 \$000	ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPP EST 2018 \$000	UNAUDITED FORECAST 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
185,893	225,607	150,641	234,951	165,648
Receipts from revenue Crown				
210,522	222,670	227,280	218,274	209,127
Receipts from third parties				
(1,425)	2,718	4,013	6,252	(1,304)
Net goods and services tax				
(344,208)	(367,151)	(353,839)	(379,982)	(346,350)
Payments to suppliers and employees				
(19,431)	(18,164)	(16,181)	(18,164)	(20,699)
Payments for capital charge				
31,351	65,680	11,914	61,331	6,422
Net cash flows from operating activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
417	433	600	600	37,720
Receipts from sale of property, plant and equipment				
(21,063)	(42,626)	(49,266)	(47,086)	(18,547)
Purchase of property, plant and equipment				
(36,651)	(44,419)	(44,245)	(63,811)	(58,071)
Purchase of intangibles assets				
(57,297)	(86,612)	(92,911)	(110,297)	(38,898)
Net cash flows from investing activities				
CASH FLOWS FROM FINANCING ACTIVITIES				
5,175	41,256	41,067	42,556	31,246
Capital injections				
(1,398)	(762)	-	(762)	-
Repayment of surplus to the Crown				
(514)	(558)	(556)	(603)	(653)
Payments of finance lease				
3,263	39,936	40,511	41,191	30,593
Net cash flows from financing activities				
MOVEMENT IN CASH				
53,487	30,804	75,604	30,804	27,098
Opening cash and cash equivalents				
(22,683)	19,004	(40,486)	(7,775)	(1,883)
Net increase/(decrease) in cash				
30,804	49,808	35,118	23,029	25,215
Closing cash and cash equivalents				

Explanations of significant variances against budget are detailed in Note 25. The accompanying notes form part of these financial statements.



Statement of cash flows (continued)

for the year ended 30 June 2018

Reconciliation of the net surplus cash flow from operating activities

ACTUAL 2017 \$000	ACTUAL 2018 \$000
29,448 Total comprehensive revenue and expense	33,036
ADD/(DEDUCT) NON-CASH ITEMS	
32,500 Depreciation and amortisation	38,417
– Asset revaluation gains	(335)
(10) Transfer to taxpayers' funds on disposal	(170)
305 Impairment of intangible assets	454
(295) Acquisition of donated assets	(242)
32,500 Total non-cash items	38,124
ADD/(DEDUCT) ITEMS CLASSIFIED AS INVESTING ACTIVITIES	
(96) Losses/(gains) on sale of property, plant and equipment	1,400
(96) Total investing or financial activities	1,400
ADD/(DEDUCT) MOVEMENTS IN STATEMENT OF FINANCIAL POSITION ITEMS	
(35,950) (Increase)/decrease in debtors and other receivables	(7,178)
(668) (Increase)/decrease in other current assets	1,543
(1,481) Increase/ (decrease) in other current liabilities	458
5 Increase/(decrease) in non-current liabilities	2,310
7,593 Increase/ (decrease) in creditors and other payables	(4,013)
(30,501) Total net movement in working capital items	(6,880)
31,351 Net cash flows from operating activities	65,680

The accompanying notes form part of these financial statements.



Statement of commitments

as at 30 June 2018

ACTUAL 2017 \$000		ACTUAL 2018 \$000
CAPITAL COMMITMENTS		
2,650	Intangible assets	2,813
11,469	Non-residential buildings	645
580	Plant and equipment	245
216	Furniture and fittings	210
6,974	Leasehold improvements	20
21,889	Total capital commitments	3,933
NON-CANCELLABLE OPERATING COMMITMENT LEASES AS LESSEE		
<i>The future aggregate minimum lease payments to be paid under non-cancellable operating leases</i>		
13,121	No later than one year	12,923
12,434	Later than one and not later than two years	11,055
27,987	Later than two and not later than five years	25,205
71,184	Later than five years	64,533
124,726	Total non-cancellable operating commitment leases as lessee	113,716
146,615	Total commitments	117,649

Capital commitments

Capital commitments are the cumulative amount of capital expenditure were the department entered into a contract for the acquisition of property, plant and equipment and intangible assets that have not been paid for, or not recognised as a liability as at the financial year-end.

Cancellable capital commitments are reported at the lower of the remaining contractual commitment or the early exit costs that is explicit in the exit clause of the agreement.

Non-cancellable operating commitment leases as lessee

The Department leases property, plant and equipment in the normal course of its business of which the majority are for premises across New Zealand. These lease amounts are disclosed as future commitments based on current rental rates extrapolated to outer years. The non-cancellable leasing period for these leases varies.

The Department's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights. There are no restrictions placed on the Department by any of its leasing arrangements.

The total of minimum future sub-lease payments expected to be received under non-cancellable sub-leases at balance date is \$0.292 million (2016/17: \$0.478 million).

The accompanying notes form part of these financial statements.



Statement of contingent assets and liabilities

as at 30 June 2018

Quantifiable contingent assets

As at 30 June 2018, the Department had no quantifiable contingent assets (2016/17: nil).

Unquantifiable contingent assets

As at 30 June 2018, the Department had one unquantifiable contingent asset relating to an insurance claim for Departmental collections (2016/17: nil).

Quantifiable contingent liabilities

As at 30 June 2018, the Department had four quantifiable contingent liabilities of \$0.362 million relating to employment issue and personal grievances (2016/17: \$0.115 million).

Unquantifiable contingent liabilities

As at 30 June 2018, the Department had three unquantifiable contingent liabilities relating to employment issue and personal grievances (2016/17: nil).

Employment issue and personal grievances

On occasion, employment issues or personal grievances arise. The Department works within its policies to resolve all issues raised in good faith. Where this is not possible a mediated settlement may be agreed.

The accompanying notes form part of these financial statements.



Notes to the financial statements

BASIS OF REPORTING

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 (PFA) 1989 and is domiciled in New Zealand.

The Department's primary objective is to serve and connect people, communities and government to build a safe, prosperous and respected nation.

The Department does not operate to make a financial return and is also regarded as a Public Benefit Entity (PBE) for the purposes of complying with New Zealand generally accepted accounting practice (NZ GAAP).

The Department also reports on the Non-Departmental (Crown) activities and Trusts which it administers.

Reporting period

The reporting period for these financial statements is the year ended 30 June 2018 with comparative figures for the year ended 30 June 2017. The financial statements were authorised for issue by the Acting Chief Executive of the Department of Internal Affairs on 28 September 2018.

Basis of preparation

These financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements also comply with the requirements of the PFA 1989, which include the requirement to comply with NZ GAAP and Treasury Instructions. These financial statements have been prepared in accordance with and comply with Tier 1 PBE International Public Sector Accounting Standards (PBE IPSAS).

Presentation currency and rounding

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

Measurement base

The financial statements have been prepared on a historical cost basis, adjusted by the revaluation of land and buildings, antiques and art, actuarial valuations of long service and retirement leave liabilities, and the fair value of certain financial instruments.

Changes in accounting policies

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

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.



Standards issued and not yet effective

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Department are:

STANDARDS	CHANGES / SCOPE
<p>Financial instruments</p> <p>PBE International Financial Reporting Standard IFRS 9 – Financial instruments, replaces PBE International Public Sector Accounting Standard IPSAS 29 Financial instruments recognition and measurement</p>	<p>Effective for annual periods beginning on or after 1 January 2021.</p> <p>The main changes under the standard are:</p> <ul style="list-style-type: none"> • new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost, • a new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses, and • revised hedge accounting requirements to better reflect the management of risks. <p>The Treasury has decided that the Financial Statements of the Government will early adopt PBE IFRS 9 for the 30 June 2019 financial year. The Department will also early adopt PBE IFRS 9 for the 30 June 2019 financial year to be consistent with Crown's accounting policy for financial instruments. There is no material impact to the Department by adopting the new standard.</p>
<p>Impairment of revalued assets</p> <p>Exposure Draft 57 Impairment of revalued assets</p>	<p>The new scope includes the revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment measured at cost were scoped into the impairment accounting standards.</p> <p>Under the amendment, a revalued asset can be impaired without having to revalue the entire class-of-asset to which the asset belongs. The timing of the Department adopting this amendment will be guided by the Treasury's decision as to when the Financial Statements of Government adopt the amendment.</p>
<p>Interests in other entities</p> <p>PBE IPSAS 34 – Separate financial statements, PBE IPSAS 35 – Consolidated financial statements, PBE IPSAS 36 – Investments in associates and joint ventures, PBE IPSAS 37 – Joint arrangements, PBE IPSAS 38 – Disclosure of interests in other entities</p>	<p>In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.</p> <p>The Department plans to apply the new standards in preparing the 30 June 2020 financial statements. The Department has not yet assessed the effects of these new standards.</p>

Significant accounting policies

Significant accounting policies are included in the notes to which they relate and the ones that do not relate to a specific note are outlined below.

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.

Taxation

The Department is exempt from the payment of income tax. Accordingly, no provision has been made for income tax. 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 net amount of GST owing at balance date, being the difference between output GST and input GST, is included in either receivables or payables in the Statement of financial position.

The net GST paid or received, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of cash flows. It reflects the net GST paid or received during the year. The GST components have been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Budget and forecast figures

Basis of the budget and forecast figures

The 2018 budget figures (UNAUDITED BUDGET 2018) are for the year ended 30 June 2018. They are consistent with the Department's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2017/18. In addition, the financial statements also present the updated budget information from the Supplementary Estimates (UNAUDITED SUPPS EST 2018).

The 2019 forecast figures (UNAUDITED FORECAST 2019) are for the year ending 30 June 2019, which are consistent with the best estimate financial forecast information submitted to the Treasury for the BEFU for 2018/19. The forecast financial statements have been prepared as required by the PFA 1989 to provide forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

Significant assumptions used in preparing the forecast financial information

The 30 June 2019 forecast figures have been prepared in accordance with and comply with PBE Financial Reporting Standards (FRS) 42 Prospective financial statements. The forecast figures contained in these financial statements reflect the Department's purpose and activities and based on several assumptions on what may occur during 2018/19. The forecast figures have been compiled based on existing government policies and ministerial expectations at the time the Main Estimates were finalised.

The main assumptions are as follows:

- + the Department's activities will remain substantially the same as for the previous year focusing on the Government's priorities,
- + personnel costs were based on full-time equivalent staff, which considers staff turnover,
- + remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes,
- + operating costs are based on the best estimate at the time the financial statements are finalised,
- + no impact on the revaluation of land and buildings has been assumed in the forecast,
- + capital commitments will realise as planned, and
- + estimated year end information for 2017/18 is used as the opening position for 2018/19 forecasts.



The actual financial results achieved for 30 June 2019 are likely to vary from the forecast information presented, and the variations may be material. Factors that could lead to material differences between the forecast financial statements and the 2018/19 actual financial statements include:

- + capability resource availability,
- + efficiency or productivity gains,
- + changes to the baseline because of technical adjustments, and
- + demand driven volume changes.

Any changes to budgets during 2018/19 will be incorporated into the Supplementary Estimates of appropriations for the Government of New Zealand for the year ending 30 June 2019.

Authorisation statement

The forecast financial statements were approved for issue by the Chief Financial Officer on 11 April 2018. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures. While the Department regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2019 will not be published.

The purpose of the forecast financial statements is to facilitate Parliament's consideration of appropriations for, and planned performance of, the Department. These forecast financial statements may not be appropriate for other purposes.

Critical accounting estimates, assumptions and critical judgements in applying accounting policies

In preparing of financial statements in conformity with PBE accounting standards, critical judgements, estimates and assumptions have been made concerning the future and may differ from the subsequent actual results. The estimates and associated assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the progress of applying the accounting policies, the Department has made several judgements and applies estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

PAGE	NOTES	JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
79	Note 11 – Intangible assets	Assessing the useful lives of software
84	Note 15 – Employee entitlements	Measuring long service leave and retirement gratuities
86	Note 17 – Finance leases	Classification of leases
88	Note 21 – Equity	Estimating the fair value of land and building



RESULTS FOR THE YEAR

2. Other revenue

Accounting policy

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

Revenue – non-exchange transactions

Revenue Crown

Crown revenue consists of amounts appropriated for departmental appropriations for the year, adjusted for any formal additions and reductions. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised considers 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.

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 – exchange transactions

Third party revenue

The Department derives revenue from third parties through the provision of outputs (products or services). 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.

The Department uses memorandum accounts to record the accumulated balance of surpluses and deficits incurred in the provision of third party fully cost recovered outputs. These memorandum accounts separately disclose the cost of such outputs, as otherwise this information would be aggregated as part of the Department's Statement of financial position.

Rental revenue from subleases

Rental revenue under an operating sublease is recognised as revenue on a straight-line basis over the lease term.



Breakdown of other revenue

ACTUAL 2017 \$000	ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPP EST 2018 \$000	UNAUDITED FORECAST 2019 \$000
OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS				
165	Other third-party revenue	242	-	-
165	Total other revenue from non-exchange transactions	242	-	-
OTHER REVENUE FROM EXCHANGE TRANSACTIONS				
116,938	Passport fees	115,831	116,846	120,588
22,106	Non-casino gaming licences and fees	22,380	21,620	23,084
17,449	Citizenship fees	17,679	17,200	18,384
12,036	Birth, death, marriage and civil union fees	15,176	10,712	15,256
10,029	Recovery from New Zealand Lottery Grants Board	10,029	10,029	10,029
9,060	VIP transport	8,949	9,000	10,889
6,036	e-Government development and operations	7,526	7,462	8,480
5,446	Casino operators' levies	5,549	7,940	5,489
3,144	Electronic purchasing in collaboration	3,408	3,445	3,315
1,691	Kotui library services	2,276	1,699	1,982
1,552	Te Puna catalogue and inter-loan library services	1,717	1,576	1,666
1,398	Language line interpreter services	1,407	1,356	1,551
1,212	Translation services	1,363	1,000	1,400
1,256	RealMe	1,266	13,420	937
857	Charities registrations	874	852	852
939	New Zealand Gazette	836	844	844
505	Lake Taupō boating facilities	691	512	620
981	Rental revenue from sublease	478	700	-
400	National dog database levy	400	400	400
34	Net foreign exchange gain	33	-	-
1,627	Canterbury earthquake insurance recoveries	-	-	-
1,084	Other third-party revenue	1,941	1,030	2,630
215,780	Total other revenue from exchange transactions	219,809	227,643	228,396
215,945	Total other revenue	220,051	227,643	221,879



3. Personnel costs

Accounting policy

Salaries and wages and employee entitlements

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave, and other similar benefits are recognised in the Statement of comprehensive revenue and expense when they accrue to employees.

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.

Restructuring costs

Restructuring costs are recognised in the Statement of comprehensive revenue and expense only when there is a demonstrable commitment to either terminate employment prior to normal employment date or to provide such benefits because of a position becoming redundant.

Breakdown of personnel costs

ACTUAL 2017 \$000	ACTUAL 2018 \$000
190,444 Salaries, wages and contractor expenses	199,212
4,899 Employer contribution to defined contribution plans	5,796
280 Restructuring costs	1,677
281 Increase/(decrease) in employee entitlements	(774)
1,989 Other personnel costs	1,821
197,893 Total personnel costs	207,732

4. Other operating expenses

Accounting policy

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 (refer to Note 20).

Other expenses

Other expenses are recognised as goods and services as received.



Breakdown of other operating expenses

ACTUAL 2017 \$000		NOTE	ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPP EST 2018 \$000	UNAUDITED FORECAST 2019 \$000
49,231	Computer costs		52,480	58,448	50,471	44,859
21,097	Rental and leasing costs		22,528	18,348	22,307	23,429
20,858	Inventory costs		21,936	20,979	22,564	21,113
14,197	Agency fees		13,169	16,851	13,039	12,600
10,761	Consultants		10,791	9,179	23,106	12,176
10,067	Office expenses		10,051	11,951	12,382	10,220
8,362	Travel expenses		7,408	9,927	9,206	7,938
3,784	Library resources and subscriptions		3,867	4,492	3,880	3,371
2,961	Staff development		2,646	3,516	3,840	2,826
2,025	Professional fees		2,170	2,404	3,380	1,262
1,064	Publicity and promotion		1,430	1,263	943	1,256
96	Loss on write-off of assets		1,400	-	113	-
387	Fees for auditor (financial statement audit)		387	401	448	425
(10)	Increase/(decrease) in provision for doubtful debts	7	18	47	-	-
15	Fees to Auditor (assurance and related Services)		27	-	-	-
1,187	Increase/(decrease) in provision for onerous contracts	13	-	-	-	-
12	Realised foreign exchange losses		-	-	-	-
5,800	Other departmental operating costs		6,977	6,886	8,615	6,000
151,894	Total other operating expenses		157,285	164,692	174,294	147,475

5. Memorandum accounts

Accounting policy

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. They are intended to provide a long-run perspective to the pricing of outputs. The balance of each memorandum account is expected to trend toward zero over time, with interim deficits being met either from cash from the Department's Statement of financial position or by seeking approval for a capital injection from the Crown. Capital injections will be repaid to the Crown by way of cash payments throughout the memorandum account cycle.



Summary of memorandum accounts

ACTUAL 2017 \$000	ACTUAL 2018 \$000
(197) New Zealand Gazette	(282)
222 Use of facilities and access to Lake Taupō by boat users	(22)
34,015 Passport products	55,095
15,688 Citizenship products	16,766
(843) Marriage and civil union products	(86)
(1,103) Issue of birth, death and marriage certifications and other products	1,087
(7,267) Gaming	(2,576)
835 Kōtui library services	1,123
109 Electronic Purchasing in Collaboration (EPIC)	(49)
(11,550) Common capability products	(11,415)
563 National dog control information database	771
30,472 Balance at 30 June	60,412

Breakdown of memorandum accounts and further information

New Zealand Gazette (Established 30 June 2002)

Purpose: The cost of publishing and distributing the New Zealand Gazette is recovered through third party fees.

Actions: The reducing demand for notices to be published in the New Zealand Gazette is resulting in reduced revenue over time. An operational review was undertaken in 2017/18 and as a result a new fully online operating model has been implemented which has gone some way to mitigating the deficit in the memorandum account. The Department is also planning a fee review in 2018/19 to ensure that the costs of publishing the Gazette are recovered at an appropriate level.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
NEW ZEALAND GAZETTE	
(238) Balance at 1 July	(197)
939 Revenue movement for the year	837
(898) Expense movement for the year	(922)
41 Net memorandum account surplus/(deficit) for the year	(85)
(197) Balance at 30 June	(282)



Use of facilities and access to Lake Taupō by boat users (Established 30 June 2002)

Purpose: The Department manages berths, jetties and boat ramps located at Lake Taupō. 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: Fees for new berths at the Motuoapa Marina redevelopment came into effect in July 2017. A review of fees covering all Crown facilities at Lake Taupō is currently in early stage and new fees structure is expected to be implemented late 2018/19.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
USE OF FACILITIES AND ACCESS TO LAKE TAUPŌ BY BOAT USERS	
347 Balance at 1 July	222
515 Revenue movement for the year	691
(640) Expense movement for the year	(935)
(125) Net memorandum account surplus/(deficit) for the year	(244)
222 Balance at 30 June	(22)

Passport products (Established 30 June 2002)

Purpose: To support a strategy to stabilise fees based on full cost recovery over a ten-year planning horizon. This strategy supports the introduction of new technologies, including the replacement of the ageing passport system within that timeframe.

Actions: The Passport products memorandum account balance is expected to continue to increase over the first five years of the planning horizon until adult renewal volumes significantly decrease in the year ending June 2021, at which point the memorandum account will return to an unsustainable significant deficit for the balance of the planning horizon. The significant decrease in adult renewal volumes from November 2020 is due to the adult passport validity period increase from five years to ten years in November 2015 and a pricing level below cost of production. A report back to Cabinet is due in 2018 on options to address the projected deficits from June 2021.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
PASSPORT PRODUCTS	
12,689 Balance at 1 July	34,015
117,004 Revenue movement for the year	115,806
(95,678) Expense movement for the year	(94,726)
21,326 Net memorandum account surplus/(deficit) for the year	21,080
34,015 Balance at 30 June	55,095



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 balance in the Citizenship memorandum account has increased as it has been affected by changing volumes. In addition, the Department is currently undertaking work as part of the Te Ara Manaaki programme to modernise systems for Identity-related products. The balance in the citizenship memorandum account is expected to contribute to the increased operating costs following the replacement of ageing technology. Citizenship fees are planned to be reviewed in 2018/19 considering this programme of work.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
CITIZENSHIP PRODUCTS	
13,295 Balance at 1 July	15,688
17,449 Revenue movement for the year	17,679
(15,056) Expense movement for the year	(16,601)
2,393 Net memorandum account surplus/(deficit) for the year	1,078
15,688 Balance at 30 June	16,766

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: New fees came into effect late May 2017 for marriages and civil unions products to address the current deficit memorandum account balance over a four to five-year period. In addition, the Department is currently undertaking work as part of the Te Ara Manaaki programme to modernise systems for Identity-related products. The new fees will contribute to the replacement of ageing technology.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
MARRIAGE AND CIVIL UNION PRODUCTS	
(716) Balance at 1 July	(843)
3,198 Revenue movement for the year	4,032
(3,325) Expense movement for the year	(3,275)
(127) Net memorandum account surplus/(deficit) for the year	757
(843) Balance at 30 June	(86)



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: New fees came into effect late May 2017 for the issue of birth, death and marriage certifications and other products to address the past deficit memorandum account balance over a four to five-year period. In addition, the Department is currently undertaking work as part of the Te Ara Manaaki programme to modernise systems for Identity-related products. The new fees will contribute to the replacement of ageing technology.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
ISSUE OF BIRTH, DEATH AND MARRIAGE CERTIFICATIONS AND OTHER PRODUCTS	
(1,147) Balance at 1 July	(1,103)
8,838 Revenue movement for the year	11,144
(8,794) Expense movement for the year	(8,954)
44 Net memorandum account surplus/(deficit) for the year	2,190
(1,103) Balance at 30 June	1,087

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 memorandum account is expected to be in surplus by 2018/19. Periodic internal fees review is performed to ensure the full recovery of costs.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
GAMING	
(12,969) Balance at 1 July	(7,267)
25,898 Revenue movement for the year	26,156
(20,196) Expense movement for the year	(21,465)
5,702 Net memorandum account surplus/(deficit) for the year	4,691
(7,267) Balance at 30 June	(2,576)

Gambling Commission and Censorship revenue and expenditure are not included in the Gaming memorandum account, because they are policy monitoring, not administration and regulation.



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 ten-year period with the surplus slowly decreasing over time.

Actions: In 2017/18, the memorandum account closing surplus increased in line with expectations. Subscription costs are reviewed annually to ensure recovery of full costs.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
KOTUI LIBRARY SERVICES	
890 Balance at 1 July	835
1,691 Revenue movement for the year	2,275
(1,746) Expense movement for the year	(1,987)
(55) Net memorandum account surplus/(deficit) for the year	288
835 Balance at 30 June	1,123

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 favourable rates than they would be able to achieve individually.

Actions: The deficit for 2017/18 is close to budget due to the timing of revenue and expenses. Fees are reviewed annually and are based on member uptake and vendor costs.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
ELECTRONIC PURCHASING IN COLLABORATION (EPIC)	
88 Balance at 1 July	109
3,142 Revenue movement for the year	3,412
(3,121) Expense movement for the year	(3,570)
21 Net memorandum account surplus/(deficit) for the year	(158)
109 Balance at 30 June	(49)



Common capability products (Established 2013; amended to include Infrastructure as a Service (IaaS) 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: The memorandum account was forecast to breakeven from 2020/21, however updated projections now indicate the breakeven position will not occur due to revised projected costs of operation and service fees. These updated projections reflect reduced future service fee revenue for several products and increased costs related to reopening the Telecommunications as a Service panel, addition security certification and the development and operation of the Marketplace, a digital channel for procurement. This has been raised with The Treasury to progress a sustainable solution while continuing to realise the broader benefits from the common capabilities approach.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
COMMON CAPABILITY PRODUCTS	
(10,828) Balance at 1 July	(11,550)
6,036 Revenue movement for the year	7,526
(6,758) Expense movement for the year	(7,391)
(722) Net memorandum account surplus/(deficit) for the year	135
(11,550) Balance at 30 June	(11,415)

Common capability products memorandum account includes IaaS and All-of-Government adoption of cloud computing memorandum accounts effective from 1 July 2015.

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 2018/19 associated with reviewing and renewing the national dog control information database support contract which expires in February 2019. This is expected to utilise the accumulated surplus.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
NATIONAL DOG CONTROL INFORMATION DATABASE	
376 Balance at 1 July	563
400 Revenue movement for the year	400
(213) Expense movement for the year	(192)
187 Net memorandum account surplus/(deficit) for the year	208
563 Balance at 30 June	771



OPERATING ASSETS AND LIABILITIES

6. Cash and cash equivalents

Accounting policy

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. The Department is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

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

Trust bank account is defined in the Regulatory Systems (Commercial Matters) Amendment Act 2017. This requires all retentions on commercial contracts to be held in a trust bank account. This account holds the money that is deposited with Department with pending practical completion of a transaction or dispute and which may become payable to the supplier.

Breakdown of cash and cash equivalents and further information

ACTUAL 2017 \$000	ACTUAL 2018 \$000
30,165 New Zealand bank accounts	48,814
OVERSEAS BANK ACCOUNTS	
270 Australian bank accounts	407
369 United Kingdom bank accounts	247
TRUST BANK ACCOUNT	
– Retention trust account	340
30,804 Total cash and cash equivalents	49,808

7. Debtors and other receivables

Accounting policy

Debtors and other receivables are recorded at face value, less any provision for impairment. Debtors and other receivables are impaired when there is evidence that the Department will not be able to collect the amount due. The amount of impairment is the difference between the carrying amount and the present value of the amount expected to be collected. Any impairment losses are recognised in the Statement of comprehensive revenue and expense as bad debts.

Provision for doubtful debts

The provision for doubtful debts consists of specific individual impairment provisions, based on review of overdue receivables, and a collective impairment provision based on an analysis of past collection history and debt write-offs.



Breakdown of receivables and further information

ACTUAL 2017 \$000		ACTUAL 2018 \$000
11,856	Gross trade receivables	10,884
1,156	Insurance receivables relating to Christchurch earthquakes	–
(64)	Less provision for doubtful debts	(70)
12,948	Total accounts receivables	10,814
TOTAL RECEIVABLES COMPRISE:		
11,792	Receivables from exchange transactions	10,814
1,156	Receivables from non-exchange transactions	–
12,948	Total receivable	10,814

All receivables more than 30 days in age are past due. As at balance date, all receivables have been assessed for impairment, and appropriate provisions applied, as detailed below.

2017			2018		
GROSS \$000	IMPAIRMENT \$000	NET \$000	GROSS \$000	IMPAIRMENT \$000	NET \$000
9,351	–	9,351	7,128	–	7,128
2,787	–	2,787	2,752	–	2,752
213	–	213	304	–	304
50	–	50	46	–	46
611	(64)	547	654	(70)	584
13,012	(64)	12,948	10,884	(70)	10,814

Movements in the provision for doubtful debts are as follows:

ACTUAL 2017 \$000	ACTUAL 2018 \$000
(91)	(64)
(64)	(70)
91	64
(64)	(70)

8. Inventories

Accounting policy

Inventories held for distribution or consumption in the provision of services that are not issued on a commercial basis is 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 net realisable value or for the loss of service potential is recognised in the Statement of comprehensive revenue and expense in the year of the write-down.

**Breakdown of inventories and further information**

ACTUAL 2017 \$000	ACTUAL 2018 \$000
BIRTH, DEATH AND MARRIAGE CERTIFICATES	
202 Stock on hand	124
CITIZENSHIP	
2 Stock on hand	18
533 Work in progress	516
FILM PRESERVATION LABORATORY	
28 Stock on hand	100
NATIONAL LIBRARY	
101 Stock on hand	39
PASSPORTS	
27 Stock on hand	100
1,306 Work in progress	1,205
2,199 Total inventories	2,102

No inventories have been written down during the year (2016/17: nil).

No inventories are pledged as security for liabilities (2016/17: nil). However, some inventories are subject to retention of title clauses.

9. Property, plant and equipment

Accounting policy

Property, plant and equipment consist of land, buildings, boating facilities, equipment, leasehold improvements, furniture and fittings, collections, computer hardware, motor vehicles, and leased assets.

Property, plant and equipment

Additions

Items of property, plant and equipment costing more than \$3,000 are initially capitalised and recorded at cost if it is probable that future economic benefits or service potential will flow to the Department. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value on the date of acquisition. Work in Progress is recognised at cost less impairment and is not depreciated.

Under the Department's assets accounting policy, plant and equipment that individually costs less than \$3,000 and is acquired as a group purchase with a total cost of more than \$30,000 will be treated as a capital acquisition and capitalised as a fixed asset.



Subsequent costs

Subsequent costs are capitalised when it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the Statement of comprehensive revenue and expense as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised in the Statement of comprehensive revenue and expense in the period the transaction occurs. Any associated gains and losses on revaluated asset are transferred from the revaluation reserve.

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.

Property, plant, and equipment held at cost that has a finite useful life is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impaired asset's carrying amount is written down to its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the Statement of comprehensive revenue and expense, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

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.

The reversal of an impairment loss is recognised as part of the Statement of comprehensive revenue and expense.

Revaluations

Revaluations are carried out on several 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 at least once every three to five years or whenever the carrying amount differs materially to fair value which is assessed every year by an independent registered valuer. 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.

A gain is credited to the Statement of comprehensive revenue and expense to the extent that it reverses a loss previously charged to the Statement of comprehensive revenue and expense for the asset class. Otherwise, gains are credited to an asset revaluation reserve for that class of asset. Any loss is debited to the reserve to the extent that there is a balance in the asset revaluation reserve for that asset class. 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. The useful life of an asset is reassessed following revaluation.



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.

Boating facilities

Boating facilities are recorded at fair value less impairment losses and, less depreciation accumulated since the assets were last revalued. Valuations are undertaken in accordance with the standards issued by the New Zealand property institute.

Collections

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

Other property, plant and equipment

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

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment or collections, less any estimated residual value, over its estimated useful life. Depreciation is not charged on land, antiques, artworks or capital work in progress.

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

ASSET CATEGORY	ASSET LIFE
Buildings and non-residential buildings	30–90 years
Boating facilities	1–40 years
Furniture and fittings	5–30 years
IT equipment	3–5 years
Leasehold improvements	Shorter of lease period or estimated useful life of the improvements
Leased assets	7 years
Motor vehicles	3–6 years
National library general and schools' collections	5–50 years
Plant and equipment	5–100 years
Office equipment	5–10 years



Breakdown of property, plant, and equipment and further information

2018

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	13,075	-	329	-	(3,819)	9,585
Non-residential buildings	156,223	28,677	65	(1,945)	(3,154)	179,866
Boating facilities	-	-	79	-	41	120
Antiques and works of art	1,378	-	-	-	-	1,378
Furniture and fittings	24,078	3,326	-	(2,098)	583	25,889
General collections	31,000	610	-	-	104	31,714
Schools collections	19,302	998	-	(462)	19	19,857
Motor vehicles	6,853	1,455	-	(1,231)	43	7,120
Plant and equipment	10,150	1,374	-	(992)	(309)	10,223
IT equipment	30,828	6,039	-	(4,906)	(1,215)	30,746
Leased assets	6,700	-	-	-	-	6,700
Total cost	299,587	42,479	473	(11,634)	(7,707)	323,198

2018

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	17,467	7,550	124	(1,945)	(6)	23,190
Boating facilities	-	-	-	-	6	6
Antiques and works of art	-	-	-	-	-	-
Furniture and fittings	12,932	1,607	-	(1,870)	-	12,669
General collections	22,401	1,080	-	-	-	23,481
Schools collections	16,461	1,138	-	(453)	-	17,146
Motor vehicles	2,819	666	-	(819)	-	2,666
Plant and equipment	5,747	420	-	(905)	-	5,262
IT equipment	23,313	3,910	-	(4,113)	-	23,110
Leased assets	2,584	957	-	-	-	3,541
Total accumulated depreciation	103,724	17,328	124	(10,105)	-	111,071

* Transfers include transfers between assets categories, transfers between government entities, and transfers to non-current assets held for sale.



2017

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	50,195	-	-	-	(37,120)	13,075
Non-residential buildings	154,742	14,026	(14,224)	(674)	2,353	156,223
Antiques and works of art	1,433	-	-	(55)	-	1,378
Furniture and Fittings	21,234	2,807	-	(30)	67	24,078
General collections	30,190	645	-	-	165	31,000
Schools collections	18,213	1,089	-	-	-	19,302
Motor vehicles	8,083	759	-	(1,989)	-	6,853
Plant and equipment	10,141	1,049	-	(648)	(392)	10,150
IT equipment	26,366	1,144	-	(276)	3,594	30,828
Leased assets	6,700	-	-	-	-	6,700
Total cost	327,297	21,519	(14,224)	(3,672)	(31,333)	299,587

2017

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	26,102	6,262	(14,223)	(674)	-	17,467
Antiques and works of art	-	-	-	-	-	-
Furniture and fittings	11,751	1,210	-	(29)	-	12,932
General collections	21,192	1,209	-	-	-	22,401
Schools collections	15,269	1,192	-	-	-	16,461
Motor vehicles	3,729	628	-	(1,538)	-	2,819
Plant and equipment	5,993	395	-	(641)	-	5,747
IT equipment	21,651	1,937	-	(275)	-	23,313
Leased assets	1,627	957	-	-	-	2,584
Total accumulated depreciation	107,314	13,790	(14,223)	(3,157)	-	103,724



Summary of property, plant and equipment

2017				2018		
COST OR VALUATION \$000	ACCUMULATED DEPRECIATION \$000	CARRYING VALUE \$000	ASSET CLASS	COST OR VALUATION \$000	ACCUMULATED DEPRECIATION \$000	CARRYING VALUE \$000
13,075	–	13,075	Land	9,585	–	9,585
156,223	17,467	138,756	Non-residential buildings	179,866	23,190	156,676
–	–	–	Boating facilities	120	6	114
1,378	–	1,378	Antiques and works of art	1,378	–	1,378
24,078	12,932	11,146	Furniture and fittings	25,889	12,669	13,220
31,000	22,401	8,599	General collections	31,714	23,481	8,233
19,302	16,461	2,841	Schools collections	19,857	17,146	2,711
6,853	2,819	4,034	Motor vehicles	7,120	2,666	4,454
10,150	5,747	4,403	Plant and equipment	10,223	5,262	4,961
30,828	23,313	7,515	IT equipment	30,746	23,110	7,636
6,700	2,584	4,116	Leased assets	6,700	3,541	3,159
299,587	103,724	195,863	Total property, plant and equipment	323,198	111,071	212,127

Finance leases

The net carrying amount of the leased assets (passport printers) held by way of a finance lease is \$3.159 million (2016/17: \$4.116 million).

Capital work in progress

2017 COST \$000	ASSET CLASS	2018 COST \$000
21,530	Non-residential buildings (including leasehold improvements)	14,520
2,437	Furniture and fittings	409
309	Plant and equipment	980
24,276	Total capital work in progress	15,909

Revaluation movement

Details of valuations and revaluation movements are contained in Note 21.

Impairment losses

The Department has recognised an impairment loss of \$0.155 million for the non-residential buildings fit-out (2016/17: nil).

Restrictions of title

There are no restrictions over the title of the Department's property, plant and equipment and none are pledged as security for liabilities.



10. Non-current assets held for sale

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met, only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale of the asset is expected to be completed within one year from the date of classification. 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.

Breakdown of non-current assets held for sale and further information

ACTUAL 2017 \$000		ACTUAL 2018 \$000
	LAND	
37,120	Land beneath Archives and National Library – Wellington	37,120
	– Archives New Zealand – Christchurch	2,819
	BUILDING	
	– Archives New Zealand – Christchurch	–
37,120	Total non-current assets held for sale	39,939

Land beneath Archives and National Library – Wellington

Wellington manawhenua iwi grouping Taranaki Whānui had the option to purchase the land beneath the National Library (Molesworth St) and Archives New Zealand (Mulgrave St) for 10 years from when the settlement occurred towards the end of 2009. The Department received formal notification on 14 December 2016 that they wish to exercise this option – i.e. to purchase the Crown land beneath Archives and the National Library. Following the sale, the Department would lease back the land.

The Wellington manawhenua iwi grouping Taranaki Whānui are represented by the Port Nicholson Block Settlement Trust (the Trust) and as such the Department's engagement is with the Trust.

At the end of 2017/18, the Department and the Trust were still engaged in discussions to finalise the Deed of Lease, which will form the basis of the ground rental arrangement of the land beneath the National Library and Archives. As at 30 June 2018, the Trust still had intent to exercise their option to purchase the land. The sale is expected to be completed in 2018/19.

The accumulated revaluation (loss) reserve associated with the land beneath the National Library is \$3.600 million and the accumulated revaluation (gain) reserve associated with the land beneath the Archives New Zealand building is \$11.219 million.



Land and building Archives New Zealand – Christchurch

The above property was used as the key South Island Repository for Archives New Zealand (Archives NZ). The 2011 earthquake have severely compromised both the building and the land as a suitable location for a significant part of the National Archive.

The property is surplus to requirements. The Department has engaged Land Information New Zealand (LINZ) to coordinate the disposal. The sale is expected to be completed in 2018/19.

The accumulated revaluation (gain) reserve associated with the land is \$2.239 million and the accumulated revaluation (loss) reserve associated with the building is \$0.600 million.

11. Intangible assets

Accounting policy

Additions

Intangible assets are initially recorded at cost. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The cost of an internally generated intangible asset represents direct 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. Direct costs include the costs of services, software development employee costs, and an appropriate portion of relevant overheads. 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.

Impairments

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 impaired asset's carrying amount is written down to its recoverable service amount which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the Statement of comprehensive revenue and expense.

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.

The reversal of an impairment loss is recognised as part of the Statement of comprehensive revenue and expense.

Amortisation

Amortisation is charged in 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
Digitised collections – National Digital Heritage Archive	Indefinite life



Critical accounting estimates and assumptions

Useful lives of software

The useful life of software is determined at the time the software is acquired and brought into use and is reviewed at each reporting date for appropriateness. For computer software licences, the useful life represents management's view of the expected period over which the Department will receive benefits from the software, but not exceeding the licence term. For internally generated software developed by the Department, the useful life is based on historical experience with similar systems as well as anticipation of future events that may impact the useful life, such as changes in technology.

Breakdown of intangible assets and further information

Movements in the carrying value for each class of intangible asset are as follows:

2018

Cost or valuation

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Software acquired	40,151	2,141	–	(3,236)	10,515	49,571
Software internally generated	184,644	42,654	–	(1,118)	(7,551)	218,629
Total software cost	224,795	44,795	–	(4,354)	2,964	268,200

2018

Accumulated amortisation

ASSET CLASS	BALANCE AT 1 JULY \$000	AMORTISATION \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Software acquired	27,421	4,684	–	(2,977)	–	29,128
Software internally generated	107,432	16,249	454	(1,055)	–	123,080
Total software amortisation	134,853	20,933	454	(4,032)	–	152,208
Net book value	89,942					115,992



2017

Cost or valuation

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Software acquired	35,672	2,335	–	(1,704)	3,848	40,151
Software internally generated	161,084	34,404	374	(2,331)	(8,887)	184,644
Total software cost	196,756	36,739	374	(4,035)	(5,039)	224,795

2017

Accumulated amortisation

ASSET CLASS	BALANCE AT 1 JULY \$000	AMORTISATION \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS \$000	BALANCE AT 30 JUNE \$000
Software acquired	25,583	3,494	–	(1,656)	–	27,421
Software internally generated	93,077	15,216	679	(2,292)	751	107,432
Total software amortisation	118,660	18,710	679	(3,948)	751	134,853
Net book value	78,096					89,942

Capital work in progress

The total amount of intangibles during construction is \$45.207 million (2016/17: \$22.025 million).

Impairment losses

The Department has recognised an impairment loss of \$0.454 million for internally generated software (2016/17: \$0.305 million). The impairment loss has been recognised in the Statement of comprehensive revenue and expense.

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.



12. Creditors and other payables

Accounting policy

Short-term payables are recorded at the amount payable.

Breakdown of creditors and other payables and further information

ACTUAL 2017 \$000		ACTUAL 2018 \$000
	CREDITORS AND OTHER PAYABLES UNDER EXCHANGE TRANSACTIONS	
11,615	Creditors	11,700
20,142	Accrued expenses	12,764
3,504	Accrued salaries	4,068
	CREDITORS AND OTHER PAYABLES UNDER NON-EXCHANGE TRANSACTIONS	
445	GST payable	3,164
35,706	Total creditors and other payables	31,696

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

13. Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- + there is a present obligation (either legal or constructive) because 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 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.



Breakdown of provisions and further information

ACTUAL 2017 \$000	ACTUAL 2018 \$000
CURRENT PROVISIONS	
335 Restructuring	567
1,186 Onerous contracts	-
66 Lease make good	90
2,063 Others	3,114
3,650 Total current provisions	3,771
NON-CURRENT PROVISIONS	
258 Lease make good	280
258 Total non-current provisions	280
3,908 Total provisions	4,051

	RESTRUCTURING \$000	LEASE MAKE GOOD \$000	ONEROUS LEASE \$000	OTHERS \$000	TOTAL \$000
2018					
Balance as at 1 July	335	325	1,186	2,063	3,909
Additional provisions made	567	92	-	3,051	3,710
Charge against provision for the year	(335)	(47)	(1,186)	(2,000)	(3,568)
Balance as at 30 June	567	370	-	3,114	4,051

Restructuring

The Department recognises provisions for restructuring when an approved, detailed, formal plan for the restructuring has been announced publicly to those affected, or implementation has already commenced. The restructuring provision arises from the 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

The lease make good provision relates to contractual obligation resulting from the Department entering into property leases contracts. These lease obligations require the Department 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.

Onerous contracts

The provision for onerous contracts arises from a non-cancellable lease where the unavoidable costs of meeting the lease contract exceed the economic benefits to be receivable from it. The leases are onerous because of vacant space. The Department has no onerous contract as at 30 June 2018 (2016/17: \$1.186 million).

Others

Holidays Act 2003 sets out the minimum entitlements to holidays and leave, and payment that employer is obliged to provide to their employees. The Department is currently working with Ministry of Business, Innovation and Employment (MBIE) through the Labour Inspectorate to ensure that the Department meets the obligations under the Act.



State Services Commission (SSC) has instructed agencies to review and change the hourly rate calculation methodology in the payroll system from Personnel Information Payroll Services (PIPS) to Standard method. Crown Law are recommending a compensatory approach to affected employees.

The Department has estimated potential liabilities associated with the above changes and plan to implement the necessary system remediation in 2018/19.

14. Revenue received in advance

Accounting policy

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.

Breakdown of revenue received in advance

ACTUAL 2017 \$000	ACTUAL 2018 \$000
4,907 Gaming – licensing fees	4,954
4,163 Passport fees; birth, death, marriage and civil union fees; and citizenship fees	3,845
2,310 Electronic Purchasing in Collaboration (EPIC)	2,548
– Te Puna	812
250 Other	342
175 Kotui library services	–
11,805 Total revenue received in advance	12,501

15. Employee entitlements

Accounting policy

Short-term employee entitlements

Employee entitlements that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, long service leave and retirement gratuities expected to be settled within 12 months.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee entitlements that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- + likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlements information, and
- + the present value of the estimated future cash flows.



Presentation of employee entitlements

Annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

ACTUAL 2017 \$000	ACTUAL 2018 \$000
CURRENT ENTITLEMENTS	
9,951 Annual leave	9,387
641 Long service and retirement leave	631
10,592 Total current entitlements	10,018
NON-CURRENT ENTITLEMENTS	
2,601 Long service and retirement leave	2,450
2,601 Total non-current entitlements	2,450
13,193 Total entitlements	12,468

Critical accounting estimates and assumptions

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 the Fellow of the New Zealand Society of Actuaries.

The measurement of the retiring and long service leave obligations depends on several factors that are determined on an actuarial basis using several 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.

ACTUAL 2017 %	ACTUAL 2018 %
DISCOUNT RATE	
2.49 Long service leave	2.47
2.13 Retirement leave	1.87
SALARY INFLATION FACTOR	
3.00 Salary inflation	3.10

The following table provides a sensitivity analysis for the key assumptions:

	DISCOUNT RATE		SALARY INFLATION FACTOR	
	- 1.0%	+ 1.0%	- 1.0%	+ 1.0%
Long service leave	165,476	(147,844)	(148,351)	162,735
Retiring leave	505	(485)	(484)	494



16. Return of operating surplus

ACTUAL 2017 \$000	ACTUAL 2018 \$000
29,448 Total comprehensive revenue and expense	33,036
– Revaluation loss/(gain)	(505)
(28,685) (Surplus)/deficit on memorandum accounts	(29,940)
763 Total return of operating surplus	2,591

As general government policy, except for the balances retained in memorandum accounts, the Department is not permitted to retain any operating surplus. The Department is required to repay the operating surplus to the Crown by 31 October each year.

CAPITAL STRUCTURE AND FINANCING COSTS

17. Finance leases

Accounting policy

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 Statement of comprehensive revenue and expense over the lease period on a diminishing-value basis.

Critical judgements in applying accounting policies

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 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 (refer to Note 9), whereas with an operating lease, no such asset is recognised.

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



ACTUAL 2017 \$000	ACTUAL 2018 \$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
2,440 Later than five years	1,464
7,317 Total minimum lease payments	6,341
FUTURE CHARGES	
(418) Not later than one year	(373)
(1,175) Later than one year and not later than five years	(947)
(235) Later than five years	(89)
(1,828) Total future charges	(1,409)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS PAYABLE	
557 Not later than one year	602
2,727 Later than one year and not later than five years	2,955
2,205 Later than five years	1,375
5,489 Total present value of minimum lease payments	4,932
REPRESENTED BY:	
557 Current	602
4,932 Non-current	4,330
5,489 Total finance leases	4,932

The net carrying amount of the leased assets within property, plant and equipment is shown in Note 9.

There are no restrictions placed on the Department because 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 in payment.

18. Capital charge expense

Accounting policy

The Department pays a capital charge to the Crown on taxpayer's funds at 31 December and 30 June each financial year. This is recognised as an expense in the period to which the charge relates.

Further information

The capital charge rate for the year ended 30 June 2018 was 6.0% per annum (2016/17: 7.0% from 1 July 2016 to 31 December 2016 and then 6.0% from 1 January 2017 to 30 June 2017).



19. Finance costs

Accounting policy

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Breakdown of finance costs

ACTUAL 2017 \$000	ACTUAL 2018 \$000
462 Interest on finance leases	419
462 Total finance costs	419

20. Other financial liabilities

Accounting policy

Leasing incentives are recognised as liabilities, with durations of less than 12 months are recognised at their nominal value, unless the effect of discounting is material. Anything greater than 12 months are subsequently measured at amortised cost.

Breakdown of other financial liabilities

ACTUAL 2017 \$000	ACTUAL 2018 \$000
CURRENT LIABILITIES	
48 Leasing incentives	262
48 Total current liabilities	262
NON-CURRENT LIABILITIES	
188 Leasing incentives	2,627
188 Total non-current liabilities	2,627
236 Total other financial liabilities	2,889

21. Equity

Accounting policy

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.

Revaluation reserve

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



Breakdown of equity and further information

ACTUAL 2017 \$000	NOTE	ACTUAL 2018 \$000
TAXPAYERS' FUNDS		
251,226		256,429
29,448		33,036
-		(505)
9		170
(28,685)		(29,940)
19		-
5,175	22	41,256
-	22	(1,925)
(763)	16	(2,591)
256,429		295,930
MEMORANDUM ACCOUNTS		
1,806		30,472
28,685		29,940
(19)		-
30,472	5	60,412
REVALUATION RESERVES		
47,924		47,915
-		505
(9)		(170)
47,915		48,250
REVALUATION RESERVES CONSIST OF:		
13,900		14,219
32,893		32,830
-		79
1,122		1,122
47,915		48,250

Critical accounting estimates and assumptions

Land and buildings – Departmental accommodation

The most recent valuation of land and building was performed by Darroch Ltd, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer in June 2016, with the valuation effective as at 30 June 2016. In line with the Department's accounting policy, the next valuation will be effective 30 June 2019. The independent valuer confirmed that there is no material market movement in terms of revaluing ministerial properties and Departmental land and buildings as at 30 June 2018, and the valuation undertaken in 2016 is deemed to be fair and reasonable.



Boating facilities

The boating facilities were valued by Darroch Ltd, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer in June 2018, with the valuation effective as at 30 June 2018.

Antiques and works of art

The most recent valuation of antiques and works of art were performed by Dunbar Sloane Ltd, an independent expert, in June 2016, with valuations effective as at 30 June 2016. In line with the Department's accounting policy, the next valuation will be effective 30 June 2021, until this time the valuation undertaken in 2016 is deemed to be fair and reasonable.

22. Capital injections and withdrawals

ACTUAL 2017 \$000	ACTUAL 2018 \$000
	14,000
– Asset replacement programme funding	
2,200 Archives NZ – Christchurch relocation	9,540
2,850 Wellington accommodation project	6,150
– RealMe	6,000
– Digital Identity	2,000
– Core Government trusted domain	1,700
– 2017 Change of Executive	906
– Progressive steps programme	870
– Anti-money Laundering phase 2	90
125 Ministerial services fiscal pressure	–
5,175 Total capital injections	41,256
– Palmerston North building transfer	(1,925)
– Total capital withdrawals	(1,925)

Capital management

The Department's capital is its equity, which comprises taxpayers' funds, memorandum accounts and revaluation reserves. Equity is represented by net assets. The objective of managing the Department's equity is to ensure the Department effectively achieves the goals and objectives for which it has been established, whilst remaining a going concern. Where the Department identifies that it does not have sufficient resources to achieve this objective a capital injection is sought.



FINANCIAL RISK MANAGEMENT

23. Financial instruments and risks management

Accounting policy

Derivative

For certain commitments the Department uses derivative financial instruments (foreign currency forward exchange contracts) to mitigate its risks associated with foreign currency fluctuations. The Department does not hold or issue derivative financial instruments for trading purposes. The Department has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the Statement of comprehensive revenue and expense.

Foreign exchange derivatives are classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of foreign exchange derivatives is classified as non-current.

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, foreign currency forward contracts, and other financial liabilities.

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.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to 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, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

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 passport printer lease. The fixed interest rate on the term of these leases reduces the exposure on borrowed funds. This information is provided in Note 17.



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.

In the normal course of its business, credit risk arises from receivables, deposits with banks, and derivative financial instrument assets. The Department banks with Treasury approved financial institutions. The Department is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard and Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, the Department does not have significant concentrations of credit risk.

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. This information is provided in Note 6 and 7.

Liquidity risk

Liquidity risk is the risk that the Department will encounter difficulty raising liquid funds to meet commitments as they fall due.

As part of meeting its liquidity requirements, the Department closely monitors its forecast cash requirements with expected cash 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.

	NOTE	TOTAL \$000	LESS THAN 6 MONTHS \$000	BETWEEN 6 MONTHS & 1 YEAR \$000	BETWEEN 1 YEAR & 5 YEARS \$000	OVER 5 YEARS \$000
2018						
Creditors and other payables	12	31,696	31,696	-	-	-
Finance lease	17	6,341	488	487	3,902	1,464
Other financial liabilities	20	2,889	238	24	1,848	779
2017						
Creditors and other payables		35,706	35,706	-	-	-
Finance lease		7,317	488	487	3,902	2,440
Other financial liabilities		236	24	24	188	-

The Department had no forward exchange contracts outstanding at 30 June 2018 (2016/17: \$nil).

The fair values of forward foreign exchange contracts have been determined using a discounted cash flow valuation technique based on quoted market prices.



Categories of financial instruments

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

ACTUAL 2017 \$000		NOTE	ACTUAL 2018 \$000
LOANS AND RECEIVABLES			
30,804	Cash and cash equivalents	6	49,808
30,000	Debtor Crown		39,344
12,948	Debtors and other receivables	7	10,814
73,752	Total loans and receivables		99,966
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
35,706	Creditors and other payables (excluding revenue received in advance)	12	31,696
5,489	Finance lease	17	4,932
236	Other financial liabilities	20	2,889
41,431	Total financial liabilities measured at amortised cost		39,517

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:

- + Level 1 – Quoted market price – financial instruments with quoted prices for identical instruments in active markets.
- + 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.
- + 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 2017/18 (2016/17: nil).

There were no transfers between the different levels of the fair value hierarchy.

OTHER DISCLOSURES

24. Related party transactions and key management personnel

All related party transactions have been entered 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 that are within a normal supplier, client or 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 2017 \$000		ACTUAL 2018 \$000
LEADERSHIP TEAM, INCLUDING THE CHIEF EXECUTIVE		
2,904	Remuneration	3,460
8	Full-time equivalent staff	10

The key management personnel remuneration disclosure includes the Chief Executive and nine members of the Executive Leadership Team (ELT) and those formally acting in these positions during the financial year. The Chief Executive's remuneration is determined and paid by the State Services Commission.

Key management personnel compensation excludes the remuneration and other benefits of the Responsible Ministers 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.

25. Explanation of significant variances against budget

Statement of comprehensive revenue and expense

Variances 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 \$20.884 million are summarised below:

REASON FOR BUDGET CHANGE	\$000
Funding from other agencies in 2017/18 for 2017/18 Service Innovation Work Programme	5,000
New funding in 2017/18 for 2017 Change of Executive	3,730
New funding in 2017/18 for the Government inquiry into Mental Health and Addiction	3,511
New funding in 2017/18 for the Transition to a Digital Identity Marketplace project	1,850
Expenses transfers from 2016/17 to 2017/18	1,581
New funding in 2017/18 for Government Review of Three Waters Services	1,500
New funding in 2017/18 for the Government inquiry into Operation Burnham	1,351
New funding in 2017/18 from the Better Public Service Seed Fund for the Increasingly Digital initiative	1,183
New funding in 2017/18 to provide transitional funding for the Language Line interpreting service	848
Technical change for increase in capital charge resulting from asset revaluation	587
Other adjustments including forecasting changes associated with the provision of products and services to third parties	(257)
Total budget change	20,884

Variations between 2017/18 actuals and the Supplementary Estimates

There are no significant variations against the Supplementary Estimates.

Statement of financial position

Variations between the Main Estimates and the Supplementary Estimates

The primary factors contributing to the increase in general funds between the Main Estimates and the Supplementary Estimates of \$33.996 million are detailed below:

REASON FOR BUDGET CHANGE	\$000
Capital withdrawal proposed for 2016/17 not actioned due to the delay in sale and leaseback agreement of land with Taranaki Whanui to beyond 2017/18	37,000
Capital Contributions approved in 2017/18 for 2017 Change of Executive and Opex to Capex Swap for the Progressive Steps project	2,776
Adjustment to opening Taxpayers Funds resulting from final audited position for 2016/17 including surplus to be repaid to the Crown	779
Movement in forecast net surplus for 2017/18	(807)
Surplus property transferred to Land Information New Zealand for disposal	(1,925)
Capital transfers from 2017/18 to 2018/19 to ensure that capital funds are available for Anti-Money Laundering and Countering Financing of Terrorism and Upgrade of the Physical Infrastructure for Archives New Zealand and National Library programmes	(3,827)
Total budget change	33,996



Variances between 2017/18 actuals and the Supplementary Estimates

The following major budget variances occurred between the 2017/18 actuals and the 2017/18 Supplementary Estimates.

	ACTUAL 2018 \$000	UNAUDITED SUPP EST 2018 \$000	VARIANCE \$000	VARIANCE %
STATEMENT OF FINANCIAL POSITION				
Current assets	146,137	110,028	36,109	33%
Non-current assets	329,583	358,453	(28,870)	(8%)
Current liabilities	61,441	58,383	3,058	5%
Non-current liabilities	9,687	6,930	2,757	40%

Explanations for significant variances between the 2017/18 actuals and the Supplementary Estimates are detailed below:

Current assets and non-current assets

Current assets were higher than budget by \$36.109 million and non-current assets were lower than budget by \$28.870 million mainly due to the following:

- + timing of delivery for capital projects has resulted higher cash on hand balance and lower capital spending for the year, and
- + the re-classification of land held for sale from non-current assets to current assets. The sale is expected to be completed in 2018/19.

Current liabilities

Current liabilities were higher than budget by \$3.058 million mainly due to the following:

- + timing of purchase order receipts and timely payment of creditors and payables,
- + additional provision recognised related to Holiday Act 2003 (the entitlements to holidays, leave, and payment), and the payroll calculation methodology change from Personnel Information Payroll Services (PIPS) to standard method instructed by State Services Commission, and
- + partially offset by surplus repayment provision.

Non-current liabilities

Non-current liabilities were higher than budget by \$2.757 million mainly due to new leasing incentives liabilities recognised in 2017/18 financial year.

26. Significant events after balance date

No events have occurred between the balance date and date of signing these financial statements that materially affect the actual results within these financial statement



Financial Statements – Non-Departmental

Schedule of non-Departmental revenue	98
Schedule of non-Departmental expenditure	99
Schedule of non-Departmental assets	100
Schedule of non-Departmental liabilities	101
Schedule of non-Departmental commitments	102
Schedule of non-Departmental contingent assets and liabilities	103
Statement of trust money administered on behalf of the Crown	104
Notes to the non-Departmental financial schedules and statements	106
Basis of reporting	
1. Statement of accounting policies	106
Operating assets and liabilities	
2. Debtors and other receivables	108
3. Shares	108
4. Property, plant and equipment and collections	109
5. Financial instruments	116
6. Creditors and other payables	117
7. Provisions	117
8. Revaluation of property plant and equipment and collections	118
9. Receivable – repayable equity	119
Other disclosures	
10. Explanation of significant variances against budget	120
11. Payments to or in respect of benefits and privileges of former Governors-General and Prime Minister	123



Non-Departmental statements and schedules for the year ended 30 June 2018

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

Schedule of non-Departmental revenue

for the year ended 30 June 2018

ACTUAL 2017 \$000		ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPPS EST 2018 \$000
	OPERATING REVENUE			
14	Crown revenue	14	-	-
4,468	Donations received	11,139	1,000	1,000
14	Fines and penalties	11	-	-
140	Refunds of unspent grants	210	-	-
280	Dividends received	278	-	-
4,916	Total operating revenue	11,652	1,000	1,000
	OTHER REVENUE			
27,328	Revaluation gain	833	-	-
1,927	Unrealised gain on the remeasurement of shares	2,082	-	-
29,255	Total other revenue	2,915	-	-
34,171	Total revenue	14,567	1,000	1,000

Explanations of significant variances against budget are detailed in Note 10.

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 2018.



Schedule of non-Departmental expenditure

for the year ended 30 June 2018

ACTUAL 2017 \$000		ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPPS EST 2018 \$000
OPERATING EXPENSES				
23,400	Personnel and travel expenses – member of the executive council, former Governors-General and Prime Ministers	21,948	23,910	24,730
72,707	Grants and subsidies	89,411	94,074	93,585
7,681	Other expenses	11,422	10,798	13,351
760	Depreciation	1,351	768	821
104,548	Total operating expenses	124,132	129,550	132,487

Explanations of significant variances against budget are detailed in Note 10.

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 2018.



Schedule of non-Departmental assets

as at 30 June 2018

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

ACTUAL 2017 \$000		NOTE	ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPPS EST 2018 \$000
CURRENT ASSETS					
21,552	Cash and cash equivalents		33,599	20,058	9,702
4,032	Debtors and other receivables	2	138	258	167
8,826	Receivable – repayable equity	9	11,790	11,790	–
34,410	Total current assets		45,527	32,106	9,869
NON-CURRENT ASSETS					
2	Debtors and other receivables	2	106	3	3
10,776	Shares	3	12,858	8,849	10,776
70,769	Property, plant and equipment	4	83,849	83,207	84,591
1,668,294	Heritage collections	4	1,681,222	1,641,564	1,671,665
16,038	Receivable – repayable equity	9	40,228	40,972	54,184
1,765,879	Total non-current assets		1,818,263	1,774,595	1,821,219
1,800,289	Total non-Departmental assets		1,863,790	1,806,701	1,831,088

Explanations of significant variances against budget are detailed in Note 10.

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 2018.



Schedule of non-Departmental liabilities

as at 30 June 2018

This schedule summarises the liabilities and revaluation reserves which the Department administers on behalf of the Crown.

ACTUAL 2017 \$000		NOTE	ACTUAL 2018 \$000	UNAUDITED BUDGET 2018 \$000	UNAUDITED SUPPS EST 2018 \$000
CURRENT LIABILITIES					
4,920	Creditors and other payables	6	7,109	5,527	4,475
1,224	Provisions	7	979	105	1,224
6,144	Total current liabilities		8,088	5,632	5,699
NON-CURRENT LIABILITIES					
14,439	Provisions	7	14,465	15,437	14,439
14,439	Total non-current liabilities		14,465	15,437	14,439
20,583	Total non-Departmental liabilities		22,553	21,069	20,138

Explanations of significant variances against budget are detailed in Note 10.

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 2018.



Schedule of non-Departmental commitments

as at 30 June 2018

The Department, on behalf of Crown, had no capital and operating commitments that had not been paid for or not recognised as a liability, as at 30 June 2018.

ACTUAL 2017 \$000		ACTUAL 2018 \$000
CAPITAL COMMITMENTS		
12,305	No later than one year	-
	- Later than one and not later than two years	-
	- Later than two and not later than five years	-
	- Later than five years	-
12,305	Total capital commitments	-
OPERATING COMMITMENTS		
444	No later than one year	-
	- Later than one and not later than two years	-
	- Later than two and not later than five years	-
	- Later than five years	-
444	Total operating commitments	-
12,749	Total commitments	-

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 2018.



Schedule of non-Departmental contingent assets and liabilities

as at 30 June 2018

Quantifiable contingent assets

As at 30 June 2018, there were no quantifiable contingent assets (2016/17: nil).

Unquantifiable contingent assets

As at 30 June 2018, there were no unquantifiable contingent assets (2016/17: nil).

Quantifiable contingent liabilities

As at 30 June 2018, there were no quantifiable contingent liabilities (2016/17: nil).

Unquantifiable contingent liabilities

As at 30 June 2018, there were no unquantifiable contingent liabilities (2016/17: nil).

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 2018.



Statement of trust money administered on behalf of the Crown for the year ended 30 June 2018

The following trust money is administered on behalf of the Crown under Part 7 of the Public Finance Act 1989.

Trusts

Christchurch Earthquake Appeal Trust

This trust was established by Government because 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 such as 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.

Inter-Loan Billing System Fund

The Inter-Loan Billing System Fund is administered by the National Library. The trust manages the on-charging of fees for national and Trans-Tasman inter-lending between participating New Zealand libraries and participating New Zealand and Australian libraries respectively.

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.

The figures are audited.



2018

TRUST	OPENING BALANCE JULY 2017 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	REVENUE \$000	EXPENSES \$000	CLOSING BALANCE JUNE 2018 \$000
Christchurch Earthquake Appeal Trust	1,784	43	-	1,647	(1,091)	2,383
Macklin Bequest Fund	290	-	-	9	-	299
Inter-Loan Billing System Fund	42	-	-	558	(558)	42
Total trusts	2,116	43	-	2,214	(1,649)	2,724

2017

TRUST	OPENING BALANCE JULY 2016 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	REVENUE \$000	EXPENSES \$000	CLOSING BALANCE JUNE 2017 \$000
Christchurch Earthquake Appeal Trust	1,315	205	(218)	1,212	(730)	1,784
Macklin Bequest Fund	293	-	-	9	(12)	290
Inter-Loan Billing System Fund	42	-	-	599	(599)	42
Total Trusts	1,650	205	(218)	1,820	(1,341)	2,116

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 2018.



Notes to the non-Departmental financial schedules and statements

BASIS OF REPORTING

1. Statement of accounting policies

Reporting entity

These non-Departmental statements and schedules 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 2018 with comparative figures for the year ended 30 June 2017. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, refer to the financial statements of the Government for the year ended 30 June 2018.

Basis of preparation

The non-Departmental statements and schedules have been prepared in accordance with the accounting policies as set out in the consolidated financial statements of the Government, Treasury instructions and Treasury circulars.

Measurement and recognition rules applied in the preparation of these non-Departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Benefit Entity Accounting Standards) as appropriate for public benefit entities (PBE).

Budget figures

The 2018 budget figures (UNAUDITED BUDGET 2018) are for the year ended 30 June 2018, which are consistent with the Department's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 30 June 2018. In addition, the financial statements also present the updated budget information from the Supplementary Estimates (UNAUDITED SUPPS EST 2018).

The budget figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

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.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than payments to or in respect of benefits and privileges of former Governor-General and Prime Minister disclosures in Note 11. The payments to or in respect of benefits and privileges of former Governor-General and Prime Minister disclosures are rounded to the nearest dollar.

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.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate and the ones that do not relate to a specific note are outlined below.

Revenue

Revenues from the supply of services are recognised when earned in the Schedule of non-Departmental revenue.

Donations received

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

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received. The Department's non-discretionary grants have no substantive conditions (i.e. use for restricted purposes or repay).

Discretionary grants are those grants where the Department has no obligation to award on receipt of the grant application.

For discretionary grants without substantive conditions, the total committed funding over the life of the funding agreement is recognised as expenditure when the grant is approved by the grants approvals committee and the approval has been communicated to the applicant.

Grants with substantive conditions are recognised as an expense at the earlier of the grant payment date or when grant conditions have been satisfied.

If a grant is refunded, either in part or in full, where the original payment was made in the same financial year the refund will be netted off against the relevant grants expenditure in the Schedule of non-Departmental expenditure. If a refunded grant relates to a payment made in a previous financial year the refund will be treated as revenue in the Schedule of non-Departmental revenue as refunds of unspent grants.

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.

Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered or prior to balance date. 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.

OPERATING ASSETS AND LIABILITIES

2. Debtors and other receivables

Accounting policy

Debtors and other receivables are recorded at face value, less any provision for impairment. Debtors and other receivables are impaired when there is evidence that the Department will not be able to collect the amount due. The amount of impairment is the difference between the carrying amount and the present value of the amount expected to be collected. 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.

Breakdown of receivables and further information

ACTUAL 2017 \$000	ACTUAL 2018 \$000
4,032 Debtors and other receivables (current)	138
2 Debtors and other receivables (non-current)	106
4,034 Total debtors and other receivables	244

The carrying value of receivables approximates their fair value.

3. Shares

Accounting policy

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.



Further information

Local government funding agency

The Crown holds \$5 million of the \$25 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 2018 were \$64.290 million (2016/17: \$53.878 million). The Crown's share of the net assets is \$12.858 million (2016/17: \$10.776 million).

The summarised financial information of LGFA is:

ACTUAL 2017 \$000	ACTUAL 2018 \$000
320,700 Revenue	342,828
8,491,421 Assets	8,835,084
8,437,543 Liabilities	8,770,794
11,046 Surplus/(deficit)	11,802

The above figures are audited. The Crown is not a guarantor of the LGFA and has no share of any contingent liabilities of the LGFA.

4. Property, plant and equipment and collections

Accounting policies

Recognition and measurement

Items of property, plant and equipment and collections are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as they deemed cost at initial recognition.

All the Crown's property, plant and equipment are subsequently measured in accordance with the fair value model.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- + the cost of materials and direct labour,
- + costs directly attributable to bringing the assets to a working condition for their intended use, and
- + when the Crown has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs

Subsequent costs are capitalised when it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the non-Departmental Schedule of expenditure as they are incurred.



Disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised in the non-Departmental Schedule of revenue and expenditure in the period in which the transaction occurs. Any associated gains and losses on revaluated asset are transferred from the revaluation reserve.

Impairments

The carrying amounts of land, buildings boating facilities and heritage collections are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impaired asset's carrying amount is written down to its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately 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

Revaluations are carried out for land, buildings and heritage collections 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 land, buildings, boating facilities and heritage collections that are revalued at least once every three years to whenever the carrying amount differs materially to fair value which is assessed every year by an independent registered valuer. Unrealised gains and losses arising from changes in the value are recognised as at balance date.

A gain is credited to the Schedule of non-Departmental revenue to the extent that it reverses a loss previously charged to the Schedule of non-Departmental expenditure for the asset class. Otherwise, gains are credited to an asset revaluation reserve for that class of asset. Gains and losses between asset classes are not offset. Any loss is debited to the reserve to the extent that there is a balance in the asset revaluation reserve for that asset class. 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. The useful life of an asset is assessed following revaluation.

Specific asset class policies

The asset class specific policies are described below:

Land and residential 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.

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. Assets under construction are not subject to depreciation. Depreciation method, useful lives, and residual value are reviewed at reporting date and adjusted if appropriate.



Boating facilities

Boating facilities are recorded at fair value less impairment losses and less depreciation accumulated since the assets were last revalued.

Depreciation on boating facilities is charged on a straight-line basis to allocate the cost or valuation to the estimated residual value over the asset estimated useful life. The estimated useful life for boating facilities range from 1 to 40 years.

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 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.

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. The collections are not depreciated.

National Archives heritage collections

Non-exceptional National Archives Heritage Collection items are measured at fair value. The methodology used was to divide 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 based on these benchmarks.

Independent valuations of other exceptional items, including the Treaty of Waitangi are measured at 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.

The National Archives Heritage Collection receives a large volume of records that are not clearly distinguished as public archives when received by the Chief Archivist. Significant resources are required to assess these records to determine if the records are accepted as public archives. Given the volumes involved, there is generally a volume of records held at year-end awaiting assessment and classification as public archives. These unclassified records are not included in the valuation reported for the National Archives Heritage Collection as the Department is unable to accurately categorise and appraise the archival value for reporting purposes.



Breakdown of property, plant and equipment and collections and further information

2018

Cost or valuation

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS/RE- CLASSIFICATION \$000	BALANCE AT 30 JUNE \$000
PROPERTY, PLANT AND EQUIPMENT						
Buildings – residential	6,020	103	-	-	-	6,123
Buildings – commercial	54,143	-	-	-	(54,143)	-
Boating facilities	-	13,797	(2,209)	(13)	54,143	65,718
Land	12,500	-	-	-	-	12,500
Total cost property, plant and equipment	72,663	13,900	(2,209)	(13)	-	84,341
HERITAGE COLLECTIONS						
National Archives heritage collection	614,947	10,019	-	-	-	624,966
Total cost National Archives heritage collection	614,947	10,019	-	-	-	624,966
ALEXANDER TURNBULL LIBRARY HERITAGE COLLECTIONS						
Archive of New Zealand music	171	-	-	-	-	171
Cartographic	86,602	9	-	-	-	86,611
Cartoon	2	2	-	-	-	4
Children's historical	104	-	-	-	-	104
Digital	7,472	826	-	-	-	8,298
Drawings and prints	368,986	284	-	-	11	369,281
Ephemera	11,934	30	-	-	1	11,965
Formed	1,194	-	-	-	-	1,194
General	7,416	2	-	-	-	7,418
Manuscripts/archives	145,414	80	-	-	-	145,494
Multi-format	203	82	-	-	-	285
Music	1,810	138	-	-	4	1,952
New Zealand and pacific	16,716	312	-	-	(32)	16,996
Newspapers	77,901	31	-	-	1	77,933
Oral history	17,385	95	-	-	4	17,484
Photographic	48,028	624	-	-	2	48,654
Rare books and fine prints	229,899	153	-	-	5	230,057
Serials	25,414	241	-	-	4	25,659
Short title	6,696	-	-	-	-	6,696
Total cost Alexander Turnbull Library heritage collections	1,053,347	2,909	-	-	-	1,056,256
Total cost heritage collections	1,668,294	12,928	-	-	-	1,681,222
Total cost	1,740,957	26,828	(2,209)	(13)	-	1,765,563



2018

Accumulated depreciation

ASSET CLASS	BALANCE AT 1 JULY \$000	DEPRECIATION \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS/RE- CLASSIFICATION \$000	BALANCE AT 30 JUNE \$000
PROPERTY, PLANT AND EQUIPMENT						
Buildings – residential	245	246	-	-	-	491
Buildings – commercial	1,649	486	-	-	(2,135)	-
Boating facilities	-	619	(2,741)	(13)	2,135	-
Land	-	-	-	-	-	-
Total accumulated depreciation property, plant and equipment	1,894	1,351	(2,741)	(13)	-	491
NET BOOK VALUE						
Property, plant and equipment	70,769	12,548	532	-	-	83,849
Heritage collections	1,668,294	12,928	-	-	-	1,681,222
Total net book value	1,739,063	25,476	532	-	-	1,765,071



2017

Cost or valuation

ASSET CLASS	BALANCE AT 1 JULY \$000	ADDITIONS \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS/RE- CLASSIFICATION \$000	BALANCE AT 30 JUNE \$000
PROPERTY, PLANT AND EQUIPMENT						
Buildings – residential	6,982	–	(962)	–	–	6,020
Buildings – commercial	21,996	32,957	–	–	(810)	54,143
Land	12,500	–	–	–	–	12,500
Total cost property, plant and equipment	41,478	32,957	(962)	–	(810)	72,663
HERITAGE COLLECTIONS						
National Archives heritage collection	625,197	3,520	(13,770)	–	–	614,947
Total cost National Archives heritage collection	625,197	3,520	(13,770)	–	–	614,947
ALEXANDER TURNBULL LIBRARY HERITAGE COLLECTIONS						
Archive of New Zealand Music	–	77	94	–	–	171
Cartographic	77,098	5	9,499	–	–	86,602
Cartoon	–	2	–	–	–	2
Children’s historical	104	–	–	–	–	104
Digital	4,432	–	2,230	–	810	7,472
Drawings and prints	359,589	221	9,176	–	–	368,986
Ephemera	11,351	48	535	–	–	11,934
Formed	–	–	748	–	446	1,194
General	8,592	–	(1,176)	–	–	7,416
Manuscripts/archives	145,317	67	30	–	–	145,414
Multi-format	–	79	124	–	–	203
Music	1,850	65	(105)	–	–	1,810
Newspapers	77,933	91	(123)	–	–	77,901
New Zealand and pacific	16,857	367	(62)	–	(446)	16,716
Oral history	16,352	92	941	–	–	17,385
Photographic	42,376	250	5,402	–	–	48,028
Rare books and fine prints	215,525	145	14,229	–	–	229,899
Serials	25,521	291	(398)	–	–	25,414
Short title	6,742	–	(46)	–	–	6,696
Total cost Alexander Turnbull Library heritage collections	1,009,639	1,800	41,098	–	810	1,053,347
Total cost heritage collections	1,634,836	5,320	27,328	–	810	1,668,294
Total cost	1,676,314	38,277	26,366	–	–	1,740,957



2017

Accumulated depreciation

ASSET CLASS	BALANCE AT 1 JULY \$000	DEPRECIATION \$000	REVALUATION/ IMPAIRMENTS \$000	DISPOSALS \$000	TRANSFERS/RE- CLASSIFICATION \$000	BALANCE AT 30 JUNE \$000
PROPERTY, PLANT AND EQUIPMENT						
Buildings – residential	961	246	(962)	–	–	245
Buildings – commercial	1,135	514	–	–	–	1,649
Land	–	–	–	–	–	–
Total accumulated depreciation property, plant and equipment	2,096	760	(962)	–	–	1,894
NET BOOK VALUE						
Property, plant and equipment	39,382	32,197	–	–	(810)	70,769
Heritage collections	1,634,836	5,320	27,328	–	810	1,668,294
Total net book value	1,674,218	37,517	27,328	–	–	1,739,063

Capital work in progress

The total amount of property, plant and equipment in construction is \$0.174 million (2016/17: \$32.139 million).

Revaluation movements

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 \$18.131 million (2016/17: \$18.274 million).



5. Financial instruments

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

ACTUAL 2017 \$000	NOTE	ACTUAL 2018 \$000
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
10,776 Shares	3	12,858
10,776 Total financial assets at fair value through profit or loss		12,858
LOANS AND RECEIVABLES		
21,552 Cash and cash equivalents		33,599
4,034 Debtors and other receivables	2	244
24,864 Receivable – repayable equity	9	52,018
50,450 Total loans and receivables		85,861
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
4,920 Creditors and other payables	6	7,109
4,920 Total financial liabilities measured at amortised cost		7,109

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, repayable equity, accounts payable 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 the policies seek to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered.

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.

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables, and shares. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank, there are no significant concentrations of 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.



	NOTE	TOTAL \$000	LESS THAN 6 MONTHS \$000	BETWEEN 6 MONTHS & 1 YEAR \$000	BETWEEN 1 YEAR & 5 YEARS \$000	OVER 5 YEARS \$000
2018						
Creditors and other payables	6	7,109	7,109	-	-	-
2017						
Creditors and other payables		4,920	4,920	-	-	-

6. Creditors and other payables

ACTUAL 2017 \$000	ACTUAL 2018 \$000
CREDITORS AND OTHER PAYABLES UNDER EXCHANGE TRANSACTIONS	
4,476 Accrued expenses	6,903
444 Accrued heritage collection purchases	206
4,920 Total creditors and other payables	7,109

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, fellow of the New Zealand Society of Actuaries.

The measurement of the estimated future benefits depends on several 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.

	2017	2018
Discount rate	3.02%	3.05%
Consumer price index	2.10%	2.00%



8. Revaluation of property, plant and equipment and collections

2018	BALANCE AT 1 JULY \$000	REVALUATION MOVEMENT \$000	BALANCE AT 30 JUNE \$000
Land and buildings	14,662	(2,953)	11,709
Boating Facilities	–	3,786	3,786
National Archives heritage collection	46,185	–	46,185
Alexander Turnbull Library heritage collections	479,484	–	479,484
Total revaluation reserves	540,331	833	541,164

2017	BALANCE AT 1 JULY \$000	REVALUATION MOVEMENT \$000	BALANCE AT 30 JUNE \$000
Land and buildings	14,662	–	14,662
National Archives heritage collection	59,955	(13,770)	46,185
Alexander Turnbull Library heritage collections	438,386	41,098	479,484
Total revaluation reserves	513,003	27,328	540,331

Critical accounting estimates and assumptions

Land and residential buildings – Ministerial properties

The most recent valuation of land and building was performed by Darroch Ltd, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer. The valuation was effective as at 30 June 2016. The direct comparison method was used to determine the fair value for these properties. In line with the Department's accounting policy, the next valuation will be effective 30 June 2019.

The independent valuer confirmed that there is no material market movement in terms of revaluing ministerial properties as at 30 June 2018, and the valuation undertaken in 2016 is deemed to be fair and reasonable.

Boating facilities – Lake Taupō and Waitangi Wharf (Chatham Island)

The boating facilities were revalued in June 2018, with the valuation being effective from 30 June 2018 by Darroch Ltd, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer. The next valuation will be effective from 30 June 2021, which is in line with the Department's accounting policy.

National Archives heritage collection

The National Archives heritage collection was revalued in June 2017, with the valuation being effective from 30 June 2017 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 in June 2017, with the valuation being effective from 30 June 2017 by an independent valuer, Dunbar Sloane. These valuations were based on market assessments and from other collections of a similar nature. In line with the Department's accounting policy, the next valuation will be effective 30 June 2020.

The independent valuer confirmed that there is no material market movement in terms of revaluing heritage collection as at 30 June 2018, and the valuation undertaken in 2017 is deemed to be fair and reasonable.



Alexander Turnbull Library heritage collections

The Alexander Turnbull Library Heritage Collections were revalued in June 2017, with the valuation being effective from 30 June 2017 by an independent valuer, Ashley & Associates Ltd. These valuations were based on market assessments and from other collections of a similar nature to the government collection. In line with the Department's accounting policy, the next valuation will be effective 30 June 2020.

The independent valuer confirmed that there is no material market movement in terms of revaluing heritage collection as at 30 June 2018, and the valuation undertaken in 2017 is deemed to be fair and reasonable.

9. Receivable – repayable equity

Accounting policy

Repayable Equity has been designated as loan receivables. The loans at nil, or below-market, interest rates are initially recognised at the present value of their expected future cash flows, discounted using a rate for loans of a similar term and credit risk. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised as an equity investment.

Breakdown of receivable – repayable equity and further information

ACTUAL 2017 \$000	ACTUAL 2018 \$000
– Balance at 1 July	24,864
25,961 Face value of repayable equity movement	38,320
– Repayment of repayable equity	(9,000)
(1,097) Less: fair value write-down at initial recognition	(2,166)
24,864 Carrying value at 30 June	52,018
CURRENT AND NON-CURRENT APPORTIONMENT	
8,826 Repayable equity – current	11,790
16,038 Repayable equity – non-current	40,228
24,864 Carrying value repayable equity	52,018

Further information

The face value of \$38.320 million in 2017/18 was provided as a repayable capital injection for the transition project costs to amalgamate rural and urban fire services into a new unified organisation, Fire and Emergency New Zealand. \$9 million was paid back to the Department in 2017/18. The fair value of the repayable equity is \$52.018 million (2016/17: \$24.864 million). The fair value of the repayable equity is based on cash flows discounted using the forward discount rate of 1.78% 1 year, 1.90% 2 years, 2.14% 3 years, 2.48% 4 years, and 2.84% 5 years (2016/17: 1.97% 1 year, 2.36% 2 years, and 2.66% 3 years).



OTHER DISCLOSURES

10. Explanation of significant variances against budget

Non-Departmental appropriations

Variations between the Main Estimates and the Supplementary Estimates

Explanations for significant variances between the Main Estimates and the Supplementary Estimates are detailed below:

Chatham Islands Wharves – Operational Costs

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$142,000 was due to a transfer of funding to the non-departmental appropriation, Crown-owned Assets at Lake Taupō – Maintenance Costs, to provide funding for the depreciation costs associated with Motuoapa Marina at Lake Taupō.

Community Funding Schemes MCA

Community Development Scheme

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$1.857 million was due to an expense transfer of \$2.357 million to 2019/20 (\$1.000 million) and 2020/21 (\$1.357 million) to maximise community outcomes of resilience and sustainability and enable the programme to settle into a regular cycle of new and existing partnerships (decrease of \$2.357 million); and a transfer of funding to the category Support for Volunteering to reflect the correct allocation of funding associated with the Budget 2017 initiative “Programme to Develop Prosperous and More Resilient Communities” (decrease of \$500,000). These decreases were partially offset by an expense transfer from 2016/17 to 2017/18 to provide flexibility to maximise community outcomes of resilience and sustainability (increase of \$1 million).

Support for Volunteering

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$500,000 was due to a transfer of funding from the category Community Development Scheme to reflect the correct allocation of funding associated with the Budget 2017 initiative “Programme to Develop Prosperous and More Resilient Communities”.

Social Enterprise Development

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$1.233 million was due to funding for a three-year social enterprise market development programme.

Crown-owned Assets at Lake Taupō – Maintenance Costs

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$492,000 was due to an expense transfer from 2016/17 to 2017/18 to enable the completion of sediment relocation work at Tokaanu Marina in 2017/18 (increase of \$535,000) and to enable the completion of the Motuoapa Marina facility in 2017/18 (increase of \$165,000); and a transfer of funding from the non-departmental appropriation, Chatham Islands Wharves – Operational Costs, to provide funding for the depreciation costs associated with Motuoapa Marina at Lake Taupō (increase of \$142,000). These increases are partially offset by a swap of operating to capital to provide funding for the capital costs associated with the redevelopment of the Motuoapa Marina at Lake Taupō (decrease of \$350,000).



Depreciation on Official Residences

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$52,000 was due to funding for the additional depreciation associated with capital improvements to official residences.

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 \$800,000 was due to recognition of an increase in costs post the change of Executive pursuant to the Parliamentary Salaries and Allowances Determination 2017.

Former Governors-General – Annuities and Other Payments PLA

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$20,000 was due to an increase in costs pursuant to the Governor-General (Annuities) Determination 2017.

Members of the Executive – Travel

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$8.078 million was due to a transfer of funding to the new appropriation, Services Supporting the Executive – Travel, for travel by Members of the Executive and approved accompanying parties.

Miscellaneous Grants – Internal Affairs

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$6.368 million was due to funding to recognise the Government's contribution towards "Emergency Community Water Sources" to improve Wellington's emergency water resilience (increase of \$6.000 million), and funding to recognise the Government's contribution towards the Te Puna Foundation (increase of \$368,000).

Official Residences – Maintenance Costs

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$248,000 was due to funding for ongoing security services associated with official residences.

Public Inquiries

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$723,000 due to funding for the Government Inquiry into Mental Health and Addiction Chair and member (increase of \$425,000); funding for the Government Inquiry into Operation Burnham Chair and member (increase of \$199,000); and an expense transfer from 2016/17 to 2017/18 for the Government Inquiry into Havelock North Drinking water (increase of \$99,000).

Rates Rebate Scheme

The decrease in the budget between the Main Estimates and the Supplementary Estimates of \$5.500 million was due to the forecast lower uptake of the Rates Rebate Scheme in 2017/18.

Services Supporting the Executive – Travel

This appropriation was established in 2017/18 due to a transfer of funding from the previous appropriation, Members of the Executive – Travel, to this new appropriation for travel by Members of the Executive and approved accompanying parties (increase of \$8.078 million).

Capital Investments – Lake Taupō

This appropriation was re-established in 2017/18 due to a capital transfer from 2016/17 to 2017/18 to reflect the expected timing of the redevelopment of the Motuoapa Marina at Lake Taupō (increase of \$1.996 million), and a swap of operating to capital to provide funding for the capital costs associated with the redevelopment of the Motuoapa Marina at Lake Taupō (increase of \$350,000).



Capital Investments – Official Residences

This appropriation was established in 2017/18 due to funding for the capital costs associated with improvements at official residences (increase of \$1.039 million) and partially offset by a capital transfer from 2017/18 to 2018/19 due to delays associated with capital improvements at official residences (decrease of \$400,000).

Fire Service Reform – Capital Injection

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$320,000 was due to Fire Service funding request change in 2017/18.

Non-Departmental schedule of revenue and expenditure

Variations between 2017/18 actuals and the Supplementary Estimates

The following major budget variances occurred between the 2017/18 Actuals and the 2017/18 Supplementary Estimates.

	ACTUAL 2018 \$000	UNAUDITED SUPP EST 2018 \$000	VARIANCE \$000	VARIANCE %
SCHEDULE OF NON-DEPARTMENTAL REVENUE				
Total operating revenue	11,652	1,000	10,652	1,065%
Total other revenue	2,915	–	2,915	100%
SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE				
Total operating expenses	124,131	132,487	(8,356)	(6%)

Explanations for significant variances between the 2017/18 actuals and the Supplementary Estimates are detailed below:

Operating revenue

Operating revenue was higher than budget by \$10.652 million mainly due to higher value of accession of documents received by Archives New Zealand during 2017/18.

Other revenue

Other revenue was higher than budget by \$2.915 million mainly due to the re-measurement of the Crown investment in the Local Government Funding Agency as at 30 June 2018 and the revaluation impact from boating facilities asset category.

Operating expenses

Operating expenses were lower than budget by \$8.356 million mainly due to the following:

- + lower demand for the Rates Rebate Scheme,
- + lower expenditure for the Community Development Scheme for which an in-principle expense transfer was approved,
- + lower travel expense due to lower demand for travel in lead up to the election and time taken during the change of executive, and
- + additional funding for the Social Enterprise Development approved during the 2017/18 year.



Schedule of non-Departmental assets and liabilities

Variations between 2017/18 actuals and the Supplementary Estimates

The following major budget variances occurred between the 2017/18 actuals and the 2017/18 Supplementary Estimates.

	ACTUAL 2018 \$000	UNAUDITED SUPP EST 2018 \$000	VARIANCE \$000	VARIANCE %
SCHEDULE OF NON-DEPARTMENTAL ASSETS				
Cash and cash equivalents	33,599	9,702	23,897	246%
Shares	12,858	10,776	2,082	19%
SCHEDULE OF NON-DEPARTMENTAL LIABILITIES				
Creditors and other payables	7,109	4,475	2,634	59%

Explanations for significant variances between the 2017/18 actuals and the Supplementary Estimates are detailed below:

Cash and cash equivalents

Cash and cash equivalents were higher than budget by \$23.897 million mainly due to loan repayment by Fire and Emergency New Zealand in 2017/18, and timing difference of accounts payables.

Shares

The actual value of shares was higher than budget by \$2.082 million due to the re-measurement of the Crown investment in the Local Government Funding Agency as at 30 June 2018.

Creditors and other payables

Creditors and other payables were higher than budget by \$2.634 million mainly due to the timing difference of accounts payables.

11. Payments to or in respect of benefits and privileges of former Governors-General and Prime Minister

The terms of the appointment of a person as Governor-General or Prime Minister 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 or Prime Minister.

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, and former Prime Minister under an agreement made under section 17 and 32 (4) of the Member of Parliament (Remuneration and Services) Act 2013.

**Former Governors-General**

2018	FBT \$	AIRFARES \$	SURFACE TRAVEL \$	TOTAL \$
Lady Norma Beattie	391	545	4,226	5,162
Lady Beverley Reeves	73	491	4,934	5,498
Dame Catherine Tizard	-	-	5,394	5,394
The Rt Hon Sir Michael Hardie-Boys	-	-	5,110	5,110
Dame Sylvia Cartwright	4,120	7,530	8,665	20,315
The Rt Hon Sir Anand Satyanand	3,141	4,638	4,700	12,479
Lt Gen the Rt Hon Sir Jerry Mateparae	2,021	2,483	4,226	8,730
Total	9,746	15,687	37,255	62,688

2017	FBT \$	AIRFARES \$	SURFACE TRAVEL \$	TOTAL \$
Lady Norma Beattie	242	341	5,794	6,377
Lady Beverley Reeves	753	595	6,798	8,146
Dame Catherine Tizard	1,282	1,064	9,332	11,678
The Rt Hon Sir Michael Hardie-Boys	336	-	6,342	6,678
Dame Sylvia Cartwright	5,014	8,129	10,083	23,226
The Rt Hon Sir Anand Satyanand	8,873	8,942	6,416	24,231
Lt Gen the Rt Hon Sir Jerry Mateparae	2,423	3,722	6,346	12,491
Total	18,924	22,792	51,111	92,827



Former Prime Ministers

2018	FBT \$	AIRFARES \$	SURFACE TRAVEL \$	TOTAL \$
Lady Glen Elna Rowling	-	496	4,623	5,119
Margaret Pope	-	-	4,842	4,842
The Rt Hon Geoffrey Palmer	5,300	6,115	6,054	17,469
The Rt Hon Mike Moore	(323)	-	6,696	6,373
The Rt Hon Jim Bolger	4,505	7,559	15,546	27,610
The Rt Hon Jenny Shipley	5,917	7,413	5,217	18,547
The Rt Hon Helen Clark	1,378	2,551	9,678	13,607
The Rt Hon Sir John Key	381	2,894	8,510	11,785
The Rt Hon Sir Bill English	-	517	5,247	5,764
Total	17,158	27,545	66,413	111,116

2017	FBT \$	AIRFARES \$	SURFACE TRAVEL \$	TOTAL \$
Lady Glen Elna Rowling	602	840	11,003	12,445
The Rt Hon Geoffrey Palmer	3,964	5,533	12,208	21,705
The Rt Hon Mike Moore	2,805	2,292	19,154	24,251
The Rt Hon Jim Bolger	1,236	2,718	21,230	25,184
The Rt Hon Jenny Shipley	7,484	11,113	12,765	31,362
The Rt Hon Helen Clark	-	322	13,275	13,597
The Rt Hon Sir John Key	-	-	10,792	10,792
Total	16,091	22,818	100,429	139,338



Statements of Expenses and Capital Expenditure Departmental and Non-Departmental

Statement of budgeted and actual expenses and capital expenditure incurred against appropriations	127
Statement of cost accounting policies	127
Statement of Departmental expenditure and capital appropriations	128
Statement of non-Departmental expenditure and capital appropriations	131
Statement of Departmental and non-Departmental expenditure and capital appropriations	134
Reconciliation between total appropriations for Departmental expenses and the Departmental statement of comprehensive revenue and expense	135
Reconciliation between total Appropriations for non-Departmental expenses and the schedule of non-Departmental expenditure	136
Statement of Departmental expenditure and capital expenditure incurred without, or in excess of, appropriation or other authority	136
Statement of non-Departmental expenditure and capital expenditure incurred without, or in excess of, appropriation or other authority	136
Statement of Departmental capital injections	137
Statement of capital injections incurred without, or in excess of, appropriation or other authority	137



Statement of budgeted and actual expenses and capital expenditure incurred against appropriations

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Department for the year ended 30 June 2018. They are prepared on a GST exclusive basis.

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 a 2-step cost allocation system:

Direct costs are charged to cost centres based on asset utilisation (depreciation), recorded time spent (personnel costs) and usage (operating costs). Similarly, indirect costs charged to cost centres are driven by capital charge, perceived benefit, personnel numbers, floor space, network connections and estimated allocation of time. For the year ended 30 June 2018, Direct costs accounted for 75% of the Department's costs and indirect costs of 25% (2016/17: 73% and 27%).

Cost centre expenditure is subsequently apportioned to outputs based on the focus and nature of activities supported by the cost centre. To ensure accuracy, cost centre contributions to Appropriation Outputs are reviewed annually.



Statement of Departmental expenditure and capital appropriations

for the year ended 30 June 2018

ACTUAL 2017 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2018 \$000	REMEASUR- EMENT 2018 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2018 \$000	LOCATION APPROP- RIATION VOTED* 2018 \$000	OF END OF YEAR PERFORM- ANCE INFOR- MATION**
VOTE INTERNAL AFFAIRS						
<i>Departmental output expenses</i>						
3,518	Administration of Grants	3,575	-	3,575	3,704	1
1,125	Contestable Services RDA	1,326	-	1,326	1,400	1
2,450	Local Government Services	3,354	-	3,354	3,374	1
7,093	Total Departmental output expenses	8,255	-	8,255	8,478	
<i>Departmental capital expenditure</i>						
58,257	Department of Internal Affairs – Capital Expenditure PLA	87,276	-	87,276	111,500	1
58,257	Total Departmental capital expenditure	87,276	-	87,276	111,500	
<i>Multi-category expenses and capital expenditure appropriations (MCA)</i>						
Civic Information Services MCA						
145,967	Managing and Accessing Identity Information	149,598	(6)	149,592	151,119	1
88,643	Managing and Accessing Knowledge Information	92,291	(4)	92,287	91,888	1
898	Publishing Civic Information	922	-	922	896	1
235,508	Total Civic Information Services MCA	242,811	(10)	242,801	243,903	
Community Information and Advisory Services MCA						
6,480	Advisory and Information Services to Ethnic Communities	5,089	-	5,089	5,527	1
108	Community Archives Support	110	-	110	108	1
4,534	Community Development and Engagement Advice	4,495	-	4,495	4,512	1
11,122	Total Community Information and Advisory Services MCA	9,694	-	9,694	10,147	



ACTUAL 2017 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2018 \$000	REMEASUR- EMENT 2018 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2018 \$000	LOCATION APPROP- RIATION VOTED* 2018 \$000	OF END OF YEAR PERFORM- ANCE INFOR- MATION**
Information and Technology Services MCA						
18,838	Cross-Government ICT Strategy and Planning, Service Delivery and Investment Proposals	19,394	(1)	19,393	17,758	1
13,582	Government Information and Technology Services	14,508	(1)	14,507	17,896	1
1,133	Government Chief Privacy Officer	1,027	-	1,027	1,176	1
33,553	Total Information and Technology Services MCA	34,929	(2)	34,927	36,830	
Ministerial Support Services MCA						
562	Crown Entity Monitoring	579	-	579	570	1
240	Ministerial Support Services – Community and Voluntary Sector	263	-	263	251	1
145	Ministerial Support Services – Ethnic Communities	158	-	158	143	1
558	Ministerial Support Services – Internal Affairs	599	-	599	588	1
688	Ministerial Support Services – Local Government	747	-	747	822	1
281	Ministerial Support Services – Ministerial Services	284	-	284	319	1
73	Ministerial Support Services – Racing	79	-	79	78	1
2,547	Total Ministerial Support Services MCA	2,709	-	2,709	2,771	
Policy Advice MCA						
630	Policy Advice – Community and Voluntary Sector	659	-	659	771	1
430	Policy Advice – Ethnic Communities	976	-	976	1,015	1
4,351	Policy Advice – Internal Affairs	4,545	-	4,545	4,576	1
5,790	Policy Advice – Local Government	8,053	-	8,053	8,208	1
206	Policy Advice – Racing	214	-	214	219	1
11,407	Total Policy Advice MCA	14,447	-	14,447	14,789	
Regulatory Services MCA						
6,611	Charities Regulation	6,450	(1)	6,449	6,903	1
35,408	Regulatory Services	40,191	(3)	40,188	42,879	1
42,019	Total Regulatory Services MCA	46,641	(4)	46,637	49,782	



PART 4: FINANCIAL AND NON-FINANCIAL RESULTS

ACTUAL 2017 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2018 \$000	REMEASUR- EMENT 2018 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2018 \$000	LOCATION APPROP- RIATION VOTED* 2018 \$000	OF END OF YEAR PERFORM- ANCE INFOR- MATION**
Services Supporting the Executive MCA						
6,681	Coordination of Official Visits and Events	5,212	-	5,212	6,013	1
27,224	Support Services to Members of the Executive	30,987	(2)	30,985	32,083	1
8,957	VIP Transport Services	8,915	-	8,915	9,000	1
42,862	Total Services Supporting the Executive MCA	45,114	(2)	45,112	47,096	
Support for Statutory and Other Bodies MCA						
1,536	Commission of Inquiry and Similar Bodies	2,679	-	2,679	6,079	1
126	Statutory and Advisory Body Support – National Archives	105	-	105	112	1
93	Statutory and Advisory Body Support – National Library	124	-	124	86	1
650	Statutory Body Support – Gambling Commission	759	-	759	1,158	1
2,687	Statutory Body Support – Local Government Commission	1,871	-	1,871	2,583	1
260	Support for Grant Funding Bodies – Community and Voluntary Sector	258	-	258	255	1
11,057	Support for Grant Funding Bodies – Internal Affairs	10,988	(1)	10,987	10,983	1
-	Establishing Commissions of Inquiry and Similar Bodies	1,087	-	1,087	574	1
16,409	Total Support for Statutory and Other Bodies MCA	17,871	(1)	17,870	21,830	
395,427	Total multi-category expenses and capital expenditure appropriations	414,216	(19)	414,197	427,148	
460,777	Total annual and permanent appropriations	509,747	(19)	509,728	547,126	
SUMMARY OF DEPARTMENTAL APPROPRIATIONS						
7,093	Departmental output expenses	8,255	-	8,255	8,478	
395,427	Multi-category expenses and capital expenditure appropriations (MCA)	414,216	(19)	414,197	427,148	
402,520	Total appropriations for Departmental expenses	422,471	(19)	422,452	435,626	
58,257	Total appropriations for Departmental capital expenses	87,276	-	87,276	111,500	
460,777	Total Departmental annual and permanent appropriations	509,747	(19)	509,728	547,126	



Statement of non-Departmental expenditure and capital appropriations

for the year ended 30 June 2018

ACTUAL 2017 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2018 \$000	REMEASUR- EMENT 2018 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2018 \$000	LOCATION APPROP- RIATION VOTED* 2018 \$000	OF END OF YEAR PERFORM- ANCE INFOR- MATION**
VOTE INTERNAL AFFAIRS						
<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
2,000	Public Lending Right for New Zealand Authors	2,000	–	2,000	2,000	2
–	– NZ Fire Service Commission – Public Good Services	10,000	–	10,000	10,000	1
4,076	Total non-Departmental output expenses	14,076	–	14,076	14,076	
Benefits or related expenses						
47,568	Rates Rebate Scheme	48,176	–	48,176	52,000	2
47,568	Total benefits or related expenses	48,176	–	48,176	52,000	
<i>Non-Departmental other expenses</i>						
3,170	Chatham Islands Council	3,206	–	3,206	3,206	2
–	– Chatham Islands Wharves – Operating cost	4,515	–	4,515	4,578	2
1,785	Pitt Islands Wharves	–	–	–	–	1
1,491	Crown-owned Assets at Lake Taupō – Maintenance Costs	862	–	862	1,079	2
246	Depreciation on Official Residences	246	–	246	305	2
10,021	Executive Council and Members of the Executive – Salaries and Allowances PLA	10,748	–	10,748	11,160	2
506	Former Governors-General – Annuities and Other Payments PLA	419	120	539	596	2
178	Former Prime Ministers – Annuities PLA	117	86	203	224	2
169	Former Prime Ministers – Domestic Travel PLA	128	13	141	270	2
12,407	Members of the Executive – Travel	4,322	–	4,322	4,402	2
710	Miscellaneous Grants – Internal Affairs	6,368	–	6,368	6,417	1
421	Public Inquiries	632	–	632	1,143	2
1,000	Racing Safety Development Fund	980	–	980	1,000	2
515	Settling-In Grants	518	–	518	520	2
1,500	Tuwharetoa Maori Trust Board PLA	1,500	–	1,500	1,500	2



PART 4: FINANCIAL AND NON-FINANCIAL RESULTS

ACTUAL 2017 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2018 \$000	REMEASUR- EMENT 2018 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2018 \$000	LOCATION APPROP- RIATION VOTED* 2018 \$000	OF END OF YEAR PERFORM- ANCE INFOR- MATION**
538	Official Residences – Maintenance Costs	560	–	560	624	2
845	Neutering of High-Risk Menacing Dogs	–	–	–	–	2
500	Supporting LA Statutory Activities	1,250	–	1,250	1,250	2
	– Transfer of Crown Assets at Taupō Landing Recreation Reserve	16	–	16	500	2
	– Services Supporting the Executive – Travel	6,214	–	6,214	8,078	2
36,002	Total non-Departmental other expenses	42,601	219	42,820	46,852	
	<i>Non-Departmental capital expenditure</i>					
4,090	Capital Investments – Lake Taupō	2,238	–	2,238	2,346	2
28,000	Capital Investments – Chatham islands MYA	11,257	–	11,257	11,257	1
1,715	Heritage Collection – Annual	1,790	–	1,790	2,372	2
25,961	Fire Service Reform – Capital Injection MYA	38,320	–	38,320	38,320	1
	– Capital Investments – Official Residence	103	–	103	639	2
59,766	Total non-Departmental capital expenditure	53,708	–	53,708	54,934	
	<i>Multi-category expenses and capital expenditure appropriations (MCA)</i>					
	Community Funding Schemes MCA					
3,208	Community Development Scheme	3,709	–	3,709	3,703	1
200	Community Internship Programme	223	–	223	231	2
12,524	Community Organisation Grants Scheme	12,495	–	12,495	12,500	1
	– Digital Literacy and Connection	192	–	192	540	2
150	Disarmament Education Grants	150	–	150	150	2
506	Support for Volunteering	1,081	–	1,081	1,002	2
195	Youth Workers Training Scheme	196	–	196	200	2
	– Social Enterprise Development	1,233	–	1,233	1,233	2
16,783	Total Community Funding Schemes MCA	19,279	–	19,279	19,559	
16,783	Total multi-category expenses and capital expenditure appropriations	19,279	–	19,279	19,559	
164,195	Total annual and permanent appropriations and multi-year appropriation	177,840	219	178,059	187,421	



ACTUAL 2017 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2018 \$000	REMEASUR- EMENT 2018 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2018 \$000	LOCATION APPROP- RIATION VOTED* 2018 \$000	OF END OF YEAR PERFORM- ANCE INFOR- MATION**
SUMMARY OF NON-DEPARTMENTAL APPROPRIATIONS						
4,076	Non-Departmental output expenses	14,076	-	14,076	14,076	
47,568	benefits or related expenses	48,176	-	48,176	52,000	
36,002	Non-Departmental other expenses	42,601	219	42,820	46,852	
16,783	Multi-category expenses and capital expenditure appropriations (MCA)	19,279	-	19,279	19,559	
104,429	Total appropriations for non- Departmental expenses	124,132	219	124,351	132,487	
59,766	Total appropriations for non- Departmental capital expenses	53,708	-	53,708	54,934	
164,195	Total non-Departmental annual and permanent appropriations and multi-year appropriation	177,840	219	178,059	187,421	



Statement of Departmental and non-Departmental expenditure and capital appropriations

for the year ended 30 June 2018

ACTUAL 2017 \$000		EXPENDITURE BEFORE REMEASUR- EMENT 2018 \$000	REMEASUR- EMENT 2018 \$000	EXPENDITURE AFTER REMEASUR- EMENT 2018 \$000	APPROP- RIATION VOTED* 2018 \$000
VOTE INTERNAL AFFAIRS					
402,520	Total appropriations for Departmental expenses	422,471	(19)	422,452	435,626
58,257	Total appropriations for Departmental capital expenses	87,276	-	87,276	111,500
460,777	Appropriation for Departmental expenditure	509,747	(19)	509,728	547,126
104,429	Total appropriations for non-Departmental expenses	124,132	219	124,351	132,487
59,766	Total appropriations for non-Departmental capital expenses	53,708	-	53,708	54,934
164,195	Appropriation for non-Departmental expenditure	177,840	219	178,059	187,421
624,972	Total annual and permanent appropriations and multi-year appropriation	687,587	200	687,787	734,547



Statement of Departmental and non-Departmental expenditure and capital appropriations (cont.)

Multi-year appropriations

for the year ended 30 June 2018

ACTUAL 2017 \$000		ACTUAL 2018 \$000	LOCATION OF END OF YEAR PERFORMANCE INFORMATION**
	Appropriation for non-Departmental capital expenditure:		
	CHATHAM ISLANDS WHARF REDEVELOPMENT (1 OCTOBER 2015 – 30 JUNE 2019)		1
53,257	Original appropriation	53,257	
	– Cumulative adjustments	–	
53,257	Total adjusted approved appropriation	53,257	
14,000	Cumulative actual expenditure at 1 July	42,000	
28,000	Current year actual expenditure	11,257	
42,000	Cumulative actual expenditure at 30 June	53,257	
11,257	Appropriation remaining at 30 June	–	
	FIRE SERVICE REFORM – CAPITAL INJECTION (20 SEPTEMBER 2016 – 30 JUNE 2021)		1
111,940	Original appropriation	111,940	
	– Cumulative adjustments	–	
111,940	Total adjusted approved appropriation	111,940	
	– Cumulative actual expenditure at 1 July	25,961	
25,961	Current year actual expenditure	38,320	
25,961	Cumulative actual expenditure at 30 June	64,281	
85,979	Appropriation remaining at 30 June	47,659	

Reconciliation between total appropriations for Departmental expenses and the Departmental statement of comprehensive revenue and expense

ACTUAL 2017 \$000		ACTUAL 2018 \$000
402,486	Total expenses in Departmental statement of comprehensive revenue and expense	422,471
34	Re-measurements	(19)
402,520	Total appropriations for Departmental expenses	422,452



Reconciliation between total Appropriations for non-Departmental expenses and the schedule of non-Departmental expenditure

ACTUAL 2017 \$000	ACTUAL 2018 \$000
104,548 Total expenses in schedule of non-Departmental expenditure	124,132
(119) Re-measurements	219
104,429 Total appropriations for non-Departmental expenses	124,351

* 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 Ministry, as detailed below:

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

Statement of Departmental expenditure and capital expenditure incurred without, or in excess of, appropriation or other authority

for the year ended 30 June 2018

There was no unappropriated expenditure for the year ended 30 June 2018. (2016/17: nil)

Statement of non-Departmental expenditure and capital expenditure incurred without, or in excess of, appropriation or other authority

for the year ended 30 June 2018

Members of the Executive – Travel

The scope statement of the appropriation “Members of the Executive – Travel” was amended in 2015 to reflect changes in the legislation governing Ministers’ entitlements. This amendment had the unintended consequence of excluding the cost of staff travelling with the Ministers, impacting the 2015/16, 2016/17 and 2017/18 years. The expenditure for 2015/16 and 2016/17 was reported as unappropriated expenditure in the 2016/17 Annual Report. To avoid ongoing unappropriated expenditure, a new appropriation “Services Supporting the Executive – Travel” was established in November 2017 with an amended scope statement and the Department sought and received approval for a fiscally neutral transfer to the new appropriation. Until the new appropriation was in place, unappropriated expenditure continued to be incurred in 2017/18 (\$0.570 million; 2016/17: \$2.511 million).

Capital Investments – Lake Taupō

An in-year overspend of this appropriation was incurred in the months from July to November 2017 due to the continuing nature of the construction contracts for the redevelopment of Motuoapa Marina, Lake Taupō. The Minister of Finance agreed to an in-principle capital transfer from 2016/17 to 2017/18 up to a maximum of \$2.500 million but the final agreed amount of \$1.996 million to be transferred was not approved by Joint Ministers until November 2017. The final value of the unappropriated expenditure under this appropriation prior to joint Ministers approval was \$1.879 million (2016/17: nil).



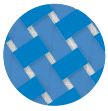
Statement of Departmental capital injections

ACTUAL CAPITAL INJECTIONS 2017 \$000	ACTUAL 2018 \$000	APPROVED APPROPRIATION 2018 \$000
VOTE INTERNAL AFFAIRS		
5,175 Department of Internal Affairs – capital injection	41,256	42,556

Statement of capital injections incurred without, or in excess of, appropriation or other authority

for the year ended 30 June 2018

The Department has not received any capital injections without, or in excess of, authority for the year ended 30 June 2018. (2016/17: nil)



Non-Financial Performance Statements

DEPARTMENTAL APPROPRIATIONS	139
Departmental Output Expenses	139
Administration of Grants (M15)	139
Contestable Services Revenue Dependent Appropriation RDA (M41)	140
Local Government Services (M49)	140
Departmental Capital Expenditure and Capital Injections	141
Department of Internal Affairs – Capital Expenditure PLA (M41)	141
NON-DEPARTMENTAL APPROPRIATIONS	142
Non-Departmental Output Expenses:	142
New Zealand Fire Service Commission – Public Good Services (M41)	142
Non-Departmental Other Expenses	142
Miscellaneous Grants – Internal Affairs (M41)	142
Non-Departmental Capital Expenditure	143
Chatham Islands Wharf Redevelopment (M41)	143
Fire Service Reform – Capital Injection	143
MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE	144
Civic Information Services MCA (M41)	144
Community Funding Schemes MCA (M15)	149
Community Information and Advisory Services MCA (M41)	150
Information and Technology Services MCA (M41)	152
Ministerial Support Services MCA (M41)	155
Policy Advice MCA (M41)	160
Regulatory Services MCA (M41)	165
Services Supporting the Executive MCA	169
Support for Statutory and Other Bodies MCA (M41)	171



1. Departmental Appropriations

Departmental Output Expenses

Administration of Grants (M15)

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

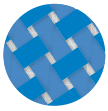
ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
3,589	Revenue Crown	3,639	3,704	3,704
2	Revenue third parties	-	-	-
3,591	Total revenue	3,639	3,704	3,704
3,518	Expenses	3,639	3,704	3,575
73	Net surplus/(deficit)	-	-	129

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$65,000 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.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
1.01	Grant decisions are transparent and consistent with regard to eligibility requirements	At Least 97%	New Measure	99.49%
1.02	Grant requests are managed within business timeframe standards ³⁹	At least 95%	New Measure	99.6%
1.03	Customers are satisfied with the ease with which they are able to apply for grants and advisory services	At least 70%	New Measure	78%
1.04	Grant decision making committees are satisfied with the operational support received	At least 90%	New Measure	94%

³⁹ This measure is based on a decision being made within 15 weeks of submission of request.



Contestable Services Revenue Dependent Appropriation RDA (M41)

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

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
-	Revenue Crown	-	-	-
1,212	Revenue third parties	1,000	1,400	1,363
1,212	Total revenue	1,000	1,400	1,363
1,125	Expenses	1,000	1,400	1,326
87	Net surplus/(deficit)	-	-	37

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$400,000 was due to an increase in expenditure associated with an increase in demand for translation services.

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	2016/17	2017/18
1.05	Customers satisfaction as to whether translations were provided within 'good' timeframes ⁴⁰	At least 80%	91.33% ⁴¹	90.55%

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.

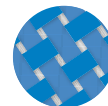
ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
1,991	Revenue Crown	1,989	2,186	2,186
923	Revenue third parties	1,062	1,169	1,091
2,914	Total revenue	3,051	3,355	3,277
2,451	Expenses	3,158	3,374	3,354
463	Net surplus/(deficit)	(107)	(19)	(77)

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$216,000 was due to an increase in expenditure associated with increased operational costs. This included employment, administration of the e-permit system, fuel, repairs and maintenance at Lake Taupō (increase of \$546,000), and a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$197,000). These increases were partially offset by a reduction in expenditure associated with the expected change in timing from 2017/18 to 2018/19 associated with the tendering process for the national dog control information database operation and support contract (decrease of \$527,000).

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

40 Good is assessed as 7, 8, 9 or 10 on a ten point scale (0–10), with 0 being strongly disagree and 10 strongly agree.

41 In 2016/17 'good' was assessed as '5', '6' or '7'.



PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
Local Government Services				
1.06	Responses to requests for information from the public about the Rates Rebate Scheme – within ten days of receipt	At least 98%	100%	100%
1.07	Eligible claims from councils for reimbursement of rates rebates processed within 30 days of receipt (estimated volume: 110,000–120,000)	At least 95%	99.9%	100%
1.08	National Dogs Database snapshot statistics for the year as at May made available to the public by August	Achieved	Achieved	Achieved
Regulatory and Boating Services for Lake Taupō				
1.09	Boating facilities and navigational safety equipment inspected in accordance with an annual compliance programme	All	All	All
1.10	Customer satisfaction with the quality of Lake Taupō navigational safety services assessed as average or above, when surveyed every two (2) years (Next survey 2018)	At least 85%	Not applicable ⁴²	90%

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.

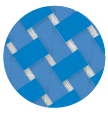
ACTUAL 2017	DEPARTMENTAL CAPITAL EXPENDITURE (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
58,257	Capital expenditure	94,067	111,500	87,276

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$17.433 million was mainly due to investment in the Te Ara Manaaki programme to modernise systems for Identity-related products.

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	2016/17	2017/18
1.11	Asset development, purchase and use are in accordance with section 24(1) of the Public Finance Act 1989	Achieved	Achieved	Achieved

⁴² No survey was completed in the 2016/17 financial year as the survey is only undertaken every two years.



2. Non-Departmental Appropriations

Non-Departmental Output Expenses:

New Zealand Fire Service Commission – Public Good Services (M41)

This appropriation is limited to the Crown contribution towards the public good component of fire services expenditure.

ACTUAL 2017	NON-DEPARTMENTAL OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
	– Non-Departmental output expenses	10,000	10,000	10,000

This appropriation is intended to achieve the recognition of the Government's contribution towards public good services that are unrelated to property or motor vehicle insurance.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
2.01	Crown contributions are spent on public good services that are unrelated to property or motor vehicle insurance	Achieved	New Measure	Achieved

Non-Departmental Other Expenses

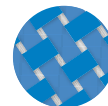
Miscellaneous Grants – Internal Affairs (M41)

This appropriation is limited to payments to individuals or organisations to assist in building a strong and safe nation through serving and connecting citizens, communities and Government.

ACTUAL 2017	NON-DEPARTMENTAL OTHER EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
710	Non-Departmental other expenses	49	6,417	6,368

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$6.368 million was due to funding to recognise the Government's contribution towards 'Emergency Community Water Sources' to improve Wellington's emergency water resilience (increase of \$6 million), and funding to recognise the Government's contribution towards the Te Puna Foundation (increase of \$368,000).

This appropriation is intended to achieve support for building a strong and safe nation.



PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
2.02	Funds distributed as per agreement between central government and local authorities and Wellington Water	Achieved	New Measure	Achieved
2.03	Grants are distributed to individuals or organisations to assist in building a strong and safe nation, in accordance with priorities, policies and procedures	Achieved	New Measure	Achieved

Non-Departmental Capital Expenditure

Chatham Islands Wharf Redevelopment (M41)

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

ACTUAL 2017	NON-DEPARTMENTAL CAPITAL EXPENDITURE (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
28,000	Non-Departmental capital expenditure	11,257	11,257	11,257

This appropriation is intended to achieve 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	2016/17	2017/18
2.04	The new cargo wharf construction and existing commercial fishing wharf replacement at Waitangi on the Chatham Islands is to the contracted construction timeline, quality requirements and cost.	Achieved	Achieved	Achieved

Fire Service Reform – Capital Injection (M41)

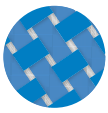
This appropriation is limited to a repayable capital injection to support the transition of the New Zealand Fire Service Commission to Fire and Emergency New Zealand.

ACTUAL 2017	NON-DEPARTMENTAL CAPITAL EXPENDITURE (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
25,961	Non-Departmental capital expenditure	38,000	38,320	38,320

This appropriation is intended to achieve financial support for the amalgamation of rural and urban fire services into a new unified organisation.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
2.05	Repayment as per the agreed schedule in the Memorandum of Understanding between the New Zealand Fire Service Commission and the Minister of Internal Affairs	Achieved	Not Applicable ⁴³	Achieved
2.06	Services are transitioned in accordance with the agreed work programme	Achieved	Achieved	Achieved

⁴³ The Department committed to making repayments as per the Memorandum of Understanding in place. As no repayments were required in 2016/17, we have assessed this result as not applicable for this year.



3. Multi-Category Expenses and Capital Expenditure

Civic Information Services MCA (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.

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

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.01	Perception of overall ease of access, availability and use of civic, government, identity and heritage information and services, and growth of preservation and collections ⁴⁴	Satisfied	86% – Very Satisfied	86.7% – Very Satisfied

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
19,277	Revenue Crown	19,278	20,048	20,048
148,153	Revenue third parties	158,178	156,010	150,146
167,430	Total revenue	177,456	176,058	170,194
145,967	Expenses	156,819	151,119	149,592
21,463	Net surplus/(deficit)	20,637	24,939	20,602

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$5.700 million was due to a decrease in expenditure associated with slower uptake of RealMe services than initially anticipated (decrease of \$12.483 million), an operating to capital swap to reflect the capital components associated with the progressive steps project (decrease of \$1.870 million) and a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$1.330 million).

These decreases were partially offset by an increase in expenditure associated with

- + higher than anticipated demand for 10 year passport products and expenditure associated with the procurement of a major contract renewal (increase of \$3.668 million)
- + a transfer of funding from the Justice Sector Fund to Vote Internal Affairs to reflect the Department’s costs associated with the progressive steps project (increase of \$2.120 million)

⁴⁴ The Customer Experience Survey asks a sample of customers who have had access to an Identity and Life event service to fill in a survey questionnaire which asks customers “On a scale of 0 to 10, where 0 is not at all easy and 10 is very easy, how easy did [service group name] make it for you?”. The survey runs continuously through the year, and an individual is only contacted once a year – at most. The result is then assessed against a five-point scale: 0–19% (Very Poor), 20%–39% (Poor), 40%–59% (Satisfied), 60%–79% (Good), 80%–100% (Very Satisfied).



- + funding for the establishment of an independent transition team to prepare a business case to transition to a digital identity marketplace (increase of \$1.850 million)
- + an increase in expenditure associated with an increase in demand for Citizenship products (increase of \$1.184 million)
- + an increase in expenditure associated with the sub-lease of properties (increase of \$845,000)
- + an increase in expenditure associated with increased demand for birth, death and marriage products (increase of \$316,000).

This category is intended to achieve secure and effective management of New Zealand's identity information.

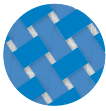
PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.02	Ease of Identity and Life Event services	At least 80%	New Measure	86.7%
3.03	Identity and Life Event services issued without error	At least 99%	New Measure	99.86%
3.04	Births and deaths registrations; births, deaths, marriages and civil union certificates and print outs; and citizenship applications processed within business timeframe standards	At least 99%	New Measure	99%
3.05	Passports issued within business timeframe standards on receipt of applications Passports issued within stated timeframes of receipt of application: – Standard passports – within ten (10) days – Urgent passports – within three (3) days	At least 97% ⁴⁵	95.73% 96.12%	96.09% ⁴⁶
3.06	Percentage of applications for adult passport renewals via the online service	At least 65%	58.66%	68%
3.07	Number of new RealMe verified identities issued	150,000–175,000	137,174	157,273
3.08	Customer satisfaction with the process of applying for a RealMe verified identity assessed as '4' or '5' ⁴⁷	At least 75%	65%	67%
3.09	Number of customer consents to share information	55,000–75,000	New Measure	219,927
3.10	Applications for verified identity are processed within 3 days	At least 85%	New Measure	97%
3.11	Real-time verification of data ⁴⁸	At least 99%	100%	100%

45 This measure changed in 2016/17 to record the total time taken to produce a passport from application to delivery to the client, to better reflect the needs of customers. We are still working to streamline internal processes to maximise efficiencies.

46 This measure changed to a combined measure in 2017/18. The comparable result for 2016/17 is 95.76%.

47 Satisfaction is assessed on a five point scale from Poor(1) to Excellent(5). As customers are invited to the survey via an open link it is not possible to send reminders to encourage responses; this results in a low response rate. We will start development in 2018/19 on a survey methodology that provides a better response rate, and hence more accurately reflects satisfaction with RealMe.

48 This measure was renamed from "Availability of the Data Access Platform" in 2016/17 to provide a clearer definition of what is being measured.



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.

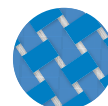
ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
79,648	Revenue Crown	84,175	83,440	83,440
7,913	Revenue third parties	8,149	8,432	8,698
87,561	Total revenue	92,324	91,872	92,138
88,643	Expenses	92,340	91,888	92,287
(1,082)	Net surplus/(deficit)	(16)	(16)	(149)

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$452,000 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 \$2.505 million). This decrease was partially offset by funding for the Increasingly Digital initiative to pilot then create a business case for three services that will help schools support students to learn with and about digital technology (increase of \$1.183 million), a capital charge because of asset revaluations since June 2013 (increase of \$587,000), and expenditure associated with demand for the Kōtui shared library and resource discovery service (increase of \$283,000).

This category is intended to achieve the collection, management and preservation of New Zealand’s records for the public’s access and use.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
National Archives – Managing Public Archives				
3.12	Availability of online services 24 hours a day, 7 days a week	At least 95%	98.28%	99%
<i>Storage environments maintained to required standards 24 hours a day, 7 days a week:</i>				
3.13	• Temperature	At least 80%	93.13%	81.44%
3.14	• Relative humidity	At least 80%	92.75%	87.95%
Demand Information				
3.15	Archives held in storage: physical archives – linear metres (LM)	108,000–114,000	109,255	110,205
National Archives – Provision of Access to Public Archives				
3.16	Digital archives available online	30,000–40,000	27,458	50,787 ⁴⁹
3.17	Number of items produced in public reading rooms	35,000–45,000	43,675	41,462

49 This measure covers both digitised and born-digital material. Archives New Zealand can estimate the output for digitised material, but it is more difficult to determine the volume of born-digital transfers. We exceeded the standard for this measure due to an increase in the number of pages digitised for the website Papers Past in May 2018.



PERFORMANCE INFORMATION	STANDARD	2016/17	2017/18
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National Library – Access to Information

3.18	Requests (non-school) for the off-site supply of documents – completed within 2 days of receipt (estimated volume: 7,000–10,000)	At least 90%	100%	100%
3.19	Public Lending Right payments to all authors eligible for payment made within the timeframe stipulated by regulation (estimated volume: 1,400–1,600)	At least 99%	100%	100%
3.20	Digitised items newly available for access online	At least 450,000	459,930	513,377
3.21	Availability of Te Puna catalogue and Interloan services to subscribers during advertised hours	At least 95%	97%	97%

National Library – Collecting and Preserving Information

Of the acquisitions to the Alexander Turnbull Library (new heritage collections):

3.22	• Accession records for unpublished collections completed within 10 days of receipt (estimated volume 600–800)	At least 80%	86%	88%
3.23	• Descriptive records for unpublished collections added within 20 days of accession (estimated volume 600–800)	At least 80%	97%	95%

'At risk' items digitised or digital formats transformed:

3.24	• Audio-visual items	At least 750	972	1,195
3.25	• Images	At least 300	615 ⁵⁰	617
3.26	Published acquisitions to the Alexander Turnbull Library (new heritage collections)	65,000–75,000	79,067	85,448 ⁵¹

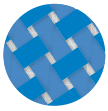
PERFORMANCE INFORMATION	STANDARD	2016/17	2017/18
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National Library – Library and Information Services to Schools

3.27	Number of visits to schools online services ⁵²	180,000–240,000	382,361	270,527 ⁵³
3.28	Number of schools supported	650–750	699	874 ⁵⁴
3.29	Items supplied on request from the schools collections ⁵⁵	300,000–450,000	291,098	313,998

⁵⁰ In 2016/17, the number of images was almost double the previous year. At Risk items are identified and assessed by curators as they undertake collection. The volume is driven by the nature of the format of items identified. Consequently it is difficult to identify the number of items that are at risk accurately in any one year. The performance reflects the requirement of the business to protect at risk collection items. As this is a demand driven measure, it is expected that volumes will vary year-to-year.

⁵¹ The standard was exceeded due to a large transfer of Heritage Collections from the Parliamentary Library.



Category: Publishing Civic Information

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

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
-	Revenue Crown	-	-	-
942	Revenue third parties	844	844	837
942	Total revenue	844	844	837
898	Expenses	896	896	922
44	Net surplus/(deficit)	(52)	(52)	(85)

This category is intended to achieve accurate publication of the New Zealand Gazette.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
New Zealand Gazette				
3.30	Accuracy: notices published consistent with text supplied by clients (estimated volume: 7,000–8,500)	99%	99.95%	100%

52 In 2016/17, the uptake from schools was greater than estimated. The standard was increased from 150,000–180,000 for 2016/17.

53 The standard for 2017/18 was set lower than the result for the previous year because the National Library was unsure of the impact of the implementation of the new Services to Schools website. The number of visits was higher than estimated. The standard has been increased from 180,000–240,000 to 240,000–300,000 for 2018/19.

54 The standard for 2017/18 was exceeded for this measure due to increased demand from schools following implementation of the Services to Schools action plan. This includes support for schools currently using the service to utilise the service better and encouraging schools who have not been using the service to begin using it.

55 In 2016/17, the result was short of the target due to a number of factors. Building confidence in Services to Schools is a high priority in 2018. The Department has implemented a Services to Schools Action Plan focused on strengthening the lending service and also reflecting the need to adjust other aspects of Services to Schools. An upswing in loan requests in the 2018 calendar year has resulted in the annual target being met.



Community Funding Schemes MCA (M15)

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

ACTUAL 2017	NON-DEPARTMENTAL CAPITAL EXPENDITURE (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
16,783	Non-Departmental other expenses	19,683	19,559	19,279

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

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.31	Case studies completed that demonstrate benefits to community grant funding recipients	Achieved	Achieved	Achieved

Category: Community Development Scheme

This category is intended to achieve support for diverse communities to improve economic, social and cultural wellbeing.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.32	At least 5 Community-Led Development partnering agreements established with programme participants	Achieved	New Measure	Achieved

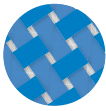
Category: Community Organisation Grants Scheme

This category is intended to achieve benefit from social services provided by grass roots non-profit organisations to communities.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.33	Two case studies completed to assess grants' communities benefit	Achieved	Achieved	Achieved

Everybody's Theatre Society Incorporated: The Everybody's Theatre Society received a grant of \$2,500 from the South Taranaki Local Distribution Committee towards operational costs to maintain the local theatre in Opunake. The Theatre acts as a community hub and supports the members of the small rural community to be connected and engaged. The theatre shows movies and community organisations use the facility to host live artistic performances. Community workshops, an 18 piece jazz band performance and local school musical are examples of how the community use the theatre.

Wharekauri Māori Committee: The Wharekauri Māori committee received a grant of \$2,500 from the Chatham Islands Local Distribution Committee towards wages for the kaitiaki. The kaitiaki ensures the local marae is maintained and presented in a way that is welcoming and inviting to all guests. During the year the marae hosted visitors, whānau, government representatives, local kura, kohanga reo and iwi. Throughout the year the marae was used by the community for pōwhiri, kapa haka, taiha and noho activities to encourage community engagement, participation and well-being.



Community Information and Advisory Services MCA (M41)

The overarching purpose of this appropriation is to support communities, hapū 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	2016/17	2017/18
3.34	Community satisfaction with the availability of information, training and advice provided by the Department ⁵⁶	Achieved	Not Applicable	Not Applicable ⁵⁷

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.

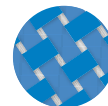
ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
4,904	Revenue Crown	3,715	3,976	3,976
1,398	Revenue third parties	1,356	1,551	1,407
6,302	Total revenue	5,071	5,527	5,383
6,480	Expenses	5,071	5,527	5,088
(178)	Net surplus/(deficit)	-	-	295

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$456,000 was due to transitional funding for the Language Line interpreting service (increase of \$848,000), and an increase in expenditure associated with an increase in SERCO costs for Language Line (increase of \$195,000). 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 \$587,000).

This category is intended to achieve language and intercultural support for ethnic communities so that they connect and can engage effectively across New Zealand society.

56 During 2016/17 the Department moved away from delivering face-to-face training and development workshops, to offering targeted online training modules that people could use to develop and strengthen their own intercultural capabilities.

57 This measure does not have any results available as the satisfaction survey built into the new online training platform did not provide any responses in 2017/18. The method for providing this measure will be reviewed in 2018/19.



PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.35	People accessing intercultural capability e-learning on the Office of Ethnic Communities website ⁵⁸	300–400	928	944
3.36	Approved Ethnic Communities Development Fund grant applications are paid within business timeframe standards	At least 95%	New Measure	100%
3.37	Ethnic Communities Development Fund Panel decisions are consistent with priorities, policies & procedures	At least 95%	New Measure	98%
3.38	Percentage of Language Line interpreting customers who are successfully connected with an interpreter in an offered language	At least 95%	96%	95.82%
Demand Information				
3.39	Number of interpreting calls made to Language line	48,000–54,000	54,946	53,689

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.

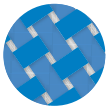
ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
105	Revenue Crown	80	77	77
29	Revenue third parties	31	31	11
134	Total revenue	111	108	88
108	Expenses	111	108	110
26	Net surplus/(deficit)	-	-	(22)

The decrease 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.

This category is intended to achieve support for New Zealand's diverse communities so that they can manage, preserve and make available their archives.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.40	Availability of the online descriptive tool 24 hours a day, 7 days a week	At least 99%	99.95%	100%

58 This was a new measure for 2016/17. The standard was set at a conservative level on the basis of unknown demand.



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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
4,591	Revenue Crown	4,584	4,512	4,512
6	Revenue third parties	-	-	-
4,597	Total revenue	4,584	4,512	4,512
4,534	Expenses	4,584	4,512	4,495
63	Net surplus/(deficit)	-	-	17

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$72,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve advisory and information support for communities and community groups for the purpose of community development.

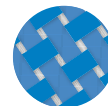
PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.41	Establish a database to effectively track advisory projects for the community.	Achieved	New Measure	Achieved

Information and Technology Services MCA (M41)

The overarching purpose of this 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	2016/17	2017/18
3.42	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



Case Study – Oranga Tamariki – digital workplace programme (DWP)

Oranga Tamariki–Ministry of Children, was established on 1 April 2017. As the various components of the new organisation were established and services separated from the Ministry of Social Development (MSD), Oranga Tamariki commenced an in-depth dialogue with the Commercial Strategy and Delivery (CSD) team from the GCDO about their technology needs to implement and support a modern digital workplace for their staff.

The need to deliver fit-for-purpose, modern and secure digital workplace that supported the work of the Oranga Tamariki frontline staff, including their mobility needs, was a key driver. Executive-level sponsorship from Oranga Tamariki for a cloud-first,

ICT strategy that would deliver a modern digital workplace for staff, was strong. This set the foundation for a rapid and efficient engagement with All-of-Government, local, prospective ICT providers.

CSD worked closely with the Oranga Tamariki and MSD procurement teams who facilitated a secondary procurement process that would secure the delivery of key ICT services for Oranga Tamariki's digital workplace. The strategy was to use existing All-of-Government services to save time and cost. This meant that the provision of as-a-service digital workplace environments could be established quickly. Being a new agency, Oranga Tamariki took the opportunity to use a complete

suite of All-of-Government, as-a-service products for unified communications, desktop, infrastructure, telecommunications, mobility, enterprise content management, office productivity and IT management services.

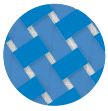
The GCDO's continuing work with agencies, as in the case with Oranga Tamariki, shows that the adoption of modern, All-of-Government, as-a-service products is improving agencies access to cost-effective solutions that support their digital workplace requirements. This helps the agency deliver effective business services by providing connectivity, information, data, and office productivity services to frontline staff.

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
18,529	Revenue Crown	12,956	15,870	15,870
–	– Revenue third parties	–	1,888	1,394
18,529	Total revenue	12,956	17,758	17,264
18,838	Expenses	12,956	17,758	19,393
(309)	Net surplus/(deficit)	–	–	(2,129)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$4.802 million was due to a transfer of funding from other agencies to Vote Internal Affairs to reflect the Department of Internal Affairs' costs associated with the service innovation work programme in 2017/18 (increase of \$5 million), and an expense transfer from 2016/17 to 2017/18 to enable the successful completion of the Result 9: common delegations and information sharing initiatives in 2017/18 (increase of \$610,000). 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 \$769,000), and return of operating (capital charge) funding to the Wellington accommodation project tranche 2 contingency fund due to the delay in the capital injection drawdown in 2016/17 (decrease of \$39,000).



This category is intended to achieve the successful implementation of the Government's priorities for All-of-Government ICT and the discharge of the GCIO's Functional Leadership responsibilities.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.43	Overall online target projections increase	At least 70%	58%	65.7% ⁵⁹
3.44	Effectiveness of ICT Functional Leader assessed under agreed maturity framework (scale 1–5) ⁶⁰	3	New Measure	3.3 ⁶¹

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
1,079	Revenue Crown	1,200	1,176	1,176
	– Revenue third parties	–	–	–
1,079	Total revenue	1,200	1,176	1,176
1,133	Expenses	1,200	1,176	1,027
(54)	Net surplus/(deficit)	–	–	149

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$24,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve effective support for state sector agencies in privacy matters.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.45	Privacy maturity of State Sector category 1 agencies, as measured by agency self-assessments, improves year on year	Achieved	New Measure	Achieved
3.46	Privacy maturity of State Sector category 2 agencies, as measured by agency self-assessments, improves year on year	Achieved	New Measure	Achieved
3.47	Privacy maturity of State Sector category 3 agencies, as measured by agency self-assessments, improves year on year	Achieved	New Measure	Achieved

59 While this measure was not achieved, digital uptake has increased significantly from the baseline of 29% in 2012. The Department continues to work with our agency partners to ensure focus is maintained on driving digital uptake. The result reported against this measure is based on data for the period of 1 July to 31 December 2017.

60 Maturity assessment will be based on 1–5 score, with 1 being low effectiveness and 5 being high effectiveness.

61 The result reported against this measure is based on data for the period of 1 July to 31 October 2017.



Category: Government Information and Technology Services

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

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
6,641	Revenue Crown	5,763	7,219	7,219
6,060	Revenue third parties	7,462	8,521	7,531
12,701	Total revenue	13,225	15,740	14,750
13,582	Expenses	12,244	17,896	14,507
(881)	Net surplus/(deficit)	981	(2,156)	243

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$5,652 million was due to an increase in expenditure associated with All-of-Government common capability products due to:

- + an increase in employment (including security certification) costs associated with an increased level of uptake for telecommunications as a service, going to market costs and the associated costs of negotiating All-of-Government contracts associated with IT managed services and software framework agreements (increase of \$2.667 million);
- + a realignment of the revenue and expenditure baseline associated with the common web platform (increase of \$1.488 million);
- + a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$1.456 million); and
- + an increase in rental revenue associated with the sub-lease of properties (increase of \$41,000).

This category is intended to achieve effective infrastructure support for Government services.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.48	All-of-Government Common Capability products, where the Department is the lead agency, meet service level agreements	Achieved	Achieved	Achieved
3.49	GIS All-of-Government online services meet performance measures	Achieved	Achieved	Achieved

Ministerial Support Services MCA (M41)

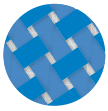
The overarching purpose of this appropriation is to provide services to Ministers in order to support them to discharge their portfolio responsibilities other than policy decision making.

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

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.50	Ministers' satisfaction with the quality of support received from the Department is assessed as "satisfied" or better ⁶²	Satisfied	Good	Good ⁶³

⁶² Satisfaction is based on 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 Satisfactory, Good, or Very Good.

⁶³ This result is based on one survey covering 26 October 2017 to 28 February 2018. There was no response received for the second survey covering 1 March to 30 June 2018.



Category: 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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
951	Revenue Crown	951	570	570
	– Revenue third parties	–	–	–
951	Total revenue	951	570	570
562	Expenses	951	570	579
389	Net surplus/(deficit)	–	–	(9)

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$381,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve support for Responsible Ministers in monitoring the performance of Crown Entities.

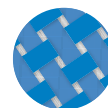
PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.51	Advice on accountability and performance documents delivered within statutory or agreed timeframes (based on delivery of documents to the Minister by the Crown entity) (Estimated volume: 12–17)	100%	100%	100%
3.52	Appointment processes for board vacancies managed consistent with the approach agreed with the Minister (including amendments agreed with the Minister) (Estimated volume: 1–4)	All	100%	100%

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
202	Revenue Crown	202	251	251
	– Revenue third parties	–	–	–
202	Total revenue	202	251	251
240	Expenses	202	251	263
(38)	Net surplus/(deficit)	–	–	(12)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$49,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.



This category is intended to achieve non-policy support for the Minister for the Community and Voluntary Sector.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.53	Required timeframes are met: Parliamentary Questions (written) – within 3 days of notification or as agreed with the Minister (estimated volume: 0–10)	At least 95%	100%	98.8% ⁶⁴
3.54	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed (estimated volume: 20–40)	At least 95%	100%	94.4% ⁶⁵
3.55	Required timeframes are met: Ministerial Official Information Act requests – at least 5 days prior to statutory timeframes (estimated volume: 0–10)	At least 95%	100%	100%

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
108	Revenue Crown	108	143	143
	– Revenue third parties	–	–	–
108	Total revenue	108	143	143
145	Expenses	108	143	158
(37)	Net surplus/(deficit)	–	–	(15)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$35,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve non-policy support for the Minister for Ethnic Communities.

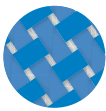
PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.56	Required timeframes are met: Parliamentary Questions (written) – within 3 days of notification or as agreed with the Minister (estimated volume: 5–10)	At least 95%	100%	100% ⁶⁶
3.57	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed (estimated volume: 10–20)	At least 95%	100%	100% ⁶⁷
3.58	Required timeframes are met: Ministerial Official Information Act requests – at least 5 days prior to statutory timeframes (estimated volume: 1–5)	At least 95%	100%	100%

64 The volume of Parliamentary Questions was above the estimated volume (0–10) with 81 received in 2017/18.

65 Compared to 2016/17 there has been an increase in the volume of work conducted across the team responsible for this work. New staff, along with administrative coding errors, has resulted in this measure not being met. We are reviewing the systems used to track and monitor this measure for 2018/19.

66 The volume of Parliamentary Questions was above the estimated volume (5–10) with 140 received in 2017/18.

67 The volume of Ministerial correspondence was above the estimated volume (10–20) with 38 received in 2017/18.



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 the Internal Affairs portfolio.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
564	Revenue Crown	432	588	588
	– Revenue third parties	–	–	–
564	Total revenue	432	588	588
558	Expenses	432	588	599
6	Net surplus/(deficit)	–	–	(11)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$156,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve non-policy support for the Minister of Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.59	Required timeframes are met: Parliamentary Questions (written) – within 3 days of notification or as agreed with the Minister (estimated volume: 30–50)	At least 95%	100%	99.7% ⁶⁸
3.60	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed (estimated volume: 250–350)	At least 95%	100%	97.2%
3.61	Required timeframes are met: Ministerial Official Information Act requests – at least 5 days prior to statutory timeframes (estimated volume: 5–15)	At least 95%	100%	100% ⁶⁹

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
547	Revenue Crown	547	822	822
	– Revenue third parties	–	–	–
547	Total revenue	547	822	822
688	Expenses	547	822	747
(141)	Net surplus/(deficit)	–	–	75

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$275,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

68 The volume of Parliamentary Questions was significantly above the estimated volume (30–50) with 666 received in 2017/18.

69 The volume of requests was significantly above the estimated volume (5–15) with 32 received in 2017/18.



This category is intended to achieve non-policy support for the Minister of Local Government.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.62	Required timeframes are met: Parliamentary Questions (written) – within 3 days of notification or as agreed with the Minister (estimated volume: 110–130)	At least 95%	100%	100% ⁷⁰
3.63	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed (estimated volume: 350–550)	At least 95%	100%	90.4% ⁷¹
3.64	Required timeframes are met: Ministerial Official Information Act requests – at least 5 days prior to statutory timeframes (estimated volume: 20–40)	At least 95%	100%	100%

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
192	Revenue Crown	192	319	319
	– Revenue third parties	–	–	–
192	Total revenue	192	319	319
281	Expenses	192	319	284
(89)	Net surplus/(deficit)	–	–	35

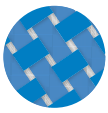
The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$127,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve non-policy support for the Minister Responsible for Ministerial Services.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.65	Required timeframes are met: Parliamentary Questions (written) – within 3 days of notification or as agreed with the Minister (estimated volume: 60–120)	At least 95%	100%	100%
3.66	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed (estimated volume: 1–10)	At least 95%	100%	100%
3.67	Required timeframes are met: Official Information and Privacy Act requests, and Ombudsmen inquiries – within agreed timeframes (estimated volume: 70–20)	At least 95%	97%	95%

⁷⁰ The volume of Parliamentary Questions was significantly above the estimated volume (110–130) with 598 received in 2017/18.

⁷¹ Compared to 2016/17 there has been an increase in the volume of work conducted across the team responsible for this work. New staff, along with administrative coding errors, has resulted in this measure not being met. We are reviewing the systems used to track and monitor this measure for 2018/19.



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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
60	Revenue Crown	60	78	78
	– Revenue third parties	–	–	–
60	Total revenue	60	78	78
73	Expenses	60	78	79
(13)	Net surplus/(deficit)	–	–	(1)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$18,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve non-policy support for the Minister for Racing.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.68	Required timeframes are met: Parliamentary Questions (written and oral) – within 3 days of notification or as agreed with the Minister (estimated volume: 0–10)	At least 95%	100%	100%
3.69	Required timeframes are met: Ministerial correspondence (draft responses) – within 15 days of receipt or as specifically agreed (estimated volume: 40–60)	At least 95%	100%	90.7% ⁷²
3.70	Required timeframes are met: Ministerial Official Information Act requests – at least 5 days prior to statutory timeframes (estimated volume: 0–10)	At least 95%	100%	100%

Policy Advice MCA (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	2016/17	2017/18
3.71	Portfolio Ministers’ satisfaction with the overall quality of policy advice received assessed as satisfied or better ⁷³	Satisfied	Achieved	Achieved ⁷⁴

⁷² Compared to 2016/17 there has been an increase in the volume of work conducted across the team responsible for this work. New staff, along with administrative coding errors, has resulted in this measure not being met. We are reviewing the systems used to track and monitor this measure for 2018/19.

⁷³ Ministerial satisfaction is rated: Very Poor (1–2), Poor (3–4), Satisfied (5–6), Good (7–8), Very Good (9–10).

⁷⁴ This result is based on six portfolios as one portfolio has a result of ‘No response’.



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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
610	Revenue Crown	611	771	771
	– Revenue third parties	–	–	–
610	Total revenue	611	771	771
630	Expenses	611	771	659
(20)	Net surplus/(deficit)	–	–	112

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$160,000 was due to funding to complete a Ministerial Social Sector Research Fund question as a result of the disestablishment of Superu (increase of \$100,000), and a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$60,000).

This category is intended to achieve quality advice for the Minister for the Community and Voluntary Sector.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.72	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment ⁷⁵	Achieved	Achieved (7.3 out of 9)	Achieved (7.4)
3.73	Minister's satisfaction with the quality of policy advice assessed as 'Satisfied' or better ⁷⁶	Satisfied	Satisfied	Good ⁷⁷
3.74	Total cost an hour of professional staff time devoted to policy unit outputs	\$150–\$180	\$183.99	\$202.91 ⁷⁸

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.

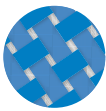
ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
376	Revenue Crown	376	1,015	1,015
	– Revenue third parties	–	–	–
376	Total revenue	376	1,015	1,015
430	Expenses	376	1,015	976
(54)	Net surplus/(deficit)	–	–	39

⁷⁵ Only items that fit under the Treasury's definition of "policy advice" [refer <http://www.treasury.govt.nz/publications/guidance/mgmt/rapa>] are included in the external assessment.

⁷⁶ Ministerial satisfaction is rated: Very Poor (1–2), Poor (3–4), Satisfied (5–6), Good (7–8), Very Good (9–10).

⁷⁷ As a consequence of the 2017 General Election, this result covers the period from October 2017 to June 2018.

⁷⁸ Increases in Departmental overhead costs reflected in the formula used to calculate this figure along with higher salary costs have resulted in an increased total cost per output hour. This standard will be reviewed during 2018/19.



The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$639,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve quality advice for the Minister for Ethnic Communities.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.75	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment ⁷⁹	Achieved	Achieved (7.3 out of 9)	Achieved (7.5)
3.76	Minister’s satisfaction with the quality of policy advice assessed as ‘Satisfied’ or better ⁸⁰	Satisfied	Good	Good ⁸¹
3.77	Total cost an hour of professional staff time devoted to policy unit outputs	\$150–\$180	\$183.99	\$202.91 ⁸²

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
4,322	Revenue Crown	4,322	4,540	4,540
8	Revenue third parties	36	36	3
4,330	Total revenue	4,358	4,576	4,543
4,351	Expenses	4,358	4,576	4,545
(21)	Net surplus/(deficit)	-	-	(2)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$218,000 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 \$268,000). This increase was partially offset by return of operating (capital charge) funding to the Wellington Accommodation Project Tranche 2 contingency fund due to the delay in the capital injection drawdown in 2016/17 (decrease of \$50,000).

79 Only items that fit under the Treasury’s definition of “policy advice” [refer <http://www.treasury.govt.nz/publications/guidance/mgmt/rapa>] are included in the external assessment.

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

81 As a consequence of the 2017 General Election, this result covers the period from October 2017 to June 2018.

82 Increases in Departmental overhead costs reflected in the formula used to calculate this figure along with higher salary costs have resulted in an increased total cost per output hour. This standard will be reviewed during 2018/19.



This category is intended to achieve quality advice for the Minister of Internal Affairs.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.78	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment ⁸³	Achieved	Achieved (7.3 out of 9)	Achieved (7.5)
3.79	Minister's satisfaction with the quality of policy advice assessed as 'Satisfied' or better ⁸⁴	Satisfied	Good	Good ⁸⁵
3.80	Total cost an hour of professional staff time devoted to policy unit outputs	\$150–\$180	\$183.99	\$202.91 ⁸⁶

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
5,905	Revenue Crown	5,720	8,208	8,208
–	– Revenue third parties	–	–	–
5,905	Total revenue	5,720	8,208	8,208
5,790	Expenses	5,720	8,208	8,053
115	Net surplus/(deficit)	–	–	155

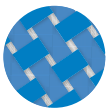
The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$2.488 million was due to funding to meet the costs associated with leading the Three Waters Review (increase of \$1.500 million), and a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$988,000).

83 Only items that fit under the Treasury's definition of "policy advice" [refer <http://www.treasury.govt.nz/publications/guidance/mgmt/rapa>] are included in the external assessment.

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

85 As a consequence of the 2017 General Election, this result covers the period from October 2017 to June 2018.

86 Increases in Departmental overhead costs reflected in the formula used to calculate this figure along with higher salary costs have resulted in an increased total cost per output hour. This standard will be reviewed during 2018/19.



This category is intended to achieve quality advice for the Minister of Local Government.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.81	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment ⁸⁷	Achieved	Achieved (7.3 out of 9)	Achieved (7.5)
3.82	Minister’s satisfaction with the quality of policy advice assessed as ‘Satisfied’ or better ⁸⁸	Satisfied	Good	Satisfied ⁸⁹
3.83	Total cost an hour of professional staff time devoted to policy unit outputs	\$150–\$180	\$183.99	\$202.91 ⁹⁰

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
194	Revenue Crown	194	219	219
–	– Revenue third parties	–	–	–
194	Total revenue	194	219	219
206	Expenses	194	219	214
(12)	Net surplus/(deficit)	–	–	5

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$25,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

87 Only items that fit under the Treasury’s definition of “policy advice” [refer <http://www.treasury.govt.nz/publications/guidance/mgmt/rapa>] are included in the external assessment.

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

89 As a consequence of the 2017 General Election, this result covers the period from October 2017 to June 2018.

90 Increases in Departmental overhead costs reflected in the formula used to calculate this figure along with higher salary costs have resulted in an increased total cost per output hour. This standard will be reviewed during 2018/19.



This category is intended to achieve quality advice for the Minister for Racing.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.84	Policy advice and policy briefings delivered to agreed quality criteria and standards – demonstrated through independent assessment ⁹¹	Achieved	Achieved (7.3 out of 9)	Achieved (7.5)
3.85	Minister's satisfaction with the quality of policy advice assessed as 'satisfied' or better ⁹²	Satisfied	Good	Assessment deferred until sufficient policy work completed
3.86	Total cost of an hour of professional staff time devoted to policy unit outputs	\$150–\$180	\$183.99	\$202.91 ⁹³

Regulatory Services MCA (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	2016/17	2017/18
3.87	Regulatory regimes are in place to deliver all legislated responsibilities	Achieved	Achieved	Achieved ⁹⁴

Category: Charities Regulation

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

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
5,891	Revenue Crown	5,275	6,051	6,051
857	Revenue third parties	852	852	874
6,748	Total revenue	6,127	6,903	6,925
6,611	Expenses	6,127	6,903	6,449
137	Net surplus/(deficit)	-	-	476

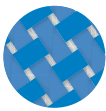
The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$776,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

91 Only items that fit under the Treasury's definition of "policy advice" [refer <http://www.treasury.govt.nz/publications/guidance/mgmt/rapa>] are included in the external assessment.

92 Ministerial satisfaction is rated: Very Poor (1–2), Poor (3–4), Satisfied (5–6), Good (7–8), Very Good (9–10). In 2016/17, one survey was taken due to the change in Ministers.

93 Increases in Departmental overhead costs reflected in the formula used to calculate this figure along with higher salary costs have resulted in an increased total cost per output hour. This standard will be reviewed during 2018/19.

94 Physical transfers to the Archives Wellington Repository have been suspended since July 2017 due to capacity issues, but the regulatory regime is in place.



This category is intended to achieve effective support for registered charities, in order to contribute to promoting public trust and confidence in the charitable sector.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.88	Customer satisfaction with Charities Services service received assessed as '4' or '5' ⁹⁵	At least 75%	83%	79%
3.89	Charities Services regulatory decisions are independently assessed to measure quality and timeliness	At least 75%	New Measure	97% ⁹⁶
3.90	Satisfaction with the quality of advice and support received by the Charities Registration Board	At least 75%	New Measure	100% ⁹⁷

Category: Regulatory Services

This category is limited to operational policy advice and services to administer all aspects of the regulatory functions and services that are assigned to the Department of Internal Affairs.

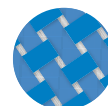
ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
14,184	Revenue Crown	20,620	20,436	20,436
27,109	Revenue third parties	28,479	27,468	27,233
41,293	Total revenue	49,099	47,904	47,669
35,408	Expenses	42,014	42,879	40,188
5,885	Net surplus/(deficit)	7,085	5,025	7,481

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$865,000 was due to expenditure associated with replacing ageing technology and increased regulatory activity (increase of \$905,000), an increase in expenditure due to an increase in rental revenue associated with the sub-lease of properties (increase of \$144,000), and a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$31,000). These increases were partially offset by return of operating (capital charge) funding to the Wellington Accommodation Project Tranche 2 contingency fund due to the delay in the capital injection drawdown in 2016/17 (decrease of \$215,000).

95 Satisfaction is assessed on a five-point scale, where 1 is equivalent to 'Very Dissatisfied', and 5 is equivalent to 'Very Satisfied'.

96 We exceeded the standard for this measure because most regulatory decisions were independently assessed as meeting quality and timeliness expectations. This measure was a new measure in 2017/18 and the standard was set at a conservative level.

97 We exceeded the standard for this measure because all three members of the Charities Registration Board indicated that they were satisfied with the quality of advice and support. This measure was a new measure in 2017/18 and the standard was set at a conservative level.



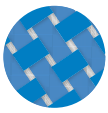
This category is intended to achieve effective regulatory activity.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
Gambling				
3.91	Club and non-club venue inspections conducted	Up to 150	37	108 ⁹⁸
3.92	Provisional audit reports to non-club gaming machine societies completed	10–30	11	13
3.93	Number of provisional audit reports to non-club gaming machine societies completed within 6 months	At least 75%	91%	8% ⁹⁹
Demand information				
<i>Applications for gambling licences processed:</i>				
3.94	• Club and non-club licence renewals	280–350	337	261 ¹⁰⁰
3.95	• Other Class 3 and 4 licence applications and Certificates of Approval	4,000–6,000	5,200	5,018
Censorship				
3.96	Number of images uploaded, as a result of investigation, to the Interpol Child Sexual Exploitation Database	2,000–6,000	3,778	2,978
3.97	Number of child exploitation websites being filtered by the specialist software developed and maintained by DIA	300–1,200	469	590
Demand information				
3.98	Number of justified appeals compared to the total number of appeals received from websites being filtered	Less than 10%	0%	0%

98 There was an increase in inspections conducted in 2017/18 from 2016/17. A new method of venue inspections was introduced in 2015/16, resulting in a transition period for implementation and lower inspections conducted during 2016/17. The result reported against this measure is based on data for the period of 1 July to 31 December 2017.

99 A statutory amendment allowed management service provider companies to be audited for the first time. The process for completing Audit Reports for service provider companies was more complex and involved more time than previous audits of gambling societies. We have refined our internal systems and processes to meet the standard in 2018/19.

100 Demand for gambling licences was lower than anticipated this year.



PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
Unsolicited Electronic Messages				
3.99	Number of email and text spam complaints received	10,000–25,000	28,690	53,663 ¹⁰¹
3.100	Percentage of nuisance spam complaints received which are triaged within 14 days	At least 80%	95%	98% ¹⁰²
3.101	The number of civil liability proceedings undertaken relating to nuisance spam – covering warning letters, infringement notices and statements of claim	20–50	22	21
3.102	Number of education related activities provided relating to nuisance spam	50–250	61	201
Public Sector Recordkeeping				
3.103	Number of Public Offices, Local Authorities and other organisations provided with targeted records and archives management advice	100–150	115	104
Anti-Money Laundering and Countering Financing of Terrorism				
3.104	Number of desk-based reviews of reporting entities' Anti-Money Laundering and Countering Finance of Terrorism risk assessments and compliance programmes completed	60–130	114	72 ¹⁰³
3.105	Number of onsite visits auditing reporting entities' compliance with Anti-Money Laundering and Countering Finance of Terrorism obligations completed	30–50	33	33
3.106	Number of education-focused proactive engagements with reporting entities regarding Anti-Money Laundering and Countering Finance of Terrorism obligations	100–400	252	545 ¹⁰⁴
3.107	Establish the implementation programme to deliver on the expanded regulatory role under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009	Achieved	New Measure	Achieved
Private Security Personnel and Private Investigators				
3.108	Ministry of Justice satisfaction with services provided by the Complaints, Investigation and Prosecution Unit ¹⁰⁵	3	2 – Satisfied	2 – Satisfied
Demand Information				
3.109	Number of investigation requests received from Private Security Personnel Licensing Authority	15–45	20	26

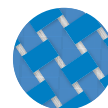
101 The upper limit of this standard was exceeded due to the success of a new email spam complaint form. This measure includes all types of spam complaints and we focus our effort on nuisance spam which makes up a small proportion of the total.

102 There was an increase in the percentage of nuisance spam complaints triaged within 14 days in 2017/18 from 2016/17 due to internal efficiencies by investigators.

103 There was a decrease in the number of desk-based reviews conducted in 2017/18 from 2016/17 due to a change in focus on implementing the Phase 2 amendments to the AML/CFT Act.

104 There were two education events targeted at specific sectors with a large number of email recipients which increased our number of education interactions during the year.

105 Satisfaction is assessed on a five-point scale, where 1 is equivalent to 'Very Satisfied', and 5 is equivalent to 'Very Unsatisfied'.



Services Supporting the Executive MCA

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	2016/17	2017/18
3.110	Minister Responsible for Ministerial Services' satisfaction with the quality of support provided by the Department to the Executive ¹⁰⁶	Satisfied	Good	Good ¹⁰⁷

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
7,540	Revenue Crown	5,923	6,013	6,013
	– Revenue third parties	–	–	–
7,540	Total revenue	5,923	6,013	6,013
6,681	Expenses	5,923	6,013	5,212
859	Net surplus/(deficit)	–	–	801

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$90,000 was due to funding for the Government's contribution towards the cost of Sir Colin Meads' funeral.

This category is intended to achieve facilitation of ceremonies of national and international importance and official visits.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.111	Percentage of visits rated as "Satisfactory" or above by Sponsoring Ministers ¹⁰⁸	90%	100%	100%
Demand Information				
3.112	Number of Guests of Government visits ¹⁰⁹	35–50	43	24
3.113	Number of Partial Guests of Government visits	10–15	25	19
3.114	Number of Commemorative and special events	10–15	13	12
3.115	Facilitations of parties through Auckland and Wellington International Airports ¹¹⁰	500–600	660	376

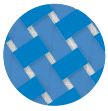
¹⁰⁶ The quality of support is assessed on a five-point scale: Very Good, Good, Satisfactory, Poor, or Very Poor.

¹⁰⁷ This result is based on one survey covering 26 October 2017 to 28 February 2018. There was no response received for the second survey covering 1 March to 30 June 2018.

¹⁰⁸ Satisfaction is assessed on a five-point scale: Very Good (5), Good (4), Satisfactory (3), Poor (2), or Very Poor (1). This is based on one response only

¹⁰⁹ Demand for official visits was lower than anticipated this year. We anticipate demand to return to normal in 2018/19.

¹¹⁰ Demand for facilitations was lower than anticipated this year. We anticipate demand to return to normal in 2018/19.



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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
26,947	Revenue Crown	28,143	32,083	32,083
	– Revenue third parties	–	–	–
26,947	Total revenue	28,143	32,083	32,083
27,224	Expenses	28,143	32,083	30,985
(277)	Net surplus/(deficit)	–	–	1,098

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$3.940 million was due to funding for managing changes to the Executive following the 2017 general election (increase of \$3.730 million), and a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$210,000).

This category is intended to achieve support for Members of the Executive to enable the discharge of their Ministerial responsibilities.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.116	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 ¹¹²	Satisfied	Good	Good ¹¹¹
	Demand Information			
3.117	Average number of Ministerial office personnel provided	150–170	150.6	151.5

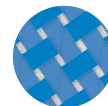
Category: VIP Transport Services

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
–	Revenue Crown	–	–	–
9,119	Revenue third parties	9,000	9,000	8,953
9,119	Total revenue	9,000	9,000	8,953
8,957	Expenses	9,000	9,000	8,915
162	Net surplus/(deficit)	–	–	38

111 The quality of support is assessed on a five-point scale: Very Good, Good, Satisfactory, Poor, or Very Poor.

112 This result is based on one survey covering 26 October 2017 to 28 February 2018. There was no response received for the second survey covering 1 March to 30 June 2018.



This category is intended to achieve chauffeur-driven and self-drive vehicles for parties who are specified in legislation, as authorised by Members of the Executive, or who otherwise meet qualifying criteria.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.118	Chauffeur-driven services provided leading to no sustained complaints (estimated volume: 17,000–20,000 jobs)	At least 99.5%	100%	99.93%
Demand information				
3.119	Total vehicle fleet ¹¹³	72–77	79	86

Support for Statutory and Other Bodies MCA (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	2016/17	2017/18
3.120	Statutory body members' satisfaction with the quality of the support provided by the Department assessed as 'Good' or better ¹¹⁴	Good	Good–Very Good	Good–Very Good

Category: Commissions of Inquiry & Similar Bodies

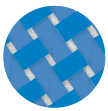
This category is limited to supporting Commissions of Inquiry and similar bodies.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
2,107	Revenue Crown	1,220	6,079	6,079
–	– Revenue third parties	–	–	–
2,107	Total revenue	1,220	6,079	6,079
1,536	Expenses	1,220	6,079	2,679
571	Net surplus/(deficit)	–	–	3,400

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$4.859 million was due to funding for the staff, travel, accommodation, professional fees, support for participants and other operating costs associated with the Government Inquiry into Mental Health and Addiction (increase of \$3.511 million), funding for the staff, travel, accommodation, professional fees and other operating costs associated with the Government Inquiry into Operation Burnham (increase of \$1.351 million), and an expense transfer from 2016/17 to 2017/18 for the Government Inquiry into Havelock North Drinking Water (increase of \$571,000). These increases were partially offset by a transfer of funding between categories for the public consultation on the draft terms of reference for the Royal Commission of Inquiry into Historical Abuse in State Care (decrease of \$574,000).

¹¹³ A number of vehicles were retained to meet the anticipated needs of the Executive during the year. The standard has been revised to 75–85 for 2018/19.

¹¹⁴ The quality of the support is assessed on a five-point scale: Very Good (5), Good (4), Satisfactory (3), Poor (2), Very Poor (1).



This category is intended to achieve effective support for the inquiries and similar bodies.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
<i>Inquiry's satisfaction with the timeliness and quality of services received assessed as '4' or '5'¹¹⁵</i>				
3.121	Government Inquiry into Havelock North Drinking-Water	Achieved	Achieved	Achieved
3.122	Government Inquiry into Mental Health and Addiction	Achieved	New Measure	Not Achieved ¹¹⁴
3.123	Government Inquiry into Operation Burnham	Achieved	New Measure	Not Achieved ¹¹⁷

Category: Establishing Commissions of Inquiry & Similar Bodies

This category is limited to costs incurred in the consultation on, and establishment of, commissions of inquiry and similar bodies.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
-	Revenue Crown	-	574	574
-	Revenue third parties	-	-	-
-	Total revenue	-	574	574
-	Expenses	-	574	1,087
-	Net surplus/(deficit)	-	-	(513)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$574,000 was due to a transfer of funding between categories for the public consultation on the draft terms of reference for the Royal Commission of Inquiry into Historical Abuse in State Care.

This category is intended to achieve effective support for the establishment of inquiries and similar bodies.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.124	Inquiry's satisfaction with the timeliness and quality of services received assessed as '4' or '5' ¹¹⁸ <ul style="list-style-type: none"> Royal Commission of Inquiry into Historical Abuse in State Care 	Achieved	New Measure	Not achieved ¹¹⁹

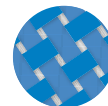
115 Satisfaction is assessed on a five-point scale: Very Good (5), Good (4), Satisfactory (3), Poor (2), or Very Poor(1).

116 One survey response received, rating satisfaction with services as 3 (satisfactory). The standard was not achieved (i.e. the result was not higher than satisfactory) due to issues raised by the Inquiry. The Department has put in place measures to enhance the support provided to Inquiries, and is continuing to work with the Inquiry and across the system to resolve issues.

117 One survey response received, rating satisfaction with services as 3 (satisfactory). The standard was not achieved (i.e. the result was not higher than satisfactory) due to issues raised by the Inquiry. The Department has put in place measures to enhance the support provided to Inquiries, and is continuing to work with the Inquiry and across the system to resolve issues.

118 Satisfaction is assessed on a five-point scale: Very Good (5), Good (4), Satisfactory (3), Poor (2), or Very Poor (1).

119 One survey response received, rating satisfaction with services as 3 (satisfactory). The standard was not achieved (i.e. the result was not higher than satisfactory) due to issues raised by the Royal Commission. The Department has put in place measures to enhance the support provided to the Royal Commission, and is continuing to work with the Royal Commission and across the system to resolve issues.



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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
117	Revenue Crown	117	112	112
	– Revenue third parties	–	–	–
117	Total revenue	117	112	112
126	Expenses	117	112	105
(9)	Net surplus/(deficit)	–	–	7

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.

This category is intended to achieve effective support for the Archives Council.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.125	Statutory body member satisfaction with the quality of secretariat services provided assessed as '4' or '5' ¹²⁰	At least 75%	100%	100%
	Demand information			
3.126	Support services provided for meetings of Statutory bodies which advise the Minister including: <ul style="list-style-type: none"> Archives Council 	4	4	4

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
98	Revenue Crown	98	79	79
1	Revenue third parties	7	7	–
99	Total revenue	105	86	79
93	Expenses	105	86	124
6	Net surplus/(deficit)	–	–	(45)

The decrease in the expenses budget between the Main Estimates and the Supplementary Estimates of \$19,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

¹²⁰ Satisfaction is assessed on a five-point scale: Very Good (5), Good (4), Satisfactory (3), Poor (2), Very Poor (1).



This category is intended to achieve effective support for the Library Information Advisory Commission, Guardians Kaitiaki of the Alexander Turnbull Library and Public Lending Right Advisory Group.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.127	Statutory body member satisfaction with the quality of secretariat services provided assessed as '4' or '5'	At least 75%	100%	100%
Demand Information				
<i>Support Services provided to the following statutory bodies – meetings supported:</i>				
3.128	• Guardians Kaitiaki of the Alexander Turnbull Library	3	3	4
3.129	• Library and Information Advisory Committee	4	4	4
3.130	• Public Lending Right Advisory Group	1	1	1

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
–	Revenue Crown	–	–	–
611	Revenue third parties	1,158	1,158	725
611	Total revenue	1,158	1,158	725
650	Expenses	1,158	1,158	759
(39)	Net surplus/(deficit)	–	–	(34)

This category is intended to achieve effective support for the Gambling Commission.

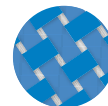
PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.131	Gambling Commission's satisfaction with the quality of advice and support services provided assessed as '4' or '5' ¹²¹	At least 75%	100%	100%

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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
3,805	Revenue Crown	2,304	2,583	2,583
–	Revenue third parties	–	–	–
3,805	Total revenue	2,304	2,583	2,583
2,687	Expenses	2,304	2,583	1,871
1,118	Net surplus/(deficit)	–	–	712

121 Satisfaction is assessed on a five-point scale from 1 (Most Dissatisfied) to 5 (Highly Satisfied).



The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$279,000 was due to expense transfers from 2016/17 to 2017/18 to enable the Local Government Commission to fund the work required to transition the Commission from its current status to a stand-alone entity (increase of \$150,000) and to enable the continuation of a joint shared services project with the four local authorities on the West Coast in 2017/18 (increase of \$250,000). This 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 \$121,000).

This category is intended to achieve effective support for the Local Government Commission.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.132	Local Government Commission's satisfaction with the quality of advice and support services provided assessed as '4' or '5' ¹²²	At least 75%	100%	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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
241	Revenue Crown	239	255	255
	– Revenue third parties	–	–	–
241	Total revenue	239	255	255
260	Expenses	239	255	258
(19)	Net surplus/(deficit)	–	–	(3)

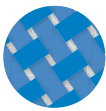
The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$16,000 was due to a transfer of funding between Departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs.

This category is intended to achieve effective support of grant funding bodies.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.133	Grant decisions are managed within business timeframe standards ¹²³	At least 95%	New Measure	98.44%
3.134	Grant decisions are transparent and consistent with regard to eligibility requirements	At least 97%	New Measure	100%
3.135	Non-Departmental other expense appropriation <ul style="list-style-type: none"> Disarmament Education Grants 	\$150,000	\$150,000	\$150,000

¹²² Satisfaction is assessed on a five point scale from 1 (Very poor) to 5 (Very good).

¹²³ This measure is based on a decision being made within 15 weeks of submission of request.



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.

ACTUAL 2017	REVENUE AND OUTPUT EXPENSES (\$000)	UNAUDITED BUDGET 2018	UNAUDITED SUPP EST 2018	ACTUAL 2018
578	Revenue Crown	594	954	954
10,035	Revenue third parties	10,029	10,029	10,029
10,613	Total revenue	10,623	10,983	10,983
11,057	Expenses	10,623	10,983	10,987
(444)	Net surplus/(deficit)	-	-	(4)

The increase in the expenses budget between the Main Estimates and the Supplementary Estimates of \$360,000 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 \$425,000). This increase was partially offset by return of operating (capital charge) funding to the Wellington Accommodation Project Tranche 2 contingency fund due to the delay in the capital injection drawdown in 2016/17 (decrease of \$65,000).

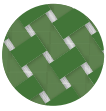
This category is intended to achieve effective support for grant funding bodies to enable them to make appropriate grant decisions.

PERFORMANCE INFORMATION		STANDARD	2016/17	2017/18
3.136	Customers are satisfied with the ease with which they are able to apply for grants and advisory services	At least 70%	New Measure	78%
3.137	Grant decisions are transparent and consistent with regard to eligibility requirements	At least 97%	New Measure	99.16%
3.138	Grant decisions are managed within business timeframe standards ¹²⁴	At least 95%	New Measure	90.83%
3.139	Grant decision making committees are satisfied with the operational support received	At least 90%	New Measure	95.83%

¹²⁴ A small number of decisions did not meet the standard because of meeting scheduling. This has been addressed to ensure the standard will be met in 2018/19.



Part 5: Appendices



Appendix A: Working with our partners

Like all public sector agencies, the Department is expected to deliver better results for New Zealanders by working across the system to achieve collective impact. Achieving results increasingly requires greater innovation and collaboration with Government agencies, the private sector and with voluntary organisations. Changes to core State Sector legislation has enabled a more collaborative and shared approach between agencies to achieve improved outcomes.

We have worked closely with central agencies to develop our functional leadership roles – particularly in regards to security and assurance – and to ensure that these roles are coordinated across agencies.

The Department's alignment with other Government sectors (for example, health, culture and heritage, justice and education), and at an across-system level (including our functional leadership roles) opens us up to innovative, productive, and future-focused solutions, as well as potential efficiencies and cost savings across the government sector.

A short summary of results from working with our partners is provided below.

Digital Government Partnership

In recognition of the changing environment, a new Ministerial Portfolio of Government Digital Services has been established. We supported the Portfolio priorities that included: improving digital inclusion; developing a national digital strategy; and ensuring New Zealanders' rights in the digital age. This included working with the Ministry for Business, Innovation and Employment to establish and support the Digital Economy and Digital Inclusion Ministerial Advisory Group and the role of Chief Technology Officer.

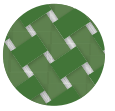
We worked with key stakeholders from Government agencies to support the goal of a coherent, All-of-Government digital system through the Digital Government Partnership (previously known as the Partnership Framework). The partnership reflects the Government Chief Digital Officer's (GDCO) core principle of "centrally led, collaboratively delivered", and a strong commitment to working with other government agencies.

Key partnerships to support *Transforming Service Delivery*

We have continued to work with our partners to develop products that make it easier for New Zealanders to access the services that they need for common life events. For example:

- + *SmartStart* (Birth of a Child) was a cross-agency collaboration between the Department, the Ministry of Health, Ministry of Social Development, and Inland Revenue with support from Plunket and the New Zealand College of Midwives.
- + *Te Hokinga ā Wairua* End of Life Service which went live in June 2018 is a collaboration between the Department, Ministry of Health, Ministry of Social Development, Inland Revenue, Accident Compensation Corporation, and the Ministry of Justice, with important advisory support from the Funeral Directors Association of New Zealand, New Zealand Law Society, and Mary Potter Hospice.
- + Our *Modernising Marriages* service saw a partnership with the Ministry of Justice, local authorities and the Celebrants Association of New Zealand. The *Oranga Marae* service has seen a partnership develop between the Department and Te Puni Kokiri. Through *RealMe* we have developed a partnership with Kiwibank, and potentially with other financial institutions.

We established the Service Innovation Lab to provide a collaborative work space and culture for Government agencies, non-government organisations and the private sector to design integrated public services. It was co-designed and co-delivered by the Department in partnership with Assurity Consulting Ltd.



Key partnerships to support *Stronger more Resilient Communities*

To support our work to enable and strengthen communities we maintained our strong relationship with the Lottery Grants Board and with other grant funding bodies.

We also built partnerships with the New Zealand Transport Agency and local iwi in the Chatham Islands through the development of the Wharf, and with the Akina Foundation as part of our work in the social enterprise sector.

We supported reducing harm and improving safety by continuing to work closely agencies including the Ministry of Justice, New Zealand Police, Reserve Bank of New Zealand and the Financial Markets Authority (in AML/CFT); and the Ministry of Health, the Health Promotion Agency and the private sector (in racing, charities and gambling work). To prevent children and young people becoming victims online, we continued our work with therapeutic service providers, the Ministry of Social Development, NetSafe and internet service providers, and the justice sector (including New Zealand Police).

We continued to support local government and strengthen community resilience through the establishment of our Central/Local Government Partnerships function which is working with local government and key central government agencies to develop an agreed approach to the management of natural hazards including floods, earthquakes and coastal inundation. This work is in a formative stage with key decisions on an agreed approach still to be considered by the Government.

We continued to work closely with the Ministry of Foreign Affairs and Trade and the Ministry for Culture and Heritage to support visits and ceremonies.

Key partnerships to support more *Trusted Information*

The National Library has continued to work with local publishers to preserve New Zealand's publications.

We developed a new partnership with Te Taura Whiri i Te Reo Māori and Te Puni Kōkiri through our digitisation of historical Māori magazines *Te Kaea*, *Tu Tangata* and *He Muka*.

The National Archival and Library Institutions Ministerial Group was formed to examine how to strengthen the democratic and cultural contribution of Archives New Zealand, the National Library of New Zealand and Ngā Taonga Sound & Vision.

We have partnered with the Education Review Office to preserve digital copies of schools' education reports. We have continued our ongoing engagement with the Ministry of Education and wider education sector on the role of libraries and learning resources through our Services to Schools work.

Archives New Zealand engaged with the Ministry of Justice on the drafting of the *Criminal Records (Expungement of Convictions for Historical Homosexual Offences) Act 2018* to ensure it was fit for purpose. In particular we ensured that the new Act aligns with the Public Records Act 2005 with regard to the destruction or redaction of public records, and not risking the disclosure of expunged convictions.

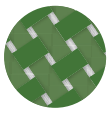
To develop *Turning Knowledge into Value* (the National Library strategic directions to 2030) our collaborating agencies included the Ministry of Education, the Ministry for Culture and Heritage, and private technology partners such as NZRise. We also continued to work with the Association of Public Library Managers.

Other relationships include the Open Government Partnership, the D7 Group and the OECD E-Leaders Group (which we currently Chair).

Key partnerships to support *a fit for purpose Department*

Work continued throughout the year with key partners who support us to deliver on our core responsibilities as a public sector agency. Our budgets were endorsed and approved by the Treasury, our internal financial operations and output performance was reviewed by Audit NZ and the State Services Commission, and we maintained contact with the Office of the Auditor General.

Our Communications Group has collaborated with Conferenz and NZTech to support the Digital Nations 2030 international conference that we hosted in Auckland in February 2018.



Appendix B: Our people

This appendix sets out statistical information regarding the Department's staff.

Table 1: Permanent staff by classification and job family, full and part time as at 30 June 2018:

Permanent Staff by Job Family/Classification	Full time	Part time	Total
Business Support	73	14	87
Corporate	133	13	146
Delivery	692	59	751
Information Management	269	59	328
Information Technology	191	18	209
Policy	96	5	101
Regulatory	110	6	116
London	8		8
Sydney	11	4	15
Non Banded ¹²⁵ [1]	53	2	55
Total	1,636	180	1,816

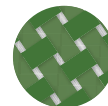
Note: Numbers are based on headcount of Permanent staff only.

The complement of Permanent FTE as at 30 June 2018 was 1,771.48 (this excludes events based staff).

Table 2: Permanent staff by location, 2017/18:

Permanent Employees by location	2017/18
Auckland	244
Christchurch	64
Dunedin	16
Gisborne	4
Greymouth	2
Hamilton	11
Invercargill	3
Kaitiāia	3
Kerikeri	1
Napier	5
Nelson	2

¹²⁵ There are 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.



Permanent Employees by location	2017/18
New Plymouth	2
Palmerston North	5
Rotorua	6
Taupō	6
Wellington	1,414
Whanganui	1
Whangarei	4
London	8
Sydney	15
Total	1,816

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

Table 3: Number of staff by location and gender 2017/18:

Location	Gender	2017/18
Wellington	Male	698
	Female	1,066
	Gender data not provided	7
Regional	Male	126
	Female	288
	Gender data not provided	2
Total		2,187

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

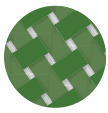
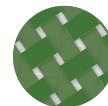
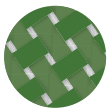


Table 4: Staff by location, job family, and gender as at 30 June 2018:

Location	Job Family	Female	Male	Unknown	Total
Auckland	Business Support	6	1		7
	Corporate	2	1		3
	Delivery	115	45	1	161
	Information Management	32	9		41
	Information Technology		2		2
	Policy	2	2		4
	Regulatory	11	20		31
	Non Banded	1			1
Auckland Total		169	80	1	250
Christchurch	Business Support	2			2
	Delivery	29	7		36
	Information Management	11	2		13
	Information Technology	3	4		7
	Regulatory	2	7		9
Christchurch Total		47	20		67
Dunedin	Business Support	3			3
	Delivery	4	1		5
	Information Management	5	2		7
	Non Banded		1		1
Dunedin Total		12	4		16
Gisborne	Business Support	1			1
	Delivery	2	1		3
Gisborne Total		3	1		4
Greymouth	Delivery	2			2
Greymouth Total		2			2
Hamilton	Business Support	1			1
	Delivery	7	1		8
	Information Management	2			2
	Regulatory	1			1
Hamilton Total		11	1		12



Location	Job Family	Female	Male	Unknown	Total
Invercargill	Delivery	2	1		3
Invercargill Total		2	1		3
Kaitaia	Business Support	1			1
	Delivery	2			2
Kaitaia Total		3			3
Kerikeri	Information Management	1			1
Kerikeri Total		1			1
Napier	Business Support	1			1
	Delivery	2	2		4
Napier Total		3	2		5
Nelson	Delivery	2			2
Nelson Total		2			2
New Plymouth	Business Support			1	1
	Delivery	1			1
New Plymouth Total		1		1	2
Palmerston North	Delivery	3	2		5
Palmerston North Total		3	2		5
Rotorua	Delivery	5			5
	Non Banded	1			1
Rotorua Total		6			6
Taupō	Business Support	1			1
	Regulatory	1	4		5
Taupō Total		2	4		6



Location	Job Family	Female	Male	Unknown	Total
Wellington	Business Support	102	9	1	112
	Corporate	126	84		210
	Delivery	377	207	3	587
	Information Management	194	101		295
	Information Technology	90	127	2	219
	Policy	73	77	1	151
	Regulatory	31	42		73
	Non Banded	73	51		124
Wellington Total		1,066	698	7	1,771
Whanganui	Information Management	1			1
Whanganui Total		1			1
Whangarei	Business Support	1			1
	Delivery	2	1		3
Whangarei Total		3	1		4
London	London	6	4		10
London Total		6	4		10
Sydney	Sydney	11	6		17
Sydney Total		11	6		17
Grand Total		1,354	824	9	2,187

Note: Numbers are based on headcount of Permanent, Fixed Term and Events Based staff only (including part time staff). The complement of Permanent, Fixed Term and Events Based FTEs as at 30 June 2018 was 2,117.66.

Table 5: Core unplanned turnover¹²⁶

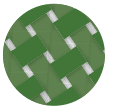
Financial year	2013/14	2014/15	2015/16	2016/17	2017/18
Turnover rate	14.9%	10.8%	14.1%	13.6%	13.2%

Table 6: Average leave entitlement for staff

Financial year	2013/14	2014/15	2015/16	2016/17	2017/18
Average leave entitlement (weeks)	4.24	4.20	4.21	4.23	4.23

Note: Numbers are based on 2,160 Headcount for staff entitled to Annual Leave (excluding London and Sydney Staff).

¹²⁶ Core unplanned turnover is defined as resignations, retirements, dismissals and death of permanent employees.



Appendix C: Separate reporting requirements

Incidents of any cancelled passports

Passports Act 1992

Under the provisions of sections 27GA to 27GF of the Passports Act 1992 the Minister of Internal Affairs may refuse to issue a travel document or cancel a travel document on the grounds of national security.

For the period 1 July 2017 to 30 June 2018 there have been no 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 2017/18 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 Search and Surveillance Act.

Implementation Requirements for the New Zealand Business Number Act 2016

The Department is required to report on its progress implementing the requirements of the Cabinet Office direction on the New Zealand Business Number (NZBN). Under this direction, the Department is a Tier 2 agency. This means we must give effect to the requirement to identify an entity that provides us a NZBN (without requiring any additional identifier) by 31 December 2018,

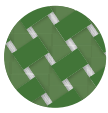
and consider phasing out other identifiers and replacing them with the NZBN when changing our systems. In addition, we must have regard to several other requirements (including, for example, accessing data from the NZBN Register that is relevant to our functions) by 31 December 2020.

The Department is currently implementing its Procure to Pay (P2P) which we are integrating using the NZBN web API. This has always been included as part of the requirements for P2P and the suppliers were responsive to them. There is an additional cost that has been included in the Department's project costs, to enable the supplier the extra time to connect to the web based NZBN system. This will enable suppliers to register on the Department's system by just entering an NZBN, ensuring that all NZBN numbers for the relevant suppliers are captured.

We will also be able to make the NZBN available to include on all communication sent from the Department's system (e.g. invoices, general communications and contracts).

The development of the new All-of-Government digital procurement channel "The Marketplace" has incorporated the NZBN in its supplier on-boarding processes. This results in simplified data entry for New Zealand businesses, saving time and ensuring the accuracy of data in the system, and enabling validation of the vendors NZBN.

The Common Web Platform (CWP), the official web platform for Government, can also be used to communicate with agencies on the importance of implementing NZBN. We also see the Web Services Panel, part of the CWP, being a useful network for communicating to vendors about how NZBN can be easily incorporated into web service design. The Department has commenced work with the Ministry of Business, Innovation and Employment to look at developing a module that government agencies can use on their website that provides Gateway services focused on the NZBN.



Appendix D: Asset Performance Indicators

In 2017/18 the Department has been asked to report performance of significant asset portfolios (e.g. property, ICT, fleet, and clinical equipment) that we use to provide our services.

This section outlines what we achieved in the year against the standards set.

Asset Portfolios

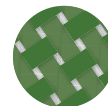
Assets have been grouped into Property and Information Communication & Technology (ICT) Portfolios. Other assets have been excluded for reporting due to their lesser significance (criticality) to delivering our core services. We are only including Departmental assets for the purposes of asset performance reporting. We are continuing to identify and develop asset performance measures that are insightful and meaningful for the Department.

Asset Portfolio	Asset classes within the Department's Portfolio
Property	Land, Non-Residential Buildings, and Furniture and Fittings
ICT	Computer Hardware and Computer Software

Asset Portfolio Quantity (Departmental)

Asset Portfolio Description	Asset Purpose	2016/17 Net Book Value	2017/18 Quantity/ Capacity	2017/18 Net Book Value ¹²⁷
Property	To enable the delivery of core services through the provision of office accommodation, library and archive storage facilities.	\$163m	8 Owned Premises 34 Leased Premises	\$180m
ICT	To enable the delivery of core services through provision of computer hardware and software.	\$97m	72 Major Business Services	\$124m

¹²⁷ Note the asset values for 2017/18 are currently draft numbers and have not received final audit sign-off.

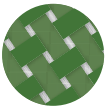


Asset Performance

Property asset performance measures

Measure	Indicator	2016/17 Measure	2016/17 Actual	2017/18 Measure	2017/18 Actual
The % of buildings that are not earthquake-prone (NBS of at least 34% or have a structural performance scoring of at least a seismic grade C).*	Condition	n/a	n/a	100%	100%
% buildings with code of compliance/ building warrant of fitness*	Condition	n/a	n/a	100%	100%
Office space density*	Functionality	n/a	n/a	12–16 sqm per person	15.86 sqm per person
Energy Efficiency (annual energy consumed (kwh/m2) per sqm of gross usable area).*	Functionality	n/a	n/a	80kwh per sqm	83kwh per sqm
Annual operating cost per sqm of net lettable area*	Functionality	n/a	n/a	n/a	\$65.00 per sqm office area
Archive storage environments maintained to required standards 24/7: Temperature	Functionality	> 80%	93.1%	> 80%	81.44%
Archive storage environments maintained to required standards 24/7: Relative humidity	Functionality	> 80%	92.8%	> 80%	87.95%
Library storage environments maintained to required standards 24/7: Humidity and Temperature*	Functionality	n/a	n/a	100%	93%
% of DIA office buildings that are co-locations*	Utilisation	n/a	n/a	n/a	50%

* New measure for 2017/18.



Information Communications Technology (ICT) asset performance measures

Measure	Indicator	2016/17 Measure	2016/17 Actual	2017/18 Measure	2017/18 Actual
Average % of time our IT business services are available.	Availability	98.5%	99.6%	98.5%	99.45%
% of incidents restored within SLA timeframes (all incidents P1–P4)	Condition	80%	89.4%	80%	87.1%
% of workstation devices in use*	Utilisation	n/a	n/a	85%	87.65%
% of successful changes*	Functionality	n/a	n/a	95%	97.91%

* New measure for 2017/18.

The Department of Internal Affairs

45 Pipitea Street

PO Box 805

Wellington 6011

Telephone +64 4 495 7200

For more information on the work of the
Department of Internal Affairs please visit our website

www.dia.govt.nz

