



Pūrongo Ā Tau
Annual Report

2020



Te Tari Taiwhenua
Internal Affairs

Tō Mātou 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 Purpose

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

Mātāpono - Our principles and behaviours

Mātāpono/principles are woven through the way we do things at the Department. They are linked to our Principles and Behaviours and underpin how we relate to one another.

Kotahitanga

Expresses values of togetherness, solidarity, collective action, reciprocity and respect. Strength in unity

Manaakitanga

To manaaki is to show kindness, respect, and hospitality towards others. This principle is about maintaining and nurturing relationships and ensuring people are looked after

We make it easy, we make it work

- Customer centred
- Make things even better

Whanaungatanga

Kinship and relationships. This principle is nurtured through shared experiences and working together, which provides people with a sense of belonging

We're stronger together

- Work as a team
- Value each other

He Tāngata

People are important to what we do and the culture we create. This principle is about all people, both internal and external, being important

We take pride in what we do

- Make a positive difference
- Strive for excellence

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New Zealand Government

CASE STUDY

Alexander Turnbull Library - ATL 100 Pūkana Exhibition

Performance is at the heart of Māori culture and the way Māori engage with each other and the world. The Pūkana, moments in Māori performance exhibition showcased and celebrated excellence in Māori performance, as represented in the collections of the Alexander Turnbull Library.



The exhibition opened in September 2019 and marked the year bridging both 100 years since Alexander Turnbull's gift to the nation in 1918, and the 100th anniversary of the Library's opening to the public in 1920.

Pūkana (a flash of the eyes during a performance of song or haka) explored the interplay between Māori cultural traditions and Western performative practices focusing on music, poetry, theatre and dance. This interplay commenced from the earliest encounters documented in Cook's voyages and continues today in myriad live, recorded and digital forms. The exhibition highlighted instances where Māori have achieved national and international recognition for performance excellence and contributed to a shared sense of national identity and pride.

Encounters such as these have shaped who we are as peoples in Aotearoa New Zealand. Pūkana provoked audiences to consider the role that performance has played in these moments. Such moments occur on New Zealand soil but also ki tāwāhi, overseas, as part of how New Zealand presents itself to the world.

It also showcased newly-digitised collections, including the scans of Ans Westra's negatives, which are rich with Māori performance in public and more intimate settings.

The centenary exhibition programme was made possible by the combined generosity of the Turnbull Endowment Trust and the Te Puna Foundation. The programme concludes in 2021 with a second exhibition, Miharo/Wonder, 100 years of the Alexander Turnbull Library.

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01

Te arotake i tō tātau tau – Our year in review



Ngā Wā Hira - Highlights

- ▶ Viral Keep it Real Online campaign promoted safe online experiences for young people
- ▶ \$345.5 million returned to the community from Class 4 gambling proceeds (2019 calendar year)
- ▶ 68 videos produced to share vital COVID-19 updates with non-English speaking communities
- ▶ Over 30% increase in the number of users and sessions for National Library's Papers Past online service
- ▶ Added 6.46 million files to the National Digital Heritage Archive and Government Digital Archive
- ▶ Began the process of establishing Taumata Arowai as New Zealand's water regulator
- ▶ Two key services ranked in top 5 of Kiwis Count satisfaction survey

Whakapuakitanga a te Tumu Whakarae - Chief Executive's Foreword



Ko ngā hāpori katoa te mauri o te pāpori o Aotearoa. Mā ngā ratonga mahi a Te Tari Taiwhenua e tūhonohono ngā whānau, ngā hapū, ngā iwi, ngā hāpori, e ō ai te manaakitanga. Ko te whainga matua mō mātou, ko te mahitahi, arā, te kotahitanga. Ko te whanaungatanga hoki te kaiwhītiki i a tātou katoa o Aotearoa. Ko tātou katoa, ko tātou katoa. Mā tēnei ahuatanga e tū Kotahi ai tātou. He aha te mea nui o te ao, he tangata, he tangata, he tangata.

Manaakitanga. Whanaungatanga. Kotahitanga. He Tangata. We are stronger together. We make it easy, we make it work. We take pride in what we do.

These are the *mātāpono*, principles and behaviours which guide over 2,500 of us in Aotearoa, Sydney and London each day as we work to make New Zealand better for New Zealanders. Over the past year, we've seen creativity, resilience and commitment as our people demonstrated their spirit of service in all parts of our mahi. I'm proud to present this report and share the stories of how we've improved the lives of New Zealanders and their communities over the 2019/20 year.

Through our refreshed strategic direction, we serve and connect people, communities and government through four outcome areas.

People can easily access the services and information they need. We have a leadership role in ensuring New Zealanders can confidently participate in the digital world. This year we launched the *Strategy for a Digital Public Service*, which drives the development of a modern public service where the public can access what they need in ways which best suit them. We made it easier for people to access online information and services at 144 libraries across Aotearoa. We helped keep Government running throughout the COVID-19 lockdown in several ways, including prioritising the allocation of critical technology and network equipment, enabling services for health, welfare, law and order and education to continue operating while most New Zealanders stayed home. Applying for or renewing a New Zealand passport, and registering a birth, death, marriage or civil union were both ranked in the top 5 of the 2019 Kiwis Count satisfaction survey, a nationwide survey asking New Zealanders about their experiences using public services.

Iwi, hapū and communities across New Zealand are safe, resilient and thriving. We administered over \$300 million in grant funding to help communities achieve their goals, develop leadership and become more resilient. And to support a New Zealand where everyone feels safe, we initiated discussions about growing social inclusion and addressing racism and discrimination by hosting a series of faith and interfaith hui. We are also better placed to consider the needs of our Muslim communities in future government policy and services as a result of discussions between our Office of Ethnic Communities and Muslim youth and women.

We launched the since-viral \$1.5 million *Keep It Real Online* campaign to educate and encourage parents to create safe online experiences for their children, who spent more time online during the COVID-19 lockdown and were exposed to increased risks such as grooming, bullying, inappropriate content and pornography. This year we also secured the first

criminal sentencing under the Anti-Money Laundering/Countering Financing of Terrorism Act 2009, worked to minimise the harm of online gambling, and initiated a Preventing and Countering Violent Extremism programme to keep Kiwis safe in the changing digital world.

People's sense of belonging and collective memory builds an inclusive New Zealand. Embracing our history and culture contributes to a sense of belonging. We received significant investment in Budget 2020 to build a new, state of the art Archives New Zealand facility in Wellington, preserving our taonga and history for all New Zealanders. Three talented interns from Ngati Porou spent 10 weeks with Archives New Zealand, National Library and Ngā Taonga Sound and Vision researching, preserving and archiving Ngati Porou taonga for the benefit of future generations. We've also made it easier for people wanting to call New Zealand their home by making the citizenship by grant application process digital.

New Zealand is a well-functioning democracy across central and local government. We quickly established the COVID-19 Local Government Response Unit to support local government to recover and promote community wellbeing. We progressed our work in the Three Waters system, establishing the Taumata Arowai water regulator to enhance the wellbeing of New Zealanders and their communities by ensuring access to safe, reliable and clean water. Our Ministerial and Secretariat Support group worked hard to enable Ministers to carry out their duties effectively, and the Visits and Ceremonial Office supported the 2019 visit to New Zealand by their Royal Highnesses the Prince of Wales and Duchess of Cornwall. Working collaboratively with the Parliamentary Service and other agencies, we created new behavioural statements for the Parliamentary workplace to set a strong foundation for a positive, healthy environment and culture for all people.

These, and many other achievements, are all made possible by the strong culture within Te Tari Taiwhenua. Across all parts of our organisation, we share a spirit of service and commitment to the New Zealanders we serve. I am proud to see the positive impact of our mahi reflected in the 2020 Colmar Brunton Public Sector Reputation Index, where we've been named as a 'mover and shaker', one of five agencies with the greatest increase in reputation score.

We're also proud finalists in the Work Life Balance and Cultural Celebration categories of the 2020 Diversity Awards, reflecting our commitment to the mental health and wellbeing of all our people and the diversity of our workplaces. To feel at our best, we all need to feel positive, safe, included and supported. We know people have lives outside of work, and we champion a healthy work-life balance. Through our modern and flexible ways of working, and our partnership with professional psychologists, we're all about supporting the wellbeing of our people and our leaders so we remain a high-performing organisation and a great place to work.

Throughout our Annual Report you'll read about the many ways we've worked to support and connect people, communities and government to make New Zealand better for New Zealanders over the past year. I'm hugely grateful for the commitment and efforts of our people, who make us a high-performing organisation and a great place to work. I'm confident that together, we'll continue to make an impact for New Zealanders and their communities in the year ahead.

Ngā mihi mahana



Paul James

Tumu Whakarae
Chief Executive

Te Āhuatanga me to Hōkai o ngā Mahi - Nature and scope of our functions

Tō Tātou Whainga

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

Our Purpose

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

Our purpose remains consistent, even as the functions and services we perform evolve and develop to meet the changing needs and expectations of people and the Government. We aim to make New Zealand a better place to live and to enhance the lives of New Zealanders. We work with people, communities, and other parts of government – both central and local, to build a safe, prosperous and respected nation.

Our Ministerial Portfolios

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

Portfolios and Responsible Ministers for 2019/20 were:

Internal Affairs	Hon. Tracey Martin
Community and Voluntary Sector	Hon. Poto Williams
Ethnic Communities	Hon. Jenny Salesa
Government Digital Services	Hon. Kris Faafoi
Local Government	Hon. Nanaia Mahuta
Ministerial Services	Hon. Chris Hipkins
Racing	Rt. Hon. Winston Peters
Treaty of Waitangi Negotiations	Hon. Andrew Little
Community Trust Appointments	Hon. Grant Robertson

The Department operates under a single Vote to support activities under the seven Portfolios.

We have a broad range of responsibilities and functions that span information and communication technologies (ICT) investment, information management, working with communities, ensuring effective regulatory frameworks are in place, supporting the Executive and local government and delivering a range of services to support and foster New Zealand's cultural identity.

Our system leadership roles include the Government Chief Digital Officer (GCDO) and the Government Chief Privacy Officer (GCPO) to lead the digital transformation of government across the public sector. In this respect, we support our public sector colleagues to transform their services through better investment in ICT and to maintain the privacy of New Zealanders' government-held information.

We also play a system leadership role with respect to local government. We are responsible for linking central and local government more effectively to achieve improved outcomes for citizens and communities.

The Department is responsible for the National Library of New Zealand and Archives New Zealand. These institutions play an important role in preserving New Zealand's documentary heritage and ensuring a full and accurate public record is created and maintained.

The Chief Archivist has a system leadership role in administering the Public Records Act 2005, which establishes the regulatory framework for information and records management across the public sector to:

- enable the government to be held accountable by ensuring that full and accurate records of central and local government are created and maintained
- preserve and manage, and provide access to, records of long-term value, and
- enhance public confidence in the integrity of public and local authority records.

We are also responsible for the Office of Ethnic Communities, which supports the many diverse ethnic communities that make New Zealand their home and the benefits that diversity brings to New Zealand society.

Our specific functions include:

- Managing and protecting the integrity of national identity information, including life events such as births, deaths, marriages, citizenship and issuing passports
- Regulating activities in several sectors including: gambling, censorship, countering violent extremism, government recordkeeping, charities, unsolicited electronic messages, anti-money laundering, private security personnel and private investigators
- Providing policy advice to Government on local government, ethnic communities, community and voluntary sector, fire and emergency services, identity, information and communications technology, information management, digital safety, gambling and racing
- Collecting, preserving and making accessible New Zealand's documentary heritage and public records
- Providing information, resources and advice to communities to support their aspirations
- Administering grant funding schemes and promoting trust and confidence in the charitable sector
- Supporting Ministers to ensure effective operation of Executive Government
- Coordinating and managing official guest of Government visits to New Zealand and arranging national commemorative events
- Supporting public and Government inquiries and reviews, including Royal Commissions of Inquiry
- Administering a range of statutory functions for the Minister of Local Government, including for Lake Taupō and offshore islands
- Leadership in the direction and operational approach for digital across the core public service.

We administer 112 pieces of legislation or regulation. We monitor the performance of two Crown entities (Fire and Emergency New Zealand and the Office of Film and Literature Classification) and manage the appointment process for members of a range of trusts, committees and boards.

Ngā Whakaarotau Kāwanatanga – Government priorities

Tā mātou ki te tautoko i ngā whakaarotau a te Kāwanatanga – How we support Government's priorities

As part of the New Zealand public service, the Department contributes towards Government's outcomes and objectives. We focus our efforts to support the Government to achieve its priorities.

The Government's priorities fall under three broad themes and we support aspects of all three.

An economy that is growing and working for all of us

- Support thriving, sustainable regions
- Govern responsibly

Improving the wellbeing of New Zealanders and their families

- Ensure that everyone who can is earning, learning, caring or volunteering
- Support healthier, safer and more connected communities
- Make New Zealand the best place in the world to be a child

Making New Zealand proud

- Deliver open, transformative and compassionate Government
- Build closer partnerships with Māori
- Value who we are as a country
- Create an international reputation we can be proud of

Te Pou Tarāwaho Hua – Outcomes Framework

In our 2019–2023 Strategic Intentions, we described our newly developed Outcomes Framework.

We have four outcomes to achieve our common purpose. These outcomes support each other and overlap. Contributing to the achievement of the outcomes are 16 contributing intermediate outcomes that represent more specifically the impact of our major functions.

In 2020 we are considering a further outcome that outlines our commitment to Māori/Crown relationships.

We use indicators to demonstrate the impact of the work we do to benefit New Zealand and those who live here.

Outcome 1

People can easily access the services and information they need

Intermediate Outcomes

- Barriers to digital inclusion are reduced
- People's access to government is enhanced
- People's identity can be easily and securely verified
- Taonga tuku iho rights are protected

Outcome 2

Iwi, hapū and communities across New Zealand are safe, resilient and thriving

Intermediate Outcomes

- Regulated activities minimise harm and maximise benefits to people and communities
- Māori are supported to realise their aspirations
- Communities are supported to develop and prosper

Outcome 3

People's sense of belonging and collective memory builds an inclusive New Zealand

Intermediate Outcomes

- Collective memory is enhanced by New Zealand's documentary heritage
- A culture of reading enhances literacy and knowledge
- New Zealand's national and cultural identity is fostered and respected
- Trusted citizenship and identity documents contribute to a sense of belonging
- Taonga tuku iho is preserved and valued

Outcome 4

New Zealand is a well-functioning democracy across central and local government

Intermediate Outcomes

- Executive Government functions well through support, services and advice
- Engagement between Māori and local government is strengthened
- Government transparency is upheld
- Local government works collectively to address national objectives

02

Te mahi kia pai ake a Aotearoa mō te iwi o Aotearoa – Making New Zealand better for New Zealanders



Putanga 1 – Ka māmā noa tā te iwi whai wāhi ki ngā ratonga me ngā mōhiohio e hiahiatia ana

Outcome 1 - People can easily access the services and information they need

People's ability to access services and information affects their lives and wellbeing.

When people can easily verify their identity, barriers to participation are eliminated or eased and their ability to participate in society – through jobs, education, community work, and recreation – is enhanced.

We work across government to find opportunities to make government services and information more easily accessible to those who need them.

Intermediate Outcomes

- Barriers to digital inclusion are reduced
- People's access to government is enhanced
- People's identity can be easily and securely verified
- Taonga tuku iho rights are protected.

The Department's response to the impact of the COVID-19 pandemic is provided on pages 44-49.

Ngā Wā Hira - Highlights

- ▶ We assessed and advised on 105 government agency ICT initiatives totalling over \$3 billion of new funding for Budget 2020
- ▶ We supported 144 public libraries to provide easier community access to online information and services, through a technology refresh of the Aotearoa People's Network Kaharoa
- ▶ We made over 720,000 new digitised items available through Archives New Zealand and the National Library's online services.

How we are driving change to deliver our intermediate outcomes

Barriers to digital inclusion are reduced

The Department plays leadership, connecting, supporting and delivery roles to ensure all New Zealanders have what they need to benefit from the increasingly digital world.

This involves working directly with the community, as well as providing guidance across government agencies to ensure their services become more accessible.

In 2020, COVID-19 accelerated the global move toward digital inclusion and the need to address the digital divide¹.

This year, the Department's 12-month work programme seeks to close the digital divide in New Zealand by implementing the 2020/2021 Action Plan (a plan that coordinates the digital inclusion efforts across the public sector), distributing digital skills funding to community groups and small to medium enterprises and building on research work carried out in 2019.

People's access to government is enhanced

Putting New Zealanders and their whānau at the heart of everything we do – building on our successes of Te Ara Manaaki

Our Te Ara Manaaki programme reimagines the way we deliver life event and identity services around the needs of our customers.

Some of our achievements this year included:

- improving access to services by adding digital options – for example, adults can now apply for Citizenship by Grant online, including uploading their supporting documents directly to the online portal
- receiving seven out of ten Identity and Life Event applications and service requests online
- supporting joined-up Government by progressing two new information sharing agreements – one for internal sharing within the Department, and one for customer-nominated services across several government agencies.

Government use of Cloud services

Cloud technologies, from data storage and computing power to Cloud-based tools like Zoom and Microsoft Teams, are a key building block for digital government and we have continued to support the public service to use these technologies. We have established a work programme to support agencies to accelerate the use and recognise the benefits of Cloud services. This work programme focuses on improving New Zealand's access to onshore and offshore Cloud services, adjusting public service settings to better enable Cloud use and supporting agencies to use Cloud services successfully. The programme is governed by the Government's Functional Leads², and a cross-agency working group of senior officials has been formed to support the programme's progress.

¹ Defined, in the New Zealand context, as the gap between those who are confidently online and those who lack the motivation, access, skills and/or trust needed to make the most of the educational, social and financial opportunities that are increasingly offered via digital technologies.

² Government Chief Digital Officer, Government Chief Information Security Officer, Government Chief Data Steward, Government Procurement and Economic Development Lead, and Government Cyber Policy Lead

Coordinating government digital/ICT expenditure

The Digital Public Service (DPS) Branch provides government agencies with guidance and advice on digital/ICT investment. This work involves supporting agencies to develop long term plans and fostering the capability within agencies to manage their digital investments. In the 2019/20 financial year, we worked with the Treasury to develop insights for system investment advice on digital, ICT and data initiatives that have informed Budget 2020 development. Our advice is supported by a Digital Investment Plan which outlines our focus on supporting better coordination of investment across agencies and the system; investment management; and asset management.

CASE STUDY

Coordinating agency ICT investment

Work carried out by our Digital Public Service branch (DPS) in 2019/20 has highlighted government agency intentions to spend more than \$3 billion on ICT and digital over the next five years, making a coordinated, principles-based approach all the more important to ensure value for money, and benefits for the wider system in delivering for New Zealanders.



One agency to engage closely with the DPS in 2019/20 was the New Zealand Defence Force (NZDF). With two sizeable business cases to Cabinet for digital investments covering Enterprise Cloud (the uptake of Cloud products at scale) and Enterprise Connectivity (modernising Defence infrastructure through the procurement of Telecommunications as a Service), the NZDF engaged early with our team. Our advisers worked closely with NZDF's Chief Information Officer (CIO) and his team to understand their intent, to help ensure their business cases reflected government direction around Cloud, and to provide independent technical advice through the Treasury's process. The close engagement between our DPS

branch and NZDF over almost 12 months meant the two business cases were approved by Cabinet in June 2020 and work is now starting towards implementation.

All-of-Government Common Capabilities and Digital Products

We are improving the Telecommunications as a Service common capability by adding services to support co-location of government agencies in office accommodation, in collaboration with the Public Service Commission and MBIE's Government Property Group.

We have also supported agencies with guidance on the development and implementation of user-centred digital services by developing a Digital Service Design Standard, available on [Digital.govt.nz](https://digital.govt.nz).

National Library online services

A continuous cycle of user-driven improvement has supported easier access and higher use of the collections and services that the National Library delivers online. This has delivered a year-on-year increase of over 30% in the number of users and sessions on Papers Past, which provides over 6 million pages of digitised heritage content online.

Papers Past: <https://paperspast.natlib.govt.nz/>

People's identity can be easily and securely verified

Digital identity is a foundation for digital transformation across government and the private sector. COVID-19 highlighted the importance of trusted digital identity for providing services where face-to-face contact is increasingly difficult.

Digital identity enables people to easily assert their identity; prove their eligibility for goods, services and entitlements; and show their capability and qualifications to work in specific fields.

In the current environment, digital identity services are unregulated in New Zealand. There is an increasing risk of online fraud and breaches for people and businesses. People have limited choice and control over how their online information is used. Innovation and collaboration on digital identity services is inhibited without a clear, consistent and coordinated approach.

The Department has continued to create the right environment and establish the appropriate rules to enable a secure digital identification for New Zealanders to meet their needs and expectations. We have proposed establishing a Digital Identity Trust Framework (Trust Framework) in legislation that will set out rules to make sure digital personal information is secure and trusted, and identify policy and regulatory gaps and options that impact digital identification.

There is wide support for the proposal, both from government agencies and the private sector. We engaged with over 100 public and private sector organisations to carry out collaborative design experiments as part of building an evidence base that informed the development of the Trust Framework.

Increase in real-time information sharing with other agencies

The Department has seen a significant increase in real-time information sharing with an 89 percent increase in transactions in 2019/20 compared to the previous year. This information sharing is undertaken with people's consent to ensure their privacy is protected. While 2019/20 was already tracking ahead of the previous year, the onset of COVID-19 and lockdown saw this increase accelerate further as more organisations looked for digital ways to identify people.

Our achievements this year included:

- We have processed over 725 new applications from agencies and organisations signing up to use the Confirmation Service³, which reflects the seriousness with which agencies are taking their obligations to meeting Anti-Money Laundering and Countering Financing of Terrorism requirements
- In 2019/20, New Zealand Police has integrated with the Retrieval Service⁴, enabling identification of offenders in real-time, thereby improving their ability to uphold their duties in a timely and accurate way to keep New Zealanders safe.

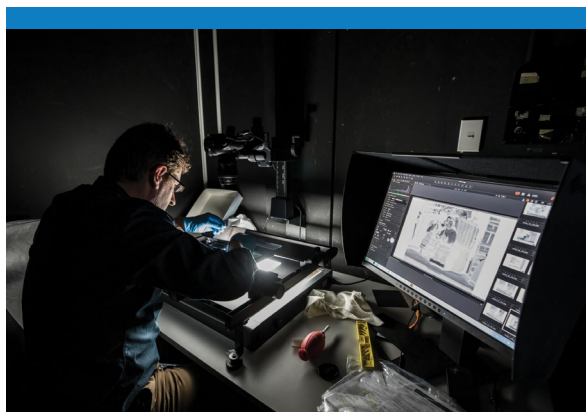
³ Confirmation Service: A way for organisations to quickly confirm the accuracy and validity of identity information in a privacy-protective manner.

⁴ Retrieval Service: An identity enquiry system that allows authorised government agencies to electronically submit identity information for matching against official databases.

CASE STUDY

Taonga tuku iho rights are protected – the importance of digital records as taonga to Māori

Thanks to several new developments and upgrades, the websites of Archives New Zealand and the National Library of New Zealand now offer Kiwis even better access to our taonga.



Archives New Zealand's new website offers customer-centric information and services, providing a personalised and seamless experience for visitors.

A whakamoe (put to sleep) ceremony was held in partnership with Taranaki Whānui (Te Kāhui Tūroa) to ensure the safe and appropriate transition from servers that had reached the end of their life, to new servers for Archives New Zealand's website and its archival management system. The purpose of the tikanga ceremony was to uphold Archives New Zealand's commitment to honouring Te Tiriti o Waitangi by acknowledging the importance of digital records as taonga to Māori. The tikanga also provides transparency to tangata

whenua about how and why changes are made during the management of digital taonga entrusted to Archives New Zealand. This is similar to the process of moving physical taonga at Archives New Zealand.

Archives New Zealand: <https://archives.govt.nz/>

National Library of New Zealand: <https://natlib.govt.nz/>

What are our indicators telling us?

We use outcome indicators to see whether over time there is a trend that represents good progress towards the achievement of the outcomes. Minor changes from one year to another are less significant than the trend of the results over the medium and long-term.

Outcome indicator	Source	Metric	Indicator information					
			14/15	15/16	16/17	17/18	18/19	19/20
SI1. The % of people whose expectations are met when transacting online with the public services increases	Kiwis Count Survey ⁵	%	82%	84%	85%	84%	90%	88%
SI2. Ease of getting passport services is maintained or increases	DIA Customer Experience Survey ⁶	%	87%	85%	87%	88%	86%	86%
SI3. Ease of getting BDM services is maintained or increases	DIA Customer Experience Survey	%	86%	87%	84%	84%	87%	91%
SI4. Ease of getting citizenship services is maintained or increases	DIA Customer Experience Survey	%	86%	89%	85%	90%	87%	88%
SI5. People's trust and confidence in digital identity is improved	DIA Customer Experience Survey	%	90%	91%	91%	92%	91%	94%

Recent results show high levels of satisfaction with the ease of access to or use of key services such as the issuing of passports, births, deaths and marriage registration and the processing of citizenship applications. The trend is for either maintenance or a small improvement in the levels of satisfaction.

We are also seeing a high proportion of people having their expectations met when making online transactions with the public service and expressing trust and confidence in digital identity.

⁵ The Kiwis Count Survey and information about its methodology can be found at <https://www.publicservice.govt.nz/resources/kiwis-count-highlights-satisfaction-with-public-services/>.

⁶ The DIA Customer Satisfaction Survey is run annual by Research New Zealand on behalf of the Department, using a sample of customers who have used services in the previous 12 months.

Putanga 2 – He haumaru, he aumangea, he taurikura ngā iwi, hapū me ngā hapori huri noa i Aotearoa

Outcome 2 – Iwi, hapū and communities across New Zealand are safe, resilient and thriving

Communities are important to people's wellbeing. People have the best opportunity to thrive and prosper when the communities they live in are safe and resilient.

While risk and harm cannot be eliminated completely, they can be reduced, and communities can be supported to manage risks and challenges. Equally important is the ability of communities to form and realise their own aspirations.

The aspirations of iwi, hapū and Māori are important for social wellbeing and the Crown has a responsibility to support those aspirations as a partner in the Treaty of Waitangi.

Resilient infrastructure is important to communities and their long-term wellbeing. Addressing the planning for and funding of infrastructure ensures communities have the facilities that allow our regions to thrive and prosper.

Intermediate Outcomes

- Regulated activities minimise harm and maximise benefits to people and communities
- Māori are supported to realise their aspirations
- Communities are supported to develop and prosper.

The Department's response to the impact of the COVID-19 pandemic is provided on pages 44-49.

Ngā Wā Hira - Highlights

- ▶ Secured the first sentencing for criminal non-compliance under the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act 2009
- ▶ \$345.5 million was returned to the community from Class 4 gambling proceeds during the 2019 calendar year
- ▶ Over \$300 million of grant funding to help build stronger, more resilient communities distributed on behalf of Crown and Lottery Grants Board.

How we are driving change to deliver our outcomes

Regulated activities minimise harm and maximise benefits to people and communities

Protecting people and communities from gambling harm

The Department ensures New Zealanders can enjoy safe and fair gambling that efficiently and equitably contributes to community wellbeing.

We take our role seriously. In March 2019, we successfully laid charges against the manager of a gambling venue for failing to take all reasonable steps to identify a problem gambler. This case, the first of its kind, will be before the courts in September 2020.

In August 2019, four defendants and one incorporated society were sentenced to periods of home detention and payment of reparations for offences relating to the misuse of grant funding derived from Class 4 gambling (“pokie machines”).

In addition to enforcement action, we have worked closely with owners and staff at gambling venues where practices and procedures to minimise harm did not meet expectations. We continue to monitor these venues to ensure they do the right thing. Our range of regulatory tools enables us continuously to reduce gambling harm and maximise benefits for our communities.

During the 2019 calendar year, \$345.5 million was returned to local communities from Class 4 gambling proceeds. The COVID-19 pandemic resulted in a sharp decrease in gaming machine profits and, as a result, funding available to community and voluntary organisations. We responded rapidly to the impacts of the COVID-19 lockdown on gambling operators by providing interim support to ensure their sustainability and a return to funding communities. Appropriate regulatory amendments formalised and extended these measures.

Making the digital world a safer place for New Zealanders

Our regulatory approach remains focused on identifying and mitigating risks and harms with a range of awareness, engagement, and prosecutorial activities.

To prevent the spread of child sexual exploitation material, we completed ten investigations and seven prosecutions in respect of child sexual exploitation material. During the year, we processed evidence for 1,238 online account users for overseas law enforcement. In addition, we reported 875 unique links with presence of child abuse material for takedown.

The Department continued to develop partnerships across entities, platforms and jurisdictions to reduce online harm:

- In January 2020, the Department signed a Memorandum of Understanding with the New Zealand Telecommunications Forum relating to the industry Scam Call Prevention Code, to address the evolving problem of voice spam.
- In March 2020, New Zealand acceded to the Voluntary Principles to Guide Industry Action on Online Child Sexual Exploitation and Abuse. The Principles were developed by the Five Nations allies (New Zealand, Australia, the USA, Canada and the UK) in collaboration with digital industry representatives, to provide a common framework to guide the industry in its efforts to help combat the proliferation of online child exploitation.
- We are increasingly strengthening our capacity to counter violent extremism online. We developed the New Zealand Online Crisis Response Process in collaboration with other government agencies, which is now ready to assist in countering the dissemination of extremist online content generated in the aftermath of a terrorist act. We successfully tested the effectiveness of the Christchurch Call through cooperation between New Zealand and Italy to seek the removal of a link to a text file reportedly written by the attacker of the Al-Noor and Linwood mosques in Christchurch in March 2019.

As part of our focus on making the digital world safer, we have provided advice, either directly or through educational anti-spam guidelines, to 86 entities and issued 11 enforcement outcomes ranging from warnings to pecuniary penalties under the Unsolicited Electronic Messaging Act 2003.

Improving Safety on Lake Taupō

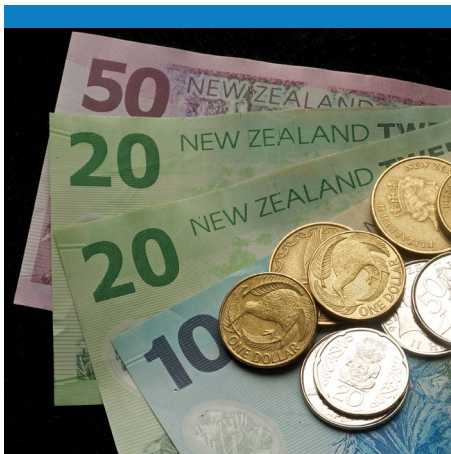
The Department administers the Lake Taupō Harbourmaster functions on behalf of the Minister of Local Government. This includes operating Crown-owned marinas and boat ramps and managing navigational safety on the Lake. To ensure the continued safe use of this large and valuable resource, we recently made changes to the bylaw to protect the safety of swimmers from boats and jet skis in swimming areas and commenced the process to demolish an unsafe marina.

CASE STUDY

First criminal convictions under the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act

The Department's role under the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act 2009 is to help businesses protect themselves from being misused by money launderers and terrorist financiers.

We set clear expectations on New Zealand businesses and take a risk-based approach focusing on areas of high money laundering or terrorist financing risk. Most businesses choose to do the right thing, but when they don't, we can take enforcement action to minimise harm to our communities and protect New Zealand's reputation as a safe place to do business.



In March 2020, the Department secured the first criminal convictions under the AML/CFT Act. Jiaxin Finance Limited, assisted by two individuals, was responsible for moving over \$53 million into New Zealand for an international customer. The money was alleged to be the proceeds of an illegal pyramid scheme in China and Jiaxin Finance was sentenced to pay a fine of \$2.55 million and the two individuals involved were sentenced to pay substantial fines.

This case, and our other similar civil prosecutions, demonstrate the effective and proportional use of dissuasive sanctions and show the serious consequences to New Zealand business of wilful non-compliance with AML/CFT obligations.

CASE STUDY

**Māori are supported to realise their aspirations
Ngati Porou Internships**

Celebrating te reo o Ngati Porou (the Ngati Porou dialect of Māori); a Ngati Porou iwi history written by the iwi, for the iwi, and a national exhibition are some of the goals of Te Runanganui o Ngati Porou. The Department partnered with the iwi to help it achieve its goals and fulfil our Te Tiriti o Waitangi commitments.

Three iwi interns scoured our records and collections to find taonga in the Ngati Porou dialect or about the iwi that can become resources helping to revitalise Ngati Porou reo and support research for a Ngati Porou history and exhibition at Te Papa and other cultural heritage centres.

Iwi leadership was a central feature of this collaboration. Te Reo Irirangi o Ngati Porou sourced the funding via Te Mātāwai, an independent entity set up under Te Ure mō Te Reo Māori (the Maori Language Act). Te Ure mō Te Reo Māori aims to promote the use of te reo in homes and the community, supported the interns while they were in Wellington, interviewed prospective interns, and agreed to the objectives and outputs of the internship. Interns were selected based on their knowledge of and skill in the Ngati Porou dialect. Archives New Zealand, the Alexander Turnbull Library and Ngā Taonga Sound & Vision provided workstations, training, professional support, expertise of collections, and facilitated access to holdings of taonga both analogue and digital. This unique dual management model maintained Ngati Porou autonomy and direction of the internships. “Our interns will be an important key to unlocking the door to many kilometres of taonga written in te reo Māori” said Ani Pahuru Huriwai, Chair of the Ngati Porou Taonga Advisory Committee.

For ten weeks, three interns were based at Archives New Zealand and the Alexander Turnbull Library (as well as Ngā Taonga Sound and Vision, a non-government organisation). They uncovered material with a significant amount of Ngati Porou reo content, including Crown Purchase Deeds, tupuna letters, Māori land purchasing files, waiata, and photographs from the Alexander Turnbull Library. As well as identifying invaluable taonga for the iwi, Ngati Porou and the institutions are evaluating the project as a firm and compelling basis for ongoing research and collaboration.



The Ngati Porou iwi internships group (left to right): Ani Pahuru-Huriwai – Chair Ngati Porou Taonga Advisory Committee; Richard Foy – Chief Archivist, Archives NZ; Maria Wynyard – intern; Māhina-a-Rangi Manuel – intern; Lady Pokai – intern; Jared Davidson – Senior Archivist, Archives NZ; Nicola Frean – Arrangement and Description Leader, Alexander Turnbull Library; and Trevor Himona – Principal Advisor Archives NZ.

Communities are supported to develop and prosper

Office of Ethnic Communities

As part of the Government's response to the 15 March 2019 terror attacks, the Office of Ethnic Communities held a series of dialogues with Muslim youth and women, and religious leaders across the country. 250 members of New Zealand's Muslim communities contributed to the dialogues by sharing their thoughts and ideas. The report *Conversations with New Zealand's Muslim Communities* captures the themes that emerged from the dialogues and was shared across Government, to ensure that the concerns and needs of Muslim communities are meaningfully considered in the design of future policy and services.

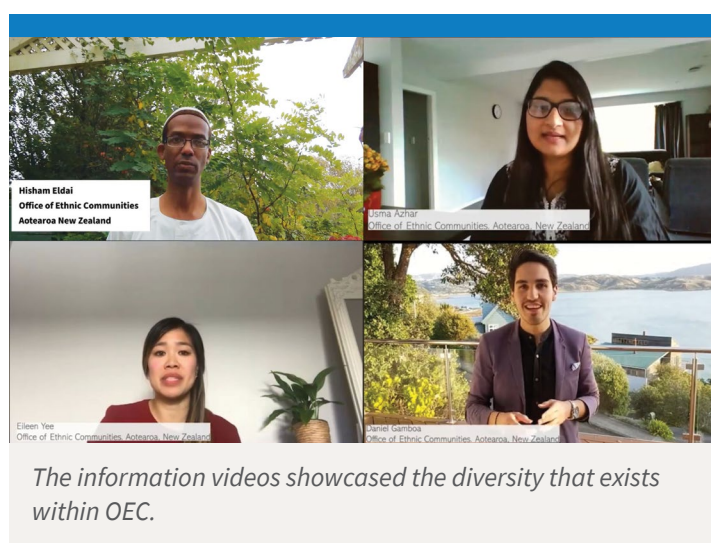
Additionally, four faith and interfaith hui were hosted to begin the discussion on how New Zealand can grow social inclusion and address racism, discrimination and religious tolerance. Themes from this were captured in the report *Connecting with Faith Communities and Interfaith Groups: Growing a socially inclusive New Zealand to counter racism, discrimination and religious intolerance* (released in August 2020), and is designed to assist in understanding New Zealand's many religious perspectives.

In December, the Ethnic Communities Development Fund increased from \$0.5 million to \$4.2 million. This added investment meant more community-led initiatives were supported. The priorities were later repurposed to ensure communities were able to support those affected by COVID-19.

CASE STUDY

Multilingual COVID-19 information videos

Office of Ethnic Communities (OEC) has stayed close to New Zealand's ethnic communities throughout the COVID-19 outbreak, ensuring community members' needs are heard and responded to. Early in the outbreak, our contacts across the communities told us that language was a barrier preventing many people from accessing vital public health information.



In response to this feedback from our communities, OEC produced a series of 68 information videos that translated key COVID-19 messages into 31 different languages. The videos, which featured OEC Community and Engagement advisors and members of our ethnic communities, were shared through our Facebook and YouTube channels, where they have been viewed over 100,000 times.

This project provided the opportunity for communities to contribute to OEC's COVID-19 response and it showcased the diversity that exists within OEC. In producing the videos, our office worked closely with several community organisations, including the Southland

Multicultural Council, the Thai Society of Canterbury, the Vietnamese Community in NZ, Pearl of the Islands Foundation, the Korean Society of Christchurch, the Dunedin Tamil Society, and the Bangladesh Association NZ. Other trusted community volunteers with key language skills were identified through existing relationships held with OEC. This effort also benefited from the support of colleagues from the National Library and other government agencies.

The feedback from our ethnic communities was very positive and it highlighted the need and opportunity for more targeted work ensuring key government information is available in multiple languages. This feedback inspired the creation of the Multilingual Information Network to complement the OEC's current engagement tools. An additional benefit from the translated COVID-19 messages was that ethnic community members felt that the videos were a powerful statement that the government respected their place in the nation. It was empowering for them to see official messaging delivered through videos featuring members of their communities and in their native tongue.

Ngā Ratonga Kaupapa Atawhai (Charities Services)

As New Zealand entered lockdown in response to COVID-19, Charities Services adopted a supportive and pragmatic approach to address challenges faced by registered charities. Charities were operating with fewer staff, volunteers, resources and support and had uncertain or disrupted funding streams, changes in the demand for their services, as well as the challenges of working remotely.

In response, we:

- offered advice to and fast-tracked applications from entities that wanted to register as a charity to help in the COVID-19 response and recovery
- put on hold reminders to charities to file annual returns, removals of charities from the charities register for failure to file, and notices from our investigation team requiring information from charities. Charities were encouraged to seek extensions if they were unable to meet their annual reporting deadlines
- updated our website with COVID-19 information relevant to the charitable sector.

Strengthening community

The Community-Led Development Programme promotes community-led goals by strengthening partnerships, supporting local leadership and reinforcing a co-operative spirit. Currently, there are 18 partnering communities that have received intensive advisory support and access to funding investment. One further community is preparing to enter into the programme.

An example of the Programme in action is the Tamaūpoko Community, which brings together people from the four villages situated in the central region of the Whanganui River. The shared vision for this community is “together we will create a thriving community and environment through the development of our people and our place, now and for future generations.”

As rurally isolated villages, there has been a strong focus on emergency preparedness as winter weather can create havoc and cut the villages off from each other. Funding has allowed for members to participate in first aid training, purchase first aid supplies for each village, satellites for communication and generators as an alternative power source. There is a phone tree in place and a mapping exercise has been completed to identify where kaumātua and other whānau with high needs are based. This has enhanced community resilience and allows the villages to remain as self-sufficient as possible.

What are our indicators telling us?

Outcome indicator	Source	Metric	Indicator information					
			14/15	15/16	16/17	17/18	18/19	19/20
SI6. Public perception of crime is reducing	MOJ Perceptions of Crime Survey ⁷	%	11%		5%			
A1. Feeling safe when using the internet for online transactions	General Social Survey Statistics NZ ⁸	%	72%		75%		72%	
SI7. The rate of volunteers and donation is maintained or increases	General Social Survey Statistics NZ	%			55%			
A2. Percentage of population that give (Helping/Volunteering / Donating)	Charities Aid Foundation World Giving Index ⁹	%		61%	59%	57%	58%	
SI8. Overall life satisfaction is maintained or increases	General Social Survey Statistics NZ	%	83%		83%		81%	
SI9. Experience of discrimination decreases	General Social Survey Statistics NZ	%	17%		17%		17%	
SI10. People' sense of purpose is maintained or increases	General Social Survey Statistics NZ	%	87%		87%		86%	

The proportion of people who perceived that crime is reducing declined in the most recent survey from 11% to 5%, but this survey has been discontinued. We have measured an alternative indicator of the proportion of people who feel safe when using the internet for online transactions. This indicator relates well to our work to improve digital safety and is more specific than the perception of crime overall. Results show that a high and steady proportion of people do feel safe when making online transactions.

The rate of people volunteering, and donating has not recently been measured in the General Social Survey. The last result in 2016/17 showed that 55% of people either volunteered or donated. Alternative information from the Charities Aid Foundation shows a steady and comparatively high level of New Zealanders volunteering and donating (58% of people in 2018/19), which indicates that this level has remained consistent. New Zealand compares well to others on this metric and is the only country to have scored in the top ten countries throughout the Charities Aid Foundation survey.

For the indicators of overall life satisfaction, experience of discrimination and people's sense of purpose, we see a steady maintenance of the results over recent years. People continue to rate the overall life satisfaction and sense of purpose highly. There has been no reduction in the proportion of people who experience discrimination.

⁷ The Ministry of Justice Perceptions of Crime Surveys can be found at <https://www.justice.govt.nz/justice-sector-policy/research-data/nzcass/survey-results/results-by-subject/public-perceptions/#neighbourhood>.

⁸ The Statistics New Zealand General Social Survey can be found at <https://www.stats.govt.nz/information-releases/wellbeing-statistics-2018>.

⁹ The Charities Aid Foundation World Giving Index can be found at <https://www.cafonline.org/about-us/publications/2019-publications/caf-world-giving-index-10th-edition>.

Putanga 3 – Mā te toi whenua me ngā maumahara tōpū o te iwi e piki ai te wairua manaaki o te katoa

Outcome 3 – People’s sense of belonging and collective memory builds an inclusive New Zealand

A strong sense of belonging is important for New Zealand to be a welcoming and inclusive place for everyone.

Many factors influence people’s sense of belonging and connection. When people lack a sense of belonging and feel excluded, there are high social costs, not just for individuals but for communities and society as a whole.

A collective memory contributes to a sense of belonging through knowledge and understanding of our history and culture. A vibrant cultural and national identity also helps to give a collective sense of belonging. People benefit from the social capital that documentary heritage, symbols of national identity, national events and culture provide.

Intermediate Outcomes

- Collective memory is enhanced by New Zealand’s documentary heritage
- A culture of reading enhances literacy and knowledge
- New Zealand’s national and cultural identity is fostered and respected
- Trusted citizenship and identity documents contribute to a sense of belonging
- Taonga tuku iho is preserved and valued.

The Department’s response to the impact of the COVID-19 pandemic is provided on pages 44-49.

Ngā Wā Hira - Highlights

- ▶ Over 170,000 visits to the Any Questions National Library free online reference service for young people
- ▶ We preserved 1,892 at-risk audio-visual or image items for future access
- ▶ 'In the Vault' playlist was launched on all Air New Zealand international flights, a world first.

How we are driving change to deliver our outcomes

Collective memory is enhanced by New Zealand's documentary heritage

A major priority for us over the next four years is the Tāhuhu programme, which will preserve our collective memory and create a national documentary campus connecting Archives New Zealand and the National Library.

Tāhuhu: Preserving the Nation's Memory

The Tāhuhu programme received Cabinet's support for the investment in the upgrade and expansion of the physical infrastructure and capacity for Archives New Zealand and the National Library of New Zealand.

The development of a new Archives Wellington facility and the signing of the Development Agreement for 2-12 Aitken Street was announced on 14 August 2019 by the former Minister of Internal Affairs, Hon Tracey Martin.

Tāhuhu aligns to both Outcome 3 and Outcome 4. The case study for Tāhuhu is on page 43 under the intermediate outcome of 'supporting a well-functioning democracy'.



Photograph: Kim Skelton, Peter Adds, Hon Tracey Martin, former Minister of Internal Affairs, Morrie Love and Deputy Chief Executive Peter Murray.

Our heritage collections are accessed and enhanced

Next time you fly internationally with Air New Zealand on one of their larger jets, tune in to a distinctively Kiwi and Pacific playlist. The high-profile new showcase for the Alexander Turnbull Library music collections, 'In the Vault', features a handpicked selection of tracks and whole albums, covering the gamut from pop to Māori concert parties, jazz to Polynesian sounds. As a collaboration between a national airline and national library, "In the Vault" is believed to be a world first and went live on 1 January 2020. We look forward to hearing feedback on this exciting new way to make Turnbull's heritage music collections more accessible when long-haul flights resume regularly.

The Earle Riddiford Collection

It was generously gifted to the Alexander Turnbull Library by Earle Riddiford's four children in November 2019. Earle Riddiford was a New Zealand mountaineer, lawyer and farmer who was a leading figure in mountaineering expeditions to the Himalayas in the early 1950s.

The work to preserve our heritage collections continues, with 1,892 at-risk audio-visual and images digitised during the year to enable future access. COVID-19 restrictions at alert levels 3 and 4 limited access to the collections, resulting in fewer items preserved than previous years.

A total of 6.46 million files were added to the National Digital Heritage Archive and Government Digital Archive, representing a 22 percent increase in preservation storage. This continues the trend of increases in storage requirements for preservation of digital documentary heritage and public records.

Protecting author's rights

The Public Lending Right for New Zealand Authors scheme compensates authors for copies of their books held in libraries. We completed the initial stages of a review of Public Lending Right following targeted consultation, resulting in the publishing of an issues paper. The impact of digital technologies was identified as underlying many of the issues with the scheme's regulations, and responses also indicated strong support for school libraries and Blind Low Vision NZ to be included in the scheme.

Accessing our archives

It's one of Archives New Zealand's strategic aims to take the nation's archives to the people, rather than making them come into the reading rooms. In November 2019, Archives New Zealand announced a change to opening hours across its four reading rooms nationwide (Auckland, Wellington, Christchurch and Dunedin) as a one-year pilot. This change was in response to a significant increase in demand for online records, and a decrease in demand for physical records. Reducing the hours allows Archives New Zealand to put more energy into listing and digitising records and making them available online. This increases discoverability of and provides better access to our records for a greater number of users.

A culture of reading enhances literacy and knowledge

The National Library Strategic Directions has a central aspiration to grow a nation of readers. Reading for pleasure has proven benefits for both individuals and collective wellbeing, including comprehensive literacy, increased social and cultural capital, educational success and economic opportunity. The Community of Readers initiative is the first of the programmes to realise this aspiration and is outlined in the case study opposite.

CASE STUDY

Communities of Readers

Not everyone in New Zealand has equal opportunity to develop a love of reading. There are inequities in access to books, libraries, expertise, support and reading role models.



Rheilli Uluilata (staff member) and her niece Lenny To'omaga

There are three projects underway to foster a love of reading: with the community of South Dunedin; with schools in West Auckland's Kāhui Ako o Tiriwā; and with Huntly Secondary College.

A fourth project to support young people in the care of Oranga Tamariki in Christchurch is due to commence later in 2020. Across the four projects, Communities of Readers will work with young people aged three to 18 to promote reading. For example, on 30 June 2020, National Library's Services to Schools team offered a 'speed-date-a-genre' session for Huntly College students to introduce the concept of genres and to broaden reading engagement. There were 8 genre categories including fantasy, relationships, horror, non-fiction and graphic novels.

Over 100 students attended, choosing books to take home, read and swap. Their teachers were surprised at the genres that attracted the students and the depth of their engagement and interest. This is an early event in the Communities of Readers programme with Huntly College where there is high commitment from the school leaders to build an association between reading and leadership.

Servicing our schools and students

The National Library's Services to Schools team supported over 1,000 schools throughout the year, supplying more than 300,000 items for students. The 'Any Questions' portal proved to be a key service for students during the COVID-19 lockdown, with over 170,000 visits

throughout the year, this is 45,000 more than the previous year (an increase of 35%).

Any Questions is a free online reference service available to all New Zealand school students via live text-based chat. Students can chat with one of the many librarians based around the country on topics they wish to explore (for example, the Cook Islands, World War I, or the Amazon rainforest). Services to Schools, in partnership with the Ministry of Education and public libraries, supported students with over 170,000 visits to Any Questions, including extending online hours during the COVID-19 alert levels 3 and 4.

Trusted citizenship and identity documents contribute to a sense of belonging

We continue to improve our services for our customers and in October 2019, adult applicants applying for New Zealand citizenship by grant had the option to do this online. There has been great uptake for the digital option, with over half of our customers choosing this option so far.

We provide data around death notifications and registrations to support decision-making across the wider public service and community. Pre-COVID-19 this data was supplied to Statistics New Zealand for publishing quarterly, this is now published weekly.

Modernising marriages

The marriage licence application and payment process went online in 2018, making it easier for couples, who no longer need to visit one of the 47 registry offices (mostly courthouse-based) to apply.

The online service was so popular that our network of courthouse registry offices was no longer needed and instead, we arranged for verified celebrants appointed by the Registrar-General to do simple registry-style ceremonies in areas outside New Zealand's main cities.

In March, COVID-19 began to significantly impact our public counters and the way we provide our services. We brought forward the December deadline and worked to introduce new registry style weddings as soon as possible. Our people contacted couples who had registry weddings booked or had applied for a marriage licence to explain their options, worked with celebrants to communicate the changes, and updated our systems behind the scenes.



Performing marriages at our sites was a heart-warming part of our work, but we're proud to make things easier for New Zealanders and pass the job over to approximately 130 celebrants throughout the country, from Kerikeri to Invercargill.

Couples who had planned to get married during lockdown cancelled or postponed their New Zealand weddings. The Registrar General provided a refund on all marriage licences for the couples who couldn't use their licence as planned within its three-month eligibility period. The team processed 1,200 more requests for refunds since mid-March 2020, more than we had received over several years.

Taonga tuku iho is preserved and valued

As holders of a wealth of historic Te Reo resources, the Department supports the Crown's strategy Maihi Karauna for Māori language revitalisation.

We are also contributing to the whole-of-government response to the Wai 262 report Ko Aotearoa Tēnei: A report into claims concerning New Zealand law and policy affecting Māori culture and identity. We have a significant role in Kete 1: Taonga Works me te Mātauranga Māori, as we hold extensive collections of taonga at both the National Library and Archives New Zealand, for which we are the stewards. Our Strategy for a Digital Public Service also encompasses Te Ao Māori principles and concepts to ensure digital government is inclusive for Māori.

What are our indicators telling us?

Outcome indicator	Source	Metric	Indicator information					
			14/15	15/16	16/17	17/18	18/19	19/20
SI11. People's sense of belonging to New Zealand increases	General Social Survey Statistics NZ	%			89%			
A3. Peoples sense of belonging increases (loneliness and generalised trust)	General Social Survey Statistics NZ	%	77%		75%		75%	
SI12. People spend more time reading	Time Use Survey	NA						NA
A4. Adults who have read a book	Read NZ Te Pou Muramura (NZ Book Council) Survey ¹⁰	%				88%	86%	
SI13. People's participation in cultural activities increases	General Social Survey Statistics NZ	%			78%			
A5. Ability to express identity is easy	General Social Survey Statistics NZ	%	86%		87%		84%	
SI14. Satisfaction with citizenship services is maintained or increases	DIA Customer Experience Survey	%	93%	92%	90%	88%	90%	90%

Satisfaction with citizenship services has been maintained at a very high level. Citizenship is an important marker of belonging in New Zealand and maintaining high satisfaction with this service shows we are making the process as positive and engaging as possible for people acquiring citizenship.

For three of our indicators there is not yet data to show the trend over time. We have used alternative indicators where possible to supplement these indicators, so we have a trend over time.

For time spent reading, the time use survey, which is scheduled for 2020, has not yet been completed. To get an alternative view, we have looked at the proportion of adults surveyed who had read a book in the past year from the Read New Zealand Te Pou Muramura survey and this tells us that there has only been a slight reduction year on year from 88% to 86% of all surveyed adults.

People's sense of belonging to New Zealand has been measured once and this gives a high result of 89%. To seek a trend indicator relating to sense of belonging, we have used data from two measures in the General Social Survey relating to loneliness and generalised trust. This alternative indicator shows a slightly lower overall result (77% compared to 89% with a sense of belonging) but this rate has been steady over time.

We have not been able to identify an alternative indicator for people's participation in cultural activities, so we only have one year of results, which shows a participation rate of 78%. We have looked at people's ability to express identity as an alternative indicator for this outcome. This indicator shows a consistently high proportion of people finding it easy to express their identity.

¹⁰ The Read NZ Te Pou Muramura Book Reading in New Zealand surveys can be found at <https://www.read-nz.org/advocacy/research/>.

Putanga 4 – He whenua manapori pai a Aotearoa, kāwanatanga mai, kaunihera ā-rohe mai

Outcome 4 – New Zealand is a well-functioning democracy, across central and local government

Both central and local government have big impacts on the lives of New Zealanders. The smooth running of New Zealand's democratic institutions is important to the accountability and transparency that gives people trust and confidence in democracy.

The mechanisms and support needed to make government functional contribute to people's willingness and ability to participate in society.

Addressing complex issues requires co-operation and co-ordination across all of government, to be better able to tackle issues and pursue national objectives.

Intermediate Outcomes

- Executive government functions well through support, services and advice
- Engagement between Māori and local government is strengthened
- Government transparency is upheld
- Local government works collectively to address national objectives.

The Department's response to the impact of the COVID-19 pandemic is provided on pages 44-49.

Ngā Wā Hira - Highlights

- ▶ \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters infrastructure
- ▶ \$72.5 million COVID-19 recovery package, which enabled the racing industry to restart racing
- ▶ Increased the diversity on statutory boards with 54% of new appointments being of Asian, Māori and Pasifika descent, and nearly 50% of statutory positions now held by women.

How we are driving change to deliver our outcomes

Executive government functions well through support, services and advice

The Department provides a range of services to Ministers, including office staff, VIP Transport, and support to understand entitlements and obligations to allow Government to operate efficiently, effectively and transparently.

Bullying and harassment in the workplace

We delivered the first phase of a multi-year programme of work designed to address issues raised in the independent Francis Review, *Bullying and Harassment in the New Zealand Parliamentary Workplace*. We will continue to work with partners to progress this work in the 53rd Parliamentary term.



The Prince of Wales and the Duchess of Cornwall – Courtesy of © Mark Tantrum Photography

Supporting Royal Visits

We supported the visit of the Prince of Wales and the Duchess of Cornwall to New Zealand in November 2019. The visit from the Prince and Duchess highlighted the modern relationship between the Royal Family and New Zealand, and was an opportunity to demonstrate environmental awareness, wellbeing, diversity and social inclusion. A highlight of the tour was the first Royal visit to Waitangi since 1994.

Emission-free government vehicle fleet

We continue to show leadership in support of the Government's goal of an emission-free government vehicle fleet by 2025/2026. We began to implement a plan to modernise and diversify the Crown fleet for VIP Transport Services, including increasing the percentage of electric capable vehicles in the wider Crown fleet to 40%, and we have commenced the upgrade of the charging infrastructure to accommodate an increasing electric vehicle fleet.

Supporting a well-functioning democracy

Racing Industry Bill

The Bill created the new Racing Industry Act 2020 and establishes the post-transition industry structure from 1 August 2020. The Racing Industry Transition Agency will be replaced by TAB NZ as the sole betting operator for New Zealand racing and sports. This is the final legislative response to the recommendations of the Messara Report, which was released in August 2018.

We helped deliver a \$72.5 million COVID-19 recovery package, which enabled the racing industry to restart racing following the impacts of the COVID-19 lockdown. The racing reform and industry COVID-19 recovery work has been progressed as part of our wider Gambling, Racing and Community Funding Programme, which will continue during 2020/21.

Review of Fire and Emergency New Zealand Funding Model

We supported and facilitated the review of the funding model for Fire and Emergency New Zealand to see if there is a fairer way of funding this essential emergency service. In addition to a consultation document, we hosted 13 public meetings and hui. We received submissions from a wide range of stakeholders including insurers, the Property Council, museums, forestry owners, Business New Zealand, local government, and members of the public and made a summary of the submissions available on our website. (Note: This work is now paused so that COVID-19 priorities can be progressed).

Review of online gambling

We have progressed the review of online gambling to ensure regulatory systems are fit-for-purpose for activities that are increasingly delivered in an online and digital environment. This review includes consideration of the future shape of the online gambling market and related options for harm minimisation. This work will continue in 2020/21.

Engagement between Māori and local government is strengthened

Whenua Māori Rating

We supported the introduction of amendments to the Local Government (Rating) Act 2002 to support the development of, and provision of housing on, Māori freehold land and to modernise the rating legislation affecting Māori land.

Our iwi/Māori engagement through the Three Waters Review

To inform the policy decisions and the drafting of the legislation, consideration was given to understand Māori interests in the three waters regulatory system. This involved engagement with iwi/Māori and the development of a series of case studies about communities with a high Māori population that experience three waters issues. Led by officials from the Department, with participation from the Minister of Local Government, this engagement was designed to allow for face-to-face hui with specific groups identified as representing a cross-section of Māori communities and views. Engagement with iwi/Māori will continue throughout the course of establishing Taumata Arowai and the Three Waters Reform Programme.

Local government works collectively to address national objectives

Monitoring council performance

Where there are significant concerns, the Minister of Local Government may decide to intervene to manage the council and its issues. Particular attention was given to the Westland District Council, following ongoing concerns raised across a number of areas. In response to the Council taking active steps to avoid the need to install a Crown Observer, recognising the long-standing concerns, an Oversight Committee was established to monitor the Council's activities and support the Council to resolve its issues. Through the proactive work of the Oversight Committee, the Council was able to lift its performance. The Oversight Committee has taken a similar proactive approach with other councils that have come to attention as needing support.

Local elections

The local authority elections were held in October 2019. The Department supports local authorities to run their own elections. We supported the Government's response to the Justice Committee report Inquiry into the 2017 General Elections and 2016 Local Elections and are currently supporting the Committee in its inquiry into the 2019 local elections.



Infrastructure Funding and Financing – Central and Local Government Partnerships

The Department's Infrastructure Funding and Financing work has contributed to improvements essential to enabling more responsive infrastructure supply, improved cost allocations and affordable housing. The Department and Treasury developed a new levy regime enabling entities independent of councils to raise finance and deliver infrastructure projects. Over time, this will help bring down the costs of serviced land in high-growth areas and deliver new homes and communities sooner than otherwise planned.

We also worked on developing comprehensive guidance for councils on development contribution policies and options for easing council debt limits. However, the Three Waters reform programme and impacts of the COVID-19 pandemic substantially changed the context for this work.

Three Waters Reform

The Three Waters Review is a cross-government initiative led by the Minister of Local Government and supported by the Department of Internal Affairs.

The Havelock North Drinking Water Inquiry and the initial stages of the Three Waters Review found that the regulatory framework for drinking water is fragmented and ineffective, with comprehensive reform needed to ensure the safety of drinking water for New Zealanders. Both central and local government also agree there are broader challenges facing local government water services and infrastructure, and the communities that fund and rely on these services.

Regulatory reform

In line with the recommendations of the Havelock North Inquiry, the initial priority has been to comprehensively reform New Zealand's drinking water regulatory framework. Following engagement with local government, iwi and Māori and water service experts, this has seen the development of new legislation and the creation of Taumata Arowai, the new Water Services Regulator. Taumata Arowai will oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

Funding package and water service delivery reform

In July 2020, the Government announced a funding package of \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters infrastructure, and support reform of local government water services delivery arrangements.

Sector engagement

Design of the proposed new water service delivery arrangements will be informed by discussion with local government, iwi and Māori, the wider water services sector, and communities of interest. A joint Three Waters Steering Committee (comprised of local government elected members and chief executives, representatives of Local Government New Zealand, the Society of Local Government Managers, and central government officials) is providing oversight and guidance to support progress towards reform, and assisting engagement with local government, iwi and Māori and others.

Government transparency is upheld***Supporting statutory inquiries and Royal Commissions***

We continue to develop and maintain the cross-government system of inquiries. We have enhanced trust in government and improved transparency by supporting statutory inquiries and Royal Commissions which investigate matters of national significance and effect positive change for New Zealanders. During the year, we provided administrative support to two Royal Commissions and two Government Inquiries:

- the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions
- the Royal Commission of Inquiry into the Attack on Christchurch Mosques
- the Government Inquiry into Auckland Fuel Supply Disruption (reported on 16 August 2019)
- the Government Inquiry into Operation Burnham and Related matters (reported on 17 July 2020).

Public Sector Information Management

Archives New Zealand delivered the first annual survey of public sector information management findings report to Parliament in October 2019. As part of Archives New Zealand's monitoring framework, the 2018/19 annual survey set a baseline to allow future comparisons. As part of the survey design, we selected five key indicators to measure the overall state of government information management and provide a high-level perspective on whether information management within the public sector was improving, deteriorating or remaining stable. From these indicators, recommendations were made to help public offices and local authorities improve their practices and compliance with the Public Records Act 2005.

CASE STUDY

Tāhuhu: Preserving the Nation's Memory

As the guardian of New Zealand's documentary heritage and record of government since 1840, Archives New Zealand and the National Library hold irreplaceable taonga for the nation, and are legally bound to collect, preserve, protect, and make accessible this documentary heritage.



In 2015, the property project now named Tāhuhu: Preserving the Nation's Memory began looking at options for addressing several issues within the property portfolio for Archives New Zealand and the National Library of New Zealand. Two key objectives are to provide fit for purpose storage facilities for our physical documentary heritage and increasing storage capacity.

In August 2019, the Minister of Internal Affairs, Hon Tracey Martin, announced plans for a new Archives New Zealand Wellington facility at 2 Aitken Street in Thorndon. The new building will be situated next to

the National Library of New Zealand and will be physically connected via an airbridge, providing a once-in-a-lifetime opportunity for the development of a national documentary heritage campus. The new facility will ensure the ongoing preservation and care of New Zealand's heritage collections and record of government. Improving the resilience of key infrastructure increases New Zealanders' confidence in our constitutional infrastructure and strengthens our trust in government transparency and democratic accountability.

The concept video for the new Archives Wellington is available here:

www.youtube.com/watch?v=4JRIVhSkgHw&feature=emb_title

The Tāhuhu programme encompasses:

- A new purpose-built Archives facility with physical connectivity via an airbridge with the National Library's Molesworth Street facility;
- Alterations to the National Library Molesworth Street associated with the development of a documentary heritage campus; and
- A new Regional Shared Repository.

More information about the Tāhuhu Programme is available at:

archives.govt.nz/tahuhu-preserving-the-nations-memory

What are our indicators telling us?

Outcome indicator	Source	Metric	Indicator information					
			14/15	15/16	16/17	17/18	18/19	19/20
SI15. The level of institutional trust is maintained or increased	General Social Survey Statistics NZ	%	36%		38%		41%	
SI16. Perceptions of government effectiveness are maintained or increased	Oxford International Civil Services Effectiveness Index ¹¹	Score out of 1				0.95		0.98
SI17. Perceptions of corruption are maintained or decreased	Transparency International Corruptions Perceptions Index ¹²	Score out of 100	91	91	90	89	87	87
SI18. Satisfaction with local governance is maintained or increased	Kiwis Count Survey	Score out of 100	72	74	71	73	73	73
SI19. Perceptions of Open Government are maintained or increased	Open Data Barometer Report ¹³	Score out of 100	66	61	61	68		

The most recent results do show a small and gradual increase in the level of institutional trust and perceptions of government effectiveness.

There has been a small decline in the perception that New Zealand has low corruption in recent years. The higher the score the lower the perceived level of corruption. New Zealand remains one of the countries with the lowest perceived levels of corruption (New Zealand is ranked second on the Transparency International Perceptions of Corruption Index), despite the small decline in the score.

Satisfaction with local government services is being consistently maintained at a reasonably high level.

We are interested in the openness of data and the trend from recent Open Data Barometer reports has been for an increase in the perception of open government. The last report was two years ago and there has not been a recent report to show if this trend has continued.

¹¹ The Oxford Internal Civil Service Effectiveness Index can be found at

<https://www.bsg.ox.ac.uk/about/partnerships/international-civil-service-effectiveness-index-2019>.

¹² The Transparency International Corruptions Perceptions Index can be found at <https://www.transparency.org/en/cpi>.

¹³ The Open Data Barometer report can be found at https://opendatabarometer.org/country-detail/?_year=2017&indicator=ODB&detail=NZL.

Tā mātou urupare ā-Tari ki te KOWHEORI-19 – Our Departmental response to COVID-19



Get the latest news and health updates about COVID-19, right to your mobile device.

Visit Covid19.govt.nz/whatsapp

As a Department, our response was a demonstration of our principles and behaviours – we make it easy, we make it work; we are stronger together; and we take pride in what we do.

Well before COVID-19 shut Aotearoa's borders and changed the way most of us lived and worked, Te Tari Taiwhenua was preparing to ensure we were able to continue to deliver for our customers – to connect people, communities and government to make New Zealand better for New Zealanders.

As a Department, our response was a demonstration of our principles and behaviours – we make it easy, we make it work; we are stronger together; and we take pride in what we do.

Some services provided by the Department have been impacted because of COVID-19. This impact is due to the physical restrictions for alert levels 2 to 4, the flow-on effects of resource prioritisation, and the wider impact of COVID-19 on Aotearoa. See 'Part 4 – Non-Financial Performance Statements' for more detail on the affected performance measures.

Continuing essential services for New Zealanders

Throughout COVID-19 alert levels 2 to 4, 15% of our people were based in our office buildings delivering essential services, including:

- Issuing of passports, birth and death certificates, and citizenship without ceremonies, including processing urgent requests for Kiwis wanting to return home
- Supporting an 0800 call centre, identifying critical services, issues and supply chain matters with ISP providers and all-of-government ICT support
- Supporting the ongoing operations of Executive Government.

Supporting a system-wide response

The Government Chief Digital Officer (GCDO) had a key system role during COVID-19, and supported government agencies to maintain critical digital services and continue to deliver for New Zealanders during the response.

The GCDO also partnered with other government departments and vendors to ensure that available digital resources were directed to the areas of greatest need across government. Our Digital Public Service branch helped the progression and delivery of digital services for New Zealanders during the COVID-19 response. This included:

- rapidly scaling the infrastructure to support Government's main Unite Against COVID-19 website using cloud services (Common Web Platform and Amazon Web Services) to ensure it remained up and running even under heavy demand
- contributing to the National Crisis Management Centre's (NCMC) response and delivering subsequent joint Health/Government Digital Services report back on technology options to improve contact tracing, manage self-isolation, and monitor population movements and disease spread
- prototyping a Bluetooth-enabled 'COVID card' together with the Ministry of Health and the COVID-19 Response Public Private Partnership team. These cards use technology to make it easy for authorities to contact trace when needed.

Central and Local Government Partnership

Our Central and Local Government Partnerships group supported the COVID-19 Local Government Response Unit by collaborating with local government to ensure the continued delivery of essential services to all our communities, in alignment with the Government's COVID-19 national response plan by:

- Integrating the Department of Internal Affairs' response functions with Local Government New Zealand, Society of Local Government Managers, National Emergency Management Agency, other agencies and national command structures
- Ensuring effective communication between central and local government to enable central government to provide nationally consistent guidance; and assist councils to understand the impact for them and how they can comply with relevant requirements of local government legislation, including any legislative changes or statutory overrides required
- Keeping the Minister of Local Government informed of urgent issues and providing advice on legislative 'fixes'.

Supporting communities

The Office of Ethnic Communities (OEC) stayed close to New Zealand's ethnic communities throughout the pandemic, ensuring community members needs were heard and responded to. This included producing key information in 28 languages and working with community members to help share crucial messages widely. The Ethnic Communities Development Fund was reprioritised to allow funding to support communities through COVID-19.

The Office of Ethnic Communities produced 68 information videos translating important COVID-19 messages to ensure those at risk of being excluded had access to vital information. These videos were well-received by the communities who speak those languages, with a total of 101,696 views. Feedback from the videos highlighted the need and opportunity for more targeted work ensuring critical government information reaches deep into migrant communities in multiple languages.

Community sector

Significant community advisory support

When the country entered lockdown and the subsequent alert levels because of COVID-19, the mode by which community grant programmes were administered needed to be modified to ensure the impact on communities was minimised. It was vital that community sector organisations were able to continue to apply for and receive funding. Hāpai Hapori (our Community Operations group) ensured community advisory services continued to be offered by:

- Adapting the operating model to provide advisory services via online, teleconferencing and videoconferencing facilities
- Making meaningful changes to simplify the application processes and reduce the volume of supporting documentation
- Approving extensions to grants where they were unable to fully spend funding by the due date.

Hāpai Hapori community advisors were also heavily involved in delivering support within regions and undertook leadership within the welfare work stream with a focus on the homeless. This demonstrated the knowledge and cross-sector relationships that are strong within our team and allowed for fantastic outcomes for some of New Zealand's most vulnerable.

The impacts of COVID-19

Gambling, Racing, and Community and Voluntary Sector

COVID-19 affected the gambling system as all Class 4 ('pokie machines') venues and casinos were closed under alert levels 3 and 4, and there was a reduction in applications for gambling licences. This, in turn, will affect grants to New Zealand's community and voluntary, arts, culture and sporting organisations which rely on the proceeds of gambling to operate. At the same time, there was concern that the number of people accessing unregulated offshore online gambling sites increased during lockdown.

To respond to these issues, the Department is delivering a significant programme of work under an accelerated timeline. The programme crosses three portfolios (Internal Affairs, Racing, and the Community and Voluntary Sector). It builds on the online gambling review that was already underway before the lockdown, and the passing of the Racing Industry Act 2020.

Charities

Charities Services demonstrated a flexible and pragmatic approach to supporting charities and entities wanting to become charities during the pandemic. We extended annual reporting dates, made documentation requirements easier to manage, fast-tracked applications from entities wanting to become charities where they were involved in the COVID-19 response or recovery, and provided relevant information to charities through a range of channels – including a webinar attended by 468 individuals and one-on-one virtual meetings for charities with specific needs.

Archives and National Library

Due to physical restrictions in place at COVID-19 alert levels, there was limited access to the physical files held at Archives New Zealand at levels 4 and 3 and access by appointment only at level 2. For National Library there was no access to collections through the public reading rooms at levels 4 and 3 and very limited access at level 2. Throughout COVID-19, access to the digital collections and resources at Archives New Zealand and the National Library through online channels were a primary focus.

We experienced a sharp increase in visitors to the National Library website, with April seeing 274,000 sessions – the busiest month ever. The Archives New Zealand website also saw a significant increase in visits, with almost 72,000 sessions. The most searched item related to Te Tiriti o Waitangi, and the Archives YouTube channel experienced viewing hours of 10,000 more than April and May in 2019.

Ministerial Services

Our Ministerial and Secretariat Services group worked to maintain critical services to support the ongoing operations of Ministers and their offices during the COVID-19 response. This included ensuring Ministers and staff had the capability and tools to work remotely, and VIP Transport services were available to support Executive Government's priorities.

Aotearoa's Travel Restrictions

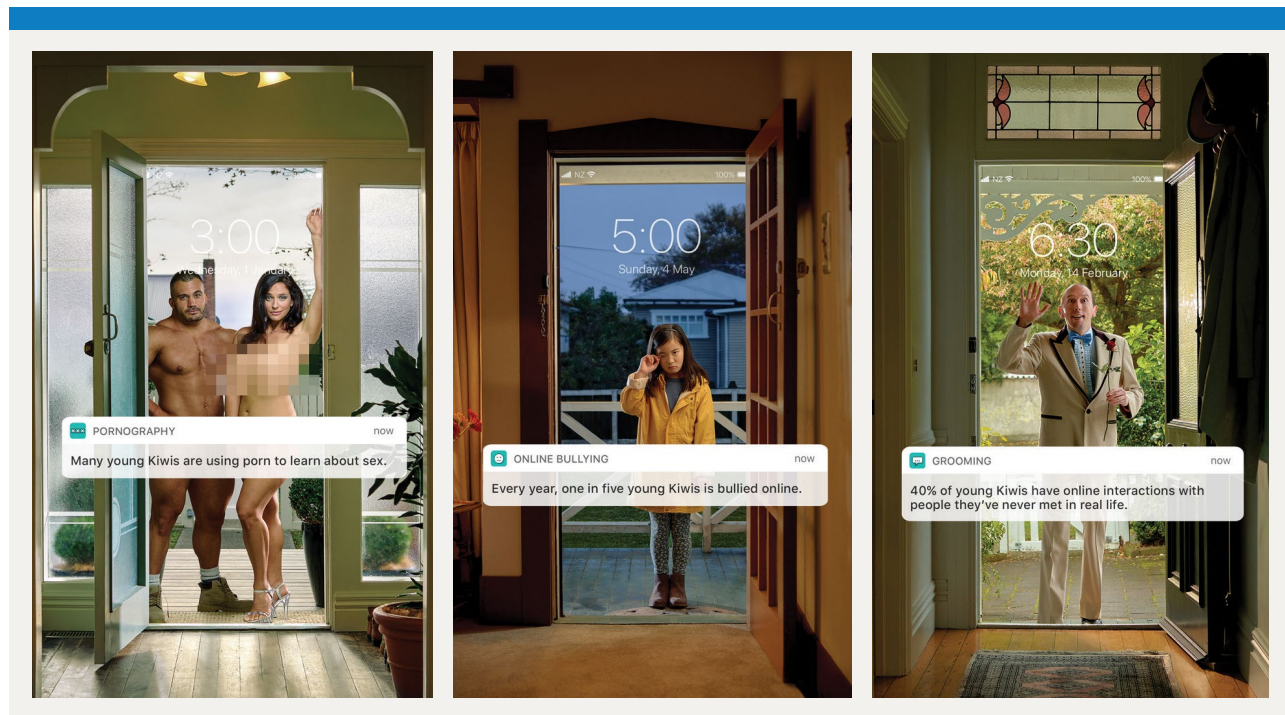
COVID-19 restrictions on Aotearoa's border has seen less travel available to New Zealanders, contributing to lower demand for New Zealand passports, with 540,059 provided in 2019/20, down from 736,208 in 2018/19.

These border restrictions, and restrictions on mass gatherings during alert levels 2 to 4, have also resulted in fewer Guests of Government visits to New Zealand, and changes to the delivery of those national commemorative events which have been held since restrictions began.

This reduced demand for passports and support for official guests and events is expected to continue into 2020/21 as the world continues to respond to COVID-19.

CASE STUDY

Keep It Real Online digital safety campaign



The Department ran Phase 1 of *Keep It Real Online*, our public awareness campaign from early-May to mid-July 2020 to help create safer online experiences for children and young people.

Under alert levels 3 and 4, New Zealanders had more time at home and it became clear that children and young people were spending increased time online. Government recognised the need for parents and caregivers to have greater awareness of the harms that exist for children and young people in the online world.

We needed to equip parents and carers to manage these risks – for example, by paying more attention to what their children are doing online and having proactive conversations with their children about the importance of online safety and how to keep themselves safe. Cabinet approved funding of \$1.5 million to develop and implement the first phase of the campaign.

Keep It Real Online featured four videos that used humour to promote important messages about online risks and online safety. The Department also launched www.keeptrealonline.govt.nz as a channel providing more information. The four promotional videos identified common online risks, such as children watching age-inappropriate content and pornography, and threats like online grooming and online bullying. These videos and the campaign went viral, and by 15 July 2020 had been viewed over 30 million times. New Zealand received international recognition for the campaign, due to the important messages being delivered in a way that resonated with people all over the world.

The Department received a further \$1.5 million for phase two of the campaign, which will be developed and rolled out over the next 12 months. This phase will create specific messaging and resources for children and young people. The Department will again work collaboratively across the public sector, including with the Ministry of Education and the Office of Film and Literature Classification, and with non-government organisations.

CASE STUDY

Supporting the Department to respond to COVID-19

During alert levels 3 and 4, approximately 85 percent of our 2,400 people were working from home. Under alert level 2, many staff continued to work from home and a graduated approach for staff to return to the office commenced on 18 May 2020.

We scaled up support for our people during the COVID-19 lockdown period by providing additional guidance, equipment and information to staff. We delivered office IT equipment and chairs to more than 600 of our people, allowing them to work safely and comfortably from home.

A programme is currently underway to understand the variety of ways we can work and how we might adapt as an organisation to embrace them, so arrangements work for the people we serve, as well as for our people and the Department.



Chief Executive Paul James works from home in March 2020

03

He wāhi rawe ki te mahi, ā, he whakahaere e eke ana ki te taumata teitei - A high-performing organisation and a great place to work

Our Taha Moana group performs as finalists in Cultural Celebration category of the Diversity Awards.



A great place to work

We continue to build on the strong organisational capabilities which support us to deliver results for New Zealanders and make the Department a great place to work.

New Zealand's population is changing and the people we serve are becoming increasingly diverse. Building a diverse workforce that reflects the communities we serve and puts our customers at the centre supports us to fulfil our 'spirit of service' and make New Zealand better for New Zealanders.

Ngā Wā Hira - Highlights

- ▶ We were named as a Mover and Shaker in the 2020 Colmar Brunton Public Sector Reputation Index, one of five agencies with the largest increase in reputation score
- ▶ Finalists in the Work Life Balance and Cultural Celebration categories of the 2020 Diversity Awards
- ▶ Launched successful Avei'a Pacific Leadership Programme.

Tō mātou kaihautūtanga me te kāwana - Our leadership and governance

The Department's Executive Leadership Team (ELT) includes our Chief Executive, seven Deputy Chief Executives and the Director of the Office of the Chief Executive. The Executive Director, Office of Ethnic Communities is also a Tier 2 role reporting to the Chief Executive but is not part of the Executive Leadership Team.

Our ELT ensures we focus our efforts and resources in the right areas at the right time. Its operating model supports it to undertake a strategic governance role. The structure of our governance model is outlined below.

The Department continues to deliver on its long-term strategic and stewardship focus through the enterprise governance framework and practices implemented in August 2018. This Governance Framework includes three governance sub-committees: Risk and Assurance, Finance and Performance and Investment Governance. These sub-committees assist the Executive Leadership Team with good practice advice and assurance for performance and accountability governance and decision making. In addition to the internal Committees, the Department has an External Advisory Committee providing independent advice and guidance to the Chief Executive and the wider Department.

Our Governance system is designed to support sound and sustainable long-term decision making, and to enable improved information flow from branches through Committees. A review of the enterprise governance framework has informed the Department's approach to strengthen this governance system. Good governance principles are in place with governance protocols and clear terms of reference for each committee.



Our Executive Leadership Team: [Left to Right] Marilyn Little, Deputy Chief Executive - Policy Regulatory Communities, Michael Lovett, Deputy Chief Executive - Central and Local Government Partnerships, Ann-Marie Cavanagh, Deputy Chief Executive - Digital Public Service, Maria Robertson, Deputy Chief Executive - Service Delivery and Operations, Peter Murray, Deputy Chief Executive - Information and Knowledge Services, Paul James, Chief Executive, Kate Wareham, Deputy Chief Executive - Organisational Capability and Services, Suzanne Doig, Director - Office of the Chief Executive, and Karl Le Quesne, Deputy Chief Executive - Organisational Strategy and Performance.

Information, privacy and security

We continue to support staff to raise awareness and ensure we all understand our obligations in relation to information, privacy and security, embedding this into our culture and how we do things. In the 2019/20 year, we refreshed training modules in these areas and have made it mandatory for all people to complete them annually. Ensuring that we value and understand the information we hold and work with, and knowing how to seek advice, is fundamental to our success.

Risk and assurance

Assurance is a key component of our effective governance. It provides evidence of how well business risks are being managed, opportunities are being taken and the business is performing. Good assurance supports governance bodies in their decision-making, helps identify key risks to delivery and enables early intervention before they start to impact on outcomes. Our recently refreshed Assurance Policy and Framework supports an integrated view of assurance across the Department. Applying more consistent assurance over the risk and value of our priority projects and ICT risks is helping to embed this as part of our business practices, so we are focused on the right things.

Te Aka Taiwhenua

Meaningful engagement with Māori

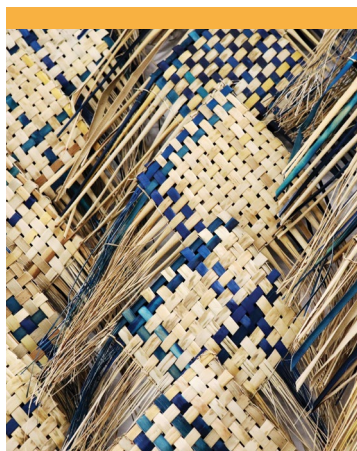
Te Aka Taiwhenua is our Māori Strategic Framework for working effectively with Māori and upholding our responsibilities under Te Tiriti o Waitangi (the Treaty of Waitangi). We have strengthened our Te Aka Taiwhenua team in 2020 to assist in implementing this framework.

The mātapono (principles) of Manaakitanga, Whanaungatanga, Kotahitanga and He Tāngata continue to be the cornerstones of our framework and are interwoven in the mahi of the Department.

The Department contributes to the implementation plan for Maihi Karauna, the Crown's Strategy for Māori Language Revitalisation led by Te Taura Whiri i Te Reo Māori.

The Department also contributes to Wai 262: Te Pae Tawhiti. Wai 262 issues are complex and multi-faceted, encompassing topics as diverse as intellectual and cultural property, natural resources and Te Reo Māori. Discussions have started across the Department to understand and address specific Wai 262 issues in a joined-up way.

CASE STUDY

Commitment to the mātāpono of Te Aka Taiwhenua

Our Service Delivery and Operations Leadership team noho was held in July 2019 at Hongoeka Marae, Plimmerton. The theme of this noho was the co-creation of a whāriki rāranga (woven mat) that would depict a commitment to the mātāpono of Te Aka Taiwhenua.

The idea being to weave harakēkē (flax) and kōrero (conversations) together to create a physical and metaphorical whāriki of combined understandings and perspectives. The end product created is displayed at our new Waterloo Quay site, so that it may be seen as an exemplar of how we embody our mātāpono.



During the weaving sessions, discussions were facilitated with the core values of Te Aka Taiwhenua as a framework to discuss in depth a range of other kaupapa that are relevant to the Department.

Through deeper discussion, people challenged their own ways of thinking and developed a better informed and broader understanding of Te Ao Māori in relation to their roles and mahi (work).

Conversations were also held around the importance of Māori-Crown relationships and what this means for the work we do and how we can improve engagement and connection with Māori. We also discussed how to practically apply and live Te Aka Taiwhenua through our

work, revisiting the four mātāpono and being open with each other about what these principles mean to us.

Through understanding the value of these principles, we can then explore what they look like in practice, in the context of the work that Te Tari Taiwhenua does.

Taha Moana National Fono 2019

The 2019 National staff Fono was held in August 2019 in Wellington. The theme was 'Wellbeing', weaving in the Mental Health Foundation's 'Five Ways to Wellbeing' initiative, encouraging good work-life balance. The main outcome of the Fono was to ensure our people left feeling valued, connected and empowered. The Fono was attended by over 150 Pacific staff and our Executive Leadership Team on day one, which included a turou and ava ceremony. It was an important opportunity to come together, share experiences and celebrate our unique and diverse Pacific cultures in the Department.

Taha Moana is the Department's Pacific Peoples Network with approximately 200 members.



Tō mātou āheitanga - Our capability

Spirit of Service

He tāngata, our people are at the heart of what we do. We recognise and celebrate the success through our annual He Iti Kahurangi Awards, which focus on the contributions of our people and the great work they do every day to make New Zealand better for New Zealanders. The award categories reflect our culture and model our Spirit of Service, mātāpono and our principles and behaviours. We also recognise commitment and achievement in improving health, safety and wellbeing in our workplace and people who have contributed through long service.



We have been named as a ‘mover and shaker’ in the 2020 Colmar Brunton Public Sector Reputation Index, a ranking of 54 Government agencies. We have moved from 41st of 50 agencies in 2019, to 24th of 50 agencies in 2020 with a reputation score of 101, classed as above average. We’ve seen success with several campaigns including the public awareness campaign to help create safer online experiences for children and young people, which is included as a case study in our COVID-19 section – ‘Keep It Real Online’.

Wellbeing, health and safety governance

Te Tari Taiwhenua is committed to providing and maintaining a safe and healthy workplace for its people, customers and visitors, and anyone using our sites as a place of work.

We have a unique and diverse range of health, safety and wellbeing risks. These risks include violence and aggression, psychosocial risks, hazardous substances, lone or remote work, Lake Taupō, buildings, equipment and plant, driving, third-party vendors and COVID-19.

Looking after our people and their wellbeing is a top priority. The Executive Leadership Team governs health, safety and wellbeing through quarterly governance board meetings. The National Health and Safety Committee and Branch Health and Safety Committees are active in engaging with people and ensuring that health and safety is considered at all levels of our mahi.

Key work undertaken this year has included:

- lifting our capability in managing the mental health and wellness of our people, including establishing a baseline wellbeing assessment, creating new resources to support our people during COVID-19, resilience training, and 1-2-1 professional coaching managers through our partnership with Umbrella
- improving the safety of our fleet including the purchase of ANCAP 5-star safety-rated vehicles and a move to replace old fleet with electric and hybrid vehicles
- reviewing the Department’s unacceptable behaviour policies and processes
- reviewing owned and leased sites identified to ensure there is an asbestos management plan in place, and developing a Department asbestos management policy.

SafePlus review

We also completed a review of our health and safety programme against the SafePlus performance tool developed by WorkSafe New Zealand, ACC and the Ministry of Business, Innovation and Employment. SafePlus offers a Government endorsed model of what 'good' health and safety looks like. It supports organisations to understand their current practices and initiate positive change.

In response to the review, we have funded a two-year work programme to lift our health and safety capability. This programme will focus on empowering our people to play a more active role in health and safety initiatives, lifting governance and leadership capabilities of our leaders, and managing our health and safety risks more effectively.

CASE STUDY

Wellbeing at Our Place – Tō Tātou Rohe

In September 2019, we established a partnership with Umbrella – a professional group of clinical, registered psychologists specialising in wellness and resilience training to enable high-performing workplaces.



In consultation with Umbrella, our Wellbeing at Tō Tatou Rohe (Our Place) programme was developed to strengthen the physical, mental and emotional wellbeing of our people.

In 2019, we achieved a Highly Commended in the Work Life Balance category of the Diversity Awards. In 2020, we have been named as finalists again in the Work Life Balance category.

In November 2019, we introduced our Mental and Health Wellbeing strategy to over 300 of our leaders in a series of nationwide hui. We know the support of our leaders helps build an organisation and culture that promotes wellbeing.

We provided professional one-on-one support and advice sessions for people leaders, helping them to build their confidence and resilience so they can confidently address issues their people may be struggling with in a supportive way.

In February 2020, we conducted an Organisational Wellbeing Assessment, which gave us key wellbeing baseline insights and information to measure the wellbeing of our people and understand where we can provide greater assistance and support. The Assessment also provided people with personalised recommendations to support their wellbeing. Findings showed that 76% of our people were either “thriving” or “managing well” and 89% of people reported having great or good self-resilience. This information is helping us to work together to refine and improve our existing resources, policies and processes. We piloted our Peer-to Peer-Support Network, for those who prefer to speak to a trusted colleague about their mental health or wellbeing, and in June 2020 we launched our DIA Domestic Violence First Responders programme. Four of our own people have been trained to provide confidential support for our people who are impacted by family violence.

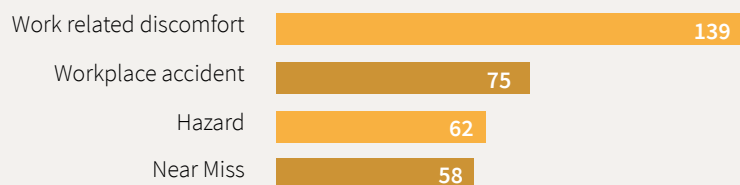
With the outbreak of COVID-19 and the rapid changes to people’s way of working, we delivered workshops for our people and practical resources they could use to support themselves and their families.

Our journey map is outlined on the previous page.

Incidents and hazards

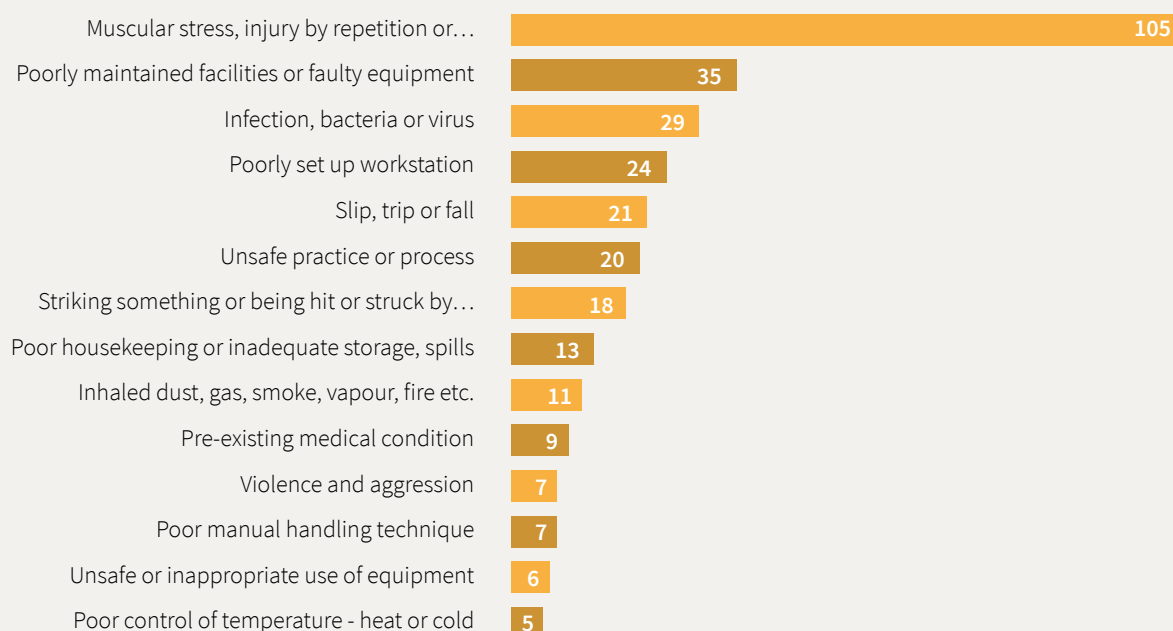
The chart below shows the breakdown of incidents and hazards for 2019/20.

Type of incident FY 2019-2020



The cause of incidents is reported in the following chart.

Top mechanisms of incidents FY 2019-2020



‘Muscular stress and repetition injury’ is the most frequently reported cause of an incident. This spiked during COVID-19 lockdown, with people trying to work from home with inadequate set ups or without the right equipment. We identified this risk early in lockdown and were able to successfully address most issues within the first month. Our experience during this time helped us understand what practical measures need to be in place to support our people working from home or other locations as part of our ways of working.

The Department’s lost time totalled 182 working days; this was mainly as a result of a serious injury accident to a staff member from the previous year. There were 35 ACC claims during the 2019/20 period. Although there were more claims than 2018-19 (23), they were the result of minor injuries, mostly ergonomic related and resulted in a \$11.1k cost to ACC.

Inclusion and diversity

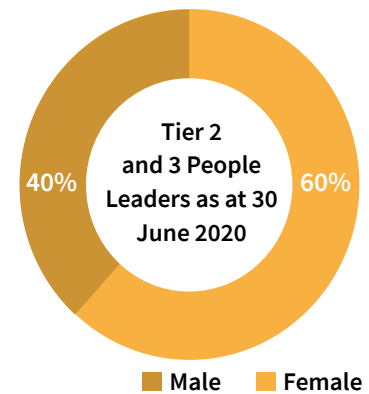
The Department has a wide-ranging portfolio. Our diverse customers are at the heart of what we do, and we reflect, value and embrace this across our workforce by supporting inclusive and equitable work practices. We aim to have a positive and inclusive culture where people are treated with dignity and respect, we value our differences and harness the capabilities that diversity brings.

In 2020, we have been shortlisted in the Cultural Celebration category. These awards recognise organisations which champion diversity and inclusion in the workplace.

We support diversity within the Department through our Authentic Self Network (LGBTQI+), Tangata Whenua network(s), Taha Moana Pacific Network, and Women's Network. Our people are encouraged to participate in building their diversity capability through Te Reo workshops, our Leo o te Pasifika programme (celebrating the languages of Pacific peoples) and taking part in New Zealand Sign Language Week. In August 2019, we held our Taha Moana National Pacific Fono for our Pasifika whānau to collaborate and discuss championing and strengthening Te Ara Vaka our Pacific Strategy, which was a great success.

We continue to address and reduce our gender pay gap. Over the last year the average salary of Māori employees has increased by four per cent and Pacific employees by eight per cent, but we note that we have more work to do on Pasifika salaries, especially for Pasifika women.

We have refreshed our Gender Pay Gap Action Plan engaging with our people and unions. We continue to focus on addressing any pay gaps in like-for-like jobs, improving recruitment and selection processes and ensuring there are no gaps in starting salaries. Existing gender diversity in governance and management roles gives us a good platform to build upon; and we are proud to have women representing over half of our Executive Leadership Team. We are developing resources that make flexible working arrangements a part of how we work, while our people and teams continue to serve and deliver for New Zealanders.



Growing great talent for our future workforce

All our people have talent and potential. We are committed to providing all our people with opportunities to build on their talents and to grow their capabilities. We continue to run Te Hunga Kōhuri, our Core Leadership Programme, Te Kurutao, our Māori Leadership Programme, and this year piloted Avei'a, our Pacific Leadership and Development Programme.

Te Kurutao builds Māori capability and capacity within the Department, by providing our Māori employees the opportunity to develop their leadership potential in a cultural context. The programme is based on Mātauranga Māori (Māori knowledge) with elements of existing leadership programmes within the Department, however its delivery is holistic in its approach and guided by Tikanga Māori values and philosophies.

Launch of Avei'a¹⁴



Avei'a, is our Service Delivery and Operations branch's Pacific Leadership Programme, which was launched in January 2020. Avei'a supports our Pasifika people to learn, reconnect and strengthen their ties to their Pacific culture, heritage and whakapapa. It provides the opportunity to recognise and develop their leadership potential to lead and drive guided by values and cultural practices.

The programme uses a canoe framework comprising of five parts each representing an element of leadership, that draws on participants' own experiences, values and self-reflection as well as providing the tools needed to embark on their own journey. The Cohort is made up of 15 Pacific staff

from across the Department. The 6-month programme is delivered using a variety of online and face-to-face methods, and despite COVID-19 presenting some challenges for the Cohort and the wider Avei'a team, sessions were able to be continued via Zoom. Avei'a is a Tahitian word that describes the star path used by navigators to help them reach their destination.

¹⁴ Avei'a concept- Lynette Tyrrell, artist - William Pio, designer - Phuong Nguyen.

Ā mātou haumitanga me ngā mahinga rawa - Our investment and asset performance

We continue to invest in our ICT assets and work environments to modernise our services and ensure our people can work flexibly, collaboratively and in an integrated manner across government.

Our continued investment in digital technology enabled the Department to meet the increased demand for digital services during the recent COVID-19 Alert Level 4 lockdown across New Zealand. Supporting this, our capability in enabling staff to work flexibly through technology was fully utilised, with our people able to continually deliver most services while working outside of the office, maintain connections through collaboration software and realise the benefits of working in different ways.

During the COVID-19 alert levels, the resiliency of our ICT assets and the robustness of our change approach allowed us to continue to make changes and improve the functionality of our ICT assets, without impacting service availability.

To best support our people in doing their jobs, we carried out two office moves (in Auckland and Wellington) into refreshed, fit-for-purpose office spaces aligned with our Ways of Working approach. As well as offering bright, modern and open spaces, the new offices provide a range of collaboration areas, flexible work stations and meeting spaces with video conferencing capability.

Resources and ensuring value for money

In 2019/20, we launched our organisational capability programme - Te Hāpai O. The intent of the programme is to drive and support success of our people at Te Tari Taiwhenua to deliver great outcomes for Aotearoa.

Through Te Hāpai O, we will secure better tools to provide joined up, transparent, fit-for-purpose services enabling us to manage our money and our people, deliver on our central responsibilities, like Health and Safety, and respond to changing needs.

Pūnaha Whakahaere Tahua (uplifting financial capability) is the first area we are addressing. The programme continues to work towards achieving the vision of delivering a collaborative, transparent, and easy-to-use system for the benefit of everyone at Te Tari Taiwhenua.

CASE STUDY

Port Nicholson Block Settlement Trust

In June 2020, we strengthened our relationship with Wellington mana whenua iwi group, Taranaki Whānui, with the transfer of the land beneath our Wellington Archives New Zealand and National Library buildings.



The Department completed the transfer of land under two of our key Wellington properties to the Port Nicholson Block Settlement Trust, as redress under the Taranaki Whānui ki Te Upoko o Te Ika Settlement of August 2008.

The land under National Library in Molesworth Street, and Archives New Zealand in Mulgrave Street, was subsequently transferred to a Taranaki Iwi consortium (Tai Hekenga Partnership) under a sale and leaseback arrangement negotiated during the Port Nicholson Block's

2008 Treaty of Waitangi settlement. The Department has 20-year leases renewable in perpetuity, to ensure the security of tenure for Archives New Zealand and National Library in housing Aotearoa's taonga. The lease also ensures the consortium will receive a long-term and secure revenue stream for the betterment of manawhenua iwi into the future.

This arrangement strengthens the Crown's relationship with Wellington mana whenua iwi, particularly for our National Library and Archives institutions. Mana whenua iwi now own the land upon which the nation's most valuable taonga reside, including Te Tiriti o Waitangi (the Treaty of Waitangi). The land transfer is just the latest development in the existing diverse relationship that Archives New Zealand and National Library have with the local iwi. Mana whenua will also be partnering with the Department, other Māori partners and stakeholders to input into the new Archives facility on Aitken Street to ensure that it is built with the appropriate tikanga support and design elements to protect staff and our taonga moving forward. This is another step in growing and enriching our partnership.

04

Ngā otinga pūtea me te kore-pūtea – Financial and non-financial results



Te Tauākī Noho Haepapa – Statement of Responsibility

I am responsible, as 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 this annual report.

In my opinion:

- the financial statements fairly reflect the financial position of the Department as at 30 June 2020 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 2021 and its operations for the year ending on that date.



Paul James

Chief Executive
16 November 2020



Sharyn Mitchell

Chief Financial Officer
16 November 2020

Te Pūrongo a te Kaiarotake – Independent Auditor's report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report Te Pūrongo a te Kaiarotake tū Motuhake

To the readers of the Department of Internal Affairs' annual report for the year ended 30 June 2020

The Auditor-General is the auditor of the Department of Internal Affairs (the Department) and group. 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 and group on pages 69 to 110 and 137, that comprise the statement of financial position, statement of commitments, and statement of contingent assets and liabilities as at 30 June 2020, 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 2020 on pages 15 to 49 and 150 to 189;
- the statements of expenses and capital expenditure of the Department for the year ended 30 June 2020 on pages 138 to 148; and
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 112 to 134 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent assets and liabilities as at 30 June 2020;
 - the schedules of expenses; and revenue for the year ended 30 June 2020;
 - the statement of trust monies for the year ended 30 June 2020; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Department and group on pages 67 to 110 and 137:
 - present fairly, in all material respects:
 - their financial position as at 30 June 2020; and

- their financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- the performance information of the Department on pages 15 to 49 and 150 to 189:
 - presents fairly, in all material respects, for the year ended 30 June 2020:
 - 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 138 to 148 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 112 to 134 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 2020; and
 - expenses; and revenue for the year ended 30 June 2020; and
 - the statement of trust monies for the year ended 30 June 2020.

Our audit was completed on 16 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the Department and the activities it manages on behalf of the Crown. 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.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Department and group as set out in note 27 to the financial statements and pages 44 to 47 of the performance information.

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 and group for preparing:

- financial statements that present fairly the Department and group'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 and group for assessing the Department and group'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 and group, 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 Strategic Intentions 2019-2023, Estimates, Supplementary Estimates and Addition to the Supplementary Estimates of Appropriations 2019/20 for Vote Internal Affairs, and the 2019/20 forecast financial figures included in the Department's 2018/19 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 and group'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 and group'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 and group 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 obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 2 to 13, 51 to 62, and 191 to 197, 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 and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International 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 or its controlled entity.



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

Ngā Tauākī Pūtea - ā-Tari – Financial Statements – Departmental

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Statement of comprehensive revenue and expense

for the year ended 30 June 2020

Parent and group

Actual 2019 \$000		Note	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Unaudited Forecast 2021 \$000
Revenue						
265,703	Revenue Crown	2	316,259	280,154	316,259	344,323
221,624	Other revenue	2	185,671	230,990	222,250	132,271
487,327	Total revenue		501,930	511,144	538,509	476,594
Expenses						
219,202	Personnel costs	3	248,350	214,484	243,115	272,404
41,764	Depreciation, amortisation and impairment expense	9, 11	45,631	46,640	44,753	52,378
20,590	Capital charge	18	22,770	22,680	22,769	22,549
373	Finance costs	19	408	323	379	348
171,926	Other operating expenses	4	167,010	207,820	215,700	186,910
453,855	Total expenses		484,169	491,947	526,716	534,589
33,472	Operating surplus/(deficit)		17,761	19,197	11,793	(57,995)
Other comprehensive revenue and expense						
<i>Item that will not be reclassified to net surplus</i>						
1,683	Asset revaluation gains/(losses)	9, 21	(392)	-	-	-
35,155	Total comprehensive revenue and expense		17,369	19,197	11,793	(57,995)

Explanations of significant variances against budget are detailed in [Note 26](#).

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2020

Parent and group

Actual 2019 \$000		Note	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Unaudited Forecast 2021 \$000
Assets						
<i>Current assets</i>						
71,027	Cash and cash equivalents	6	42,900	40,612	35,647	21,030
64,688	Debtor Crown		83,669	75,000	109,400	-
18,804	Debtors and other receivables	7	12,790	7,844	18,374	13,392
1,555	Inventories	8	1,080	1,595	1,700	1,200
5,390	Prepayments		5,287	5,603	4,172	5,604
39,024	Non-current assets held for sale	10	1,904	39,939	1,904	-
200,488	Total current assets		147,630	170,593	171,197	41,226
<i>Non-current assets</i>						
98	Prepayments		89	-	-	-
226,506	Property, plant and equipment	9	236,396	228,881	240,975	255,094
130,886	Intangible assets	11	168,644	167,861	170,391	200,178
357,490	Total non-current assets		405,129	396,742	411,366	455,272
557,978	Total assets		552,759	567,335	582,563	496,498
Liabilities and taxpayers' funds						
<i>Current liabilities</i>						
39,440	Creditors and other payables	12	36,943	28,754	25,945	33,141
6,392	Provisions	13	4,012	7,932	3,223	1,823
14,605	Revenue received in advance	14	8,263	12,168	13,000	12,000
10,668	Employee entitlements	15	13,966	11,413	16,659	15,913
653	Finance leases	17	2,925	707	2,925	406
478	Other financial liabilities	20	478	-	-	-
1,317	Return of operating surplus	16	16,474	-	-	-
73,553	Total current liabilities		83,061	60,974	61,752	63,283
<i>Non-current liabilities</i>						
136	Provisions	13	482	-	5,372	5,817
2,894	Employee entitlements	15	3,280	2,376	2,694	3,680
3,676	Finance leases	17	8,486	2,969	8,486	8,080
5,463	Other financial liabilities	20	6,011	-	-	-
12,169	Total non-current liabilities		18,259	5,345	16,552	17,577
85,722	Total liabilities		101,320	66,319	78,304	80,860
472,256	Net assets		451,439	501,016	504,259	415,638
Equity						
329,836	Taxpayer's funds	21	308,124	452,845	454,405	365,764
92,567	Memorandum accounts	5	93,854	-	-	-
49,853	Revaluation reserves	21	49,461	48,171	49,854	49,874
472,256	Total equity		451,439	501,016	504,259	415,638

Explanations of significant variances against budget are detailed in [Note 26](#).
The accompanying notes form part of these financial statements.

Statement of changes in equity

for the year ended 30 June 2020

Parent and group

Actual 2019 \$000	Note	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Unaudited Forecast 2021 \$000
404,592	Balance at 1 July	472,256	464,779	472,258	451,853
33,472	Operating surplus for the year	17,761	19,197	11,793	(57,995)
1,683	Other comprehensive revenue and expense	(392)	-	-	-
35,155	Total comprehensive revenue and expense	17,369	19,197	11,793	(57,995)
Owner transactions					
35,639	Capital injections	16,008	17,640	20,808	21,780
(1,813)	Capital withdrawal	(37,720)	(600)	(600)	-
(1,317)	Return of operating surplus	(16,474)	-	-	-
472,256	Balance at 30 June	451,439	501,016	504,259	415,638

Explanations of significant variances against budget are detailed in [Note 26](#).

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2020

Parent and group

Actual 2019 \$000		Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Unaudited Forecast 2021 \$000
Cash flows from operating activities					
240,360	Receipts from the Crown	297,277	260,154	271,547	427,992
215,579	Receipts from third parties	184,953	220,955	222,353	131,365
94	Net goods and services tax	145	57	(258)	596
(376,539)	Payments to suppliers and employees	(415,017)	(408,774)	(470,951)	(461,661)
(20,590)	Payments for capital charges	(22,770)	(22,565)	(22,769)	(22,549)
58,904	Net cash flows from operating activities	44,588	49,827	(78)	75,743
Cash flows from investing activities					
259	Receipts from sale of property, plant and equipment	36,785	600	37,520	1,904
(30,393)	Purchase of property, plant and equipment	(30,082)	(24,707)	(31,862)	(39,029)
(38,296)	Purchase of intangible assets	(63,471)	(41,944)	(64,008)	(62,463)
(68,430)	Net cash flows from investing activities	(56,768)	(66,051)	(58,350)	(99,588)
Cash flows from financing activities					
35,639	Capital injections	16,008	17,640	20,808	21,780
(1,700)	Capital withdrawals	(37,720)	(600)	(600)	-
(2,591)	Repayment of surplus to the Crown	(1,317)	-	(1,317)	(16,474)
(603)	Payments on finance leases	7,082	(707)	4,157	(3,331)
30,745	Net cash flows from financing activities	(15,947)	16,333	23,048	1,975
Movement in cash					
49,808	Opening cash and cash equivalents	71,027	40,503	71,027	42,900
21,219	Net increase/(decrease) in cash	(28,127)	109	(35,380)	(21,870)
71,027	Closing cash and cash equivalents	42,900	40,612	35,647	21,030

Explanations of significant variances against budget are detailed in [Note 26](#).

The accompanying notes form part of these financial statements.

Statement of cash flows (continued)

for the year ended 30 June 2020

Parent and group

Reconciliation of the net surplus cash flow from operating activities

Actual 2019 \$000		Actual 2020 \$000
35,155	Total comprehensive revenue and expense	17,369
	Add/(deduct) non-cash items	
41,764	Depreciation, amortisation and impairment expense	44,512
(1,603)	Asset revaluation gains	392
-	Impairment of intangible assets	1,119
(80)	Transfer to taxpayers' funds on disposal	-
(275)	Acquisition of donated assets	(250)
39,806	Total non-cash items	45,773
	Add/(deduct) items classified as investing activities	
30	Losses/(gains) on sale of property, plant and equipment	601
30	Total investing or financial activities	601
	Add/(deduct) movements in Statement of financial position items	
(33,212)	(Increase)/decrease in debtors and other receivables	(13,096)
653	(Increase)/decrease in other current assets	587
8,285	Increase/ (decrease) in other current liabilities	(4,531)
444	Increase/(decrease) in non-current liabilities	385
7,742	Increase/ (decrease) in creditors and other payables	(2,500)
(16,088)	Total net movement in working capital items	(19,155)
58,904	Net cash flows from operating activities	44,588

The accompanying notes form part of these financial statements.

Statement of commitments

as at 30 June 2020

Parent and group

Actual 2019 \$000		Actual 2020 \$000
	Capital commitments	
4,716	Intangible assets	3,605
47	Non-residential buildings	2
5,183	Plant and equipment	-
2	Furniture and fittings	-
519	Leasehold improvements	-
10,467	Total capital commitments	3,607
	Non-cancellable operating commitment leases as lessee	
	<i>The future aggregate minimum lease payments to be paid under non-cancellable operating leases</i>	
14,515	No later than one year	18,626
12,241	Later than one and not later than two years	17,923
30,890	Later than two and not later than five years	43,881
62,329	Later than five years	95,466
119,975	Total non-cancellable operating commitment leases as lessee	175,896
130,442	Total commitments	179,503

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 are not recognised as a liability, at the financial year end.

Cancellable capital commitments are reported at the lower of the remaining contractual commitment or the early exit costs 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 future 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 \$0.876 million (2018/19: \$1.223 million).

The accompanying notes form part of these financial statements.

Statement of contingent assets and liabilities

as at 30 June 2020

Parent and group

Quantifiable contingent assets

As at 30 June 2020, the Department had no quantifiable contingent assets (2018/19: nil).

Unquantifiable contingent assets

As at 30 June 2020, the Department had no unquantifiable contingent assets (2018/19: nil).

Quantifiable contingent liabilities

As at 30 June 2020, the Department had:

- One quantifiable contingent liability of \$5.192million for costs associated with the concept design phase of the new Wellington Archives, should the development not proceed (2018/19: \$0.400 million).
- One quantifiable contingent liability of \$0.045 million relating to an employment issue (2018/19: \$0.196 million).

Unquantifiable contingent liabilities

As at 30 June 2020, the Department had no unquantifiable contingent liabilities (2018/19: two).

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) (Parent) 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.

The Group consists of the Department and its subsidiary, Te Puna Foundation (the Foundation).

The Foundation is a Charitable Trust, which is controlled by the Department to provide support to the National Library of New Zealand in accordance with the National Library of New Zealand (Te Puna Mātauranga o Aotearoa) Act 2003. The consolidation is required for financial reporting purposes only. The Department and the Foundation operate independently.

Reporting period

The reporting period for these financial statements is the year ended 30 June 2020 with comparative figures for the year ended 30 June 2019. The financial statements were authorised for issue by the Chief Executive of the Department of Internal Affairs on 16 November 2020.

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 an 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

There are no standards or amendments, that have been issued but are not yet effective, that are relevant to the Department's financial reporting.

Significant accounting policies

Significant accounting policies are included in the notes to which they relate and those 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 2019/20 budget figures (Unaudited Budget 2020) are for the year ended 30 June 2020. 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 2019/20. In addition, the financial statements also present the updated budget information from the Supplementary Estimates (Unaudited Supps EST 2020).

The 2020/21 forecast figures (Unaudited Forecast 2021) are for the year ending 30 June 2021, which are consistent with the best estimate financial forecast information submitted to the Treasury for the Pre-election Economic and Fiscal Update (PREFU) for 2020/21. 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 2021 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 2020/21. 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 are 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,
- estimated year end information for 2019/20 is used as the opening position for 2020/21 forecasts, and
- revenue forecast changes as a result of the COVID-19 pandemic have been reflected in the forecast financials.

The actual financial results achieved for 30 June 2021 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 2020/21 actual financial statements include:

- further operating impacts associated with the COVID-19 pandemic,
- 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 2020/21 will be incorporated into the Supplementary Estimates of appropriations for the Government of New Zealand for the year ending 30 June 2021.

Authorisation statement

The forecast financial statements were approved for issue by the Chief Financial Officer on 16 April 2020. 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 2021 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 the 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 applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Notes	Judgements, estimates and assumptions
Note 11 – Intangible assets	Assessing the useful lives of software
Note 15 – Employee entitlements	Measuring long service leave and retirement gratuities
Note 17 – Finance leases	Classification of leases
Note 21 – Equity	Estimating the fair value of land and building

Results for the year

2. 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 to 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

Grants

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

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 and further information

Actual 2019 \$000		Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Unaudited Forecast 2021 \$000
Other revenue from non-exchange transactions					
275	Other third-party revenue	250	-	-	-
275	Total other revenue from non-exchange transactions	250	-	-	-
Other revenue from exchange transactions					
118,902	Passport fees	91,117	126,149	118,300	28,785
22,388	Non-casino gaming licences and fees	18,060	21,471	21,424	20,647
15,274	Birth, death, marriage and civil union fees	13,767	15,256	15,255	15,256
15,436	Citizenship fees	11,973	17,524	14,351	17,508
10,570	Recovery from New Zealand Lottery Grants Board	11,034	10,513	11,334	10,513
9,062	VIP transport	8,771	9,000	9,000	9,000
7,661	e-Government development and operations	8,533	7,743	7,812	7,360
5,453	Casino operators' levies	4,651	6,951	6,951	6,948
3,711	Electronic purchasing in collaboration	3,718	3,475	3,595	3,595
2,107	Kōtui library services	2,308	1,800	2,200	2,199
1,540	Translation services	1,792	1,000	2,003	1,000
1,855	RealMe	1,746	2,068	1,912	2,068
1,293	Te Puna catalogue and inter-loan library services	1,511	1,002	1,562	1,495
846	Lake Taupō boating facilities	911	915	916	980
869	Charities registrations	830	852	852	852
751	New Zealand Gazette	757	844	844	844
1,483	Language line interpreter services	400	1,551	400	-
400	National dog database levy	400	400	400	400
321	Rental revenue from sublease	384	-	-	350
78	National Library auditorium	141	460	210	210
-	Net foreign exchange gain	11	-	-	-
1,349	Other third-party revenue	2,606	2,016	2,929	2,261
221,349	Total other revenue from exchange transactions	185,421	230,990	222,250	132,271
221,624	Total other revenue	185,671	230,990	222,250	132,271

COVID-19 pandemic revenue impact

The countrywide lockdown and other restricted COVID-19 Alert Levels have directly impacted the Department's third-party revenue streams. In particular, passport fees and gambling revenues were significantly impacted.

Passport fees: international border closures associated with COVID-19 have created a passport revenue risk for the Department, with a material impact of approximately \$27.5 million to 30 June 2020. It is uncertain when this revenue stream will recover, as it relies on factors outside the control of the Department, such as border restriction decreases, resumption of international travel, and willingness of passport holders to travel. The Department is modelling various scenarios and will refine them as the situation becomes more certain.

Non-casino gaming licences and fees: revenue was affected by COVID-19 restrictions as venues could not operate during alert levels 3 and 4 and operated at a reduced capacity during alert level 2. On 1 July 2020 a number of regulatory amendments were introduced to mitigate the impact of COVID-19 on the gambling sector. These amendments waived certain fees for the period from 25 March to 30 June 2020 and cancelled the fee increase planned for 1 July 2020. The overall impact decreased gambling revenue by \$5.3 million compared to last year.

Electronic purchasing in collaboration: subscriptions will be largely funded by the Crown rather than 3rd party revenues for the 2020/21 and 2021/22 financial years.

Te Puna catalogue and inter-loan library services: subscriptions will be largely funded by the Crown rather than 3rd party revenues for the 2020/21 and 2021/22 financial years.

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 2019 \$000		Actual 2020 \$000
206,290	Salaries, wages and contractor expenses	234,988
6,073	Employer contribution to defined contribution plans	6,727
3,313	Restructuring costs	-
1,139	Increase in employee entitlements	3,624
2,387	Other personnel costs	3,011
219,202	Total personnel costs	248,350

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 2019 \$000	Note	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Unaudited Forecast 2021 \$000
52,777	Computer costs	58,932	75,132	56,421	63,669
24,197	Rental and leasing costs	25,313	21,937	23,683	29,445
15,600	Consultants and outsourcing contracts	16,399	15,337	20,955	21,630
21,879	Inventory costs	13,152	23,521	20,085	12,399
12,930	Agency fees	12,044	12,700	12,591	12,436
9,662	Travel expenses	8,545	9,143	11,315	9,885
8,952	Office expenses	7,741	10,178	8,715	8,084
4,419	Professional fees	7,303	3,700	10,463	8,358
3,850	Library resources and subscriptions	4,958	5,008	4,725	4,666
3,409	Staff development	2,379	3,622	3,621	5,169
1,533	Repair and maintenance	1,710	6,832	1,821	1,367
1,223	Publicity and promotion	757	1,050	1,239	1,298
30	Loss on write-off of assets	601	-	365	-
396	Fees for auditor (financial statement audit)	405	426	426	434
15	Increase in provision for expected lifetime credit loss	39	-	13	-
30	Fees to Auditor (assurance and related Services)	37	-	-	-
67	Realised foreign exchange losses	13	-	13	-
180	Increase in provision for onerous contracts	-	-	-	-
10,777	Other departmental operating costs	6,682	19,234	39,249	8,070
171,926	Total other operating expenses	167,010	207,820	215,700	186,910

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 2019 \$000	Actual 2020 \$000
(238)	(232)
(158)	(253)
78,492	83,010
20,279	16,425
436	210
1,683	1,358
4,526	8,608
1,196	1,063
303	70
(14,898)	(17,479)
946	1,074
92,567	93,854

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: Costs and Revenues will be reviewed in 2020/21 and revised where appropriate to ensure they balance over time.

Actual 2019 \$000		Actual 2020 \$000
New Zealand Gazette		
(282)	Balance at 1 July	(238)
751	Revenue movement for the year	757
(707)	Expense movement for the year	(751)
44	Net memorandum account surplus for the year	6
(238)	Balance at 30 June	(232)

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: New fees for the Lake Taupō boating facilities were introduced in November 2019. This will lead to increased revenue from 2020/21. COVID-19 restrictions caused a reduction in the number of temporary permits issued with an estimated revenue impact of \$20,000 when compared to the same period last year.

Actual 2019 \$000		Actual 2020 \$000
Use of facilities and access to Lake Taupō by boat users		
(22)	Balance at 1 July	(158)
846	Revenue movement for the year	911
(982)	Expense movement for the year	(1,006)
(136)	Net memorandum account (deficit) for the year	(95)
(158)	Balance at 30 June	(253)

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 full implications of the COVID-19 pandemic on passport volumes are unknown and will be greatly affected by the timing of borders re-opening and international travel restarting. The Department is modelling various scenarios and will refine them as the situation becomes more certain. The next passport fees review is currently planned for November 2021 when the impact of the pandemic on passport application volumes should be clearer.

Actual 2019 \$000		Actual 2020 \$000
Passport products		
55,095	Balance at 1 July	78,492
118,901	Revenue movement for the year	91,178
(95,504)	Expense movement for the year	(86,660)
23,398	Net memorandum account surplus for the year	4,518
78,492	Balance at 30 June	83,010

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 Department is undertaking work as part of the Te Ara Manaaki programme to modernise systems for identity-related products. The surplus will contribute to the costs of replacing aging technology.

Actual 2019 \$000		Actual 2020 \$000
Citizenship products		
16,766	Balance at 1 July	20,279
15,437	Revenue movement for the year	11,972
(11,924)	Expense movement for the year	(15,826)
3,513	Net memorandum account surplus/(deficit) for the year	(3,854)
20,279	Balance at 30 June	16,425

Marriage and civil union products (Established 30 June 2002, amended to include civil unions 1 July 2012)

Purpose: To support a strategy to stabilise fees based on full cost recovery over a four to five-year planning horizon. This strategy supports the introduction of new technologies including the replacement of the ageing births, deaths and marriages (BDM) systems within that timeframe.

Actions: The Department is undertaking work as part of the Te Ara Manaaki programme to modernise systems for identity-related products. The surplus will contribute to the cost of replacing aging technology.

Actual 2019 \$000		Actual 2020 \$000
Marriage and civil union products		
(86)	Balance at 1 July	436
4,153	Revenue movement for the year	3,740
(3,631)	Expense movement for the year	(3,966)
522	Net memorandum account surplus/(deficit) for the year	(226)
436	Balance at 30 June	210

Issue of birth, death and marriage certifications and other products (Established 30 June 2002)

Purpose: To support a strategy to stabilise fees based on full cost recovery over a four to five-year planning horizon. This strategy includes the introduction of new technologies that allow greater access by applicants through the Internet.

Actions: The Department is undertaking work as part of the Te Ara Manaaki programme to modernise systems for identity-related products. The surplus will contribute towards the cost of replacing aging technology.

Actual 2019 \$000		Actual 2020 \$000
Issue of birth, death and marriage certifications and other products		
1,087	Balance at 1 July	1,683
11,121	Revenue movement for the year	10,015
(10,525)	Expense movement for the year	(10,340)
596	Net memorandum account surplus/(deficit) for the year	(325)
1,683	Balance at 30 June	1,358

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, license 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: Revenue for the year was affected by COVID-19 restrictions with venues not being able to operate during Alert Levels 3 and 4 and operating at a reduced capacity during Alert Level 2. On 1 July 2020 regulatory amendments were introduced to mitigate the impact of COVID-19 on the gambling sector. These amendments waived certain fees for the period from 25 March to 30 June 2020 and cancelled the fee increase planned for 1 July 2020. The overall impact on revenue was \$5.4 million for the year. A review of the gaming memorandum account highlighted that the memorandum account had been overcharged by \$3.606 million during the period from 1 July 2014 to 30 June 2019. This issue has been rectified and \$3.606 million returned to the memorandum account. The next fee review is expected to be undertaken in 2021/22.

Actual 2019 \$000		Actual 2020 \$000
Gaming		
(2,576)	Balance at 1 July	4,526
27,010	Revenue movement for the year	21,755
(19,908)	Expense movement for the year	(21,279)
7,102	Net memorandum account surplus for the year	476
-	Transfers	3,606
4,526	Balance at 30 June	8,608

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: Subscription fees are reviewed annually to ensure recovery of full costs.

Actual 2019 \$000		Actual 2020 \$000
Kōtui library services		
1,123	Balance at 1 July	1,196
2,107	Revenue movement for the year	2,309
(2,034)	Expense movement for the year	(2,442)
73	Net memorandum account surplus/(deficit) for the year	(133)
1,196	Balance at 30 June	1,063

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: Fees are reviewed annually and are based on member uptake and vendor costs.

Actual 2019 \$000		Actual 2020 \$000
Electronic Purchasing in Collaboration (EPIC)		
(49)	Balance at 1 July	303
3,710	Revenue movement for the year	3,706
(3,358)	Expense movement for the year	(3,939)
352	Net memorandum account surplus/(deficit) for the year	(233)
303	Balance at 30 June	70

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 break even from 2020/21. However, updated projections now indicate the breakeven position will not occur in 2020/21 or in outyears. Work is progressing in 2020/21 to develop a sustainable funding mechanism for the Common Capabilities products.

Actual 2019 \$000		Actual 2020 \$000
Common capability products		
(11,415)	Balance at 1 July	(14,898)
7,661	Revenue movement for the year	8,553
(11,144)	Expense movement for the year	(11,134)
(3,483)	Net memorandum account (deficit) for the year	(2,581)
(14,898)	Balance at 30 June	(17,479)

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 2020/21 associated with reviewing and renewing the National Dog Control Information Database operation and support contract. This expenditure is expected to utilise the accumulated surplus.

Actual 2019 \$000		Actual 2020 \$000
National dog control information database		
771	Balance at 1 July	946
400	Revenue movement for the year	400
(225)	Expense movement for the year	(272)
175	Net memorandum account surplus for the year	128
946	Balance at 30 June	1,074

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 the Department 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 2019 \$000		Actual 2020 \$000
69,996	New Zealand bank accounts	41,143
	Overseas bank accounts	
500	Australian bank accounts	1,091
166	United Kingdom bank accounts	362
	Trust bank account	
365	Retention trust account	304
71,027	Total cash and cash equivalents	42,900

7. Debtors and other receivables

Accounting policy

Debtors and other receivables are recorded at face value, less an allowance for credit losses. The Department has applied the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, debtors and other receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Debtors and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Provision for expected lifetime credit loss

The provision for expected lifetime credit loss 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.

There have been no changes, during the reporting period, to the estimation techniques or significant assumptions used to measure the provision.

Breakdown of receivables and further information

Actual 2019 \$000		Actual 2020 \$000
18,889	Gross trade receivables	12,908
(85)	Less provision for expected lifetime credit loss	(118)
18,804	Total accounts receivables	12,790
Total receivables comprise:		
18,804	Receivables from exchange transactions	12,790
18,804	Total receivable	12,790

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.

2019				2020		
Gross \$000	Lifetime expected credit loss \$000	Net \$000		Gross \$000	Lifetime expected credit loss \$000	Net \$000
13,760	(8)	13,752	Not past due	9,242	(9)	9,233
3,859	(2)	3,857	Past due 1-30 days	378	(1)	377
394	(4)	390	Past due 31-60 days	1,467	(14)	1,453
350	(12)	338	Past due 61-90 days	694	(12)	682
526	(59)	467	Past due > 91 days	1,127	(82)	1,045
18,889	(85)	18,804	Total accounts receivables	12,908	(118)	12,790

Movements in the provision for expected lifetime credit loss are as follows:

Actual 2019 \$000		Actual 2020 \$000
(70)	Opening expected lifetime credit loss as at 1 July	(85)
(85)	Additional provisions made during the year	(118)
70	Provisions released during the year	85
(85)	Closing expected lifetime credit loss as at 30 June	(118)

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 2019 \$000		Actual 2020 \$000
Birth, death and marriage certificates		
75	Stock on hand	50
Citizenship		
20	Stock on hand	21
647	Work in progress	636
Film preservation laboratory		
48	Stock on hand	41
National library		
25	Stock on hand	25
Passports		
96	Stock on hand	89
644	Work in progress	218
1,555	Total inventories	1,080

No inventories have been written down during the year (2018/19: nil).

No inventories are pledged as security for liabilities (2018/19: nil). However, some inventories are subject to retention of title clauses.

9. Property, plant and equipment

Accounting policy

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

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 revalued assets 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 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 recognised as 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.

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
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	15 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

2020

Cost or valuation

Asset class	Balance at 1 July \$000	Additions \$000	Revaluation/ Impairment \$000	Disposals \$000	Transfers* \$000	Balance at 30 June \$000
Land	14,170	-	-	-	-	14,170
Non-residential buildings	136,771	4,969	20	-	(4,812)	136,948
Leasehold improvements	36,616	12,574	-	-	(671)	48,519
Boating facilities	-	-	-	-	-	-
Antiques and works of art	1,383	-	(412)	(12)	-	959
Furniture and fittings	29,002	2,600	-	(8)	451	32,045
General collections	32,318	463	-	-	157	32,938
Schools collections	20,963	845	-	(3,103)	36	18,741
Motor vehicles	6,887	1,943	-	(471)	1	8,360
Plant and equipment	15,491	4,684	-	-	(5,567)	14,608
IT equipment	37,023	4,143	-	-	(442)	40,724
Leased assets	6,700	8,930	-	-	-	15,630
Total cost	337,324	41,151	(392)	(3,594)	(10,847)	363,642

2020

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	1,256	5,665	-	-	-	6,921
Leasehold improvements	12,703	2,522	-	-	-	15,225
Boating facilities	-	-	-	-	-	-
Antiques and works of art	-	-	-	-	-	-
Furniture and fittings	14,288	1,876	-	(8)	-	16,156
General collections	24,539	1,040	-	-	-	25,579
Schools collections	18,241	1,072	-	(3,103)	-	16,210
Motor vehicles	2,784	953	-	(380)	-	3,357
Plant and equipment	5,521	414	-	-	-	5,935
IT equipment	26,988	5,122	-	-	-	32,110
Leased assets	4,498	1,255	-	-	-	5,753
Total accumulated depreciation	110,818	19,919	-	(3,491)	-	127,246

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

2019

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	9,585	-	3,670	-	914	14,170
Non-residential buildings	147,342	12,831	(19,612)	-	(3,789)	136,771
Leasehold improvements	32,524	4,092	-	-	-	36,616
Boating facilities	120	-	-	(120)	-	-
Antiques and works of art	1,378	13	-	(8)	-	1,383
Furniture and Fittings	25,889	558	-	(12)	2,567	29,002
General collections	31,714	485	-	-	119	32,318
Schools collections	19,857	1,061	-	-	45	20,963
Motor vehicles	7,120	356	-	(842)	253	6,887
Plant and equipment	10,223	9,259	-	(159)	(3,832)	15,491
IT equipment	30,746	975	-	(59)	5,361	37,023
Leased assets	6,700	-	-	-	-	6,700
Total cost	323,198	29,630	(15,942)	(1,200)	1,638	337,324

2019

Accumulated depreciation

Asset class	Balance at 1 July \$000	Depreciation \$000	Revaluation/ Impairment \$000	Disposals \$000	Transfers \$000	Balance at 30 June \$000
Land	-	-	-	-	-	-
Non-residential buildings	12,093	6,944	(17,625)	(156)	-	1,256
Leasehold improvements	11,097	1,606	-	-	-	12,703
Boating facilities	6	1	-	(7)	-	-
Antiques and works of art	-	-	-	-	-	-
Furniture and fittings	12,669	1,631	-	(12)	-	14,288
General collections	23,481	1,058	-	-	-	24,539
Schools collections	17,146	1,095	-	-	-	18,241
Motor vehicles	2,666	715	-	(597)	-	2,784
Plant and equipment	5,262	418	-	(159)	-	5,521
IT equipment	23,110	3,936	-	(58)	-	26,988
Leased assets	3,541	957	-	-	-	4,498
Total accumulated depreciation	111,071	18,361	(17,625)	(989)	-	110,818

Summary of property, plant and equipment

2019				2020		
Cost or valuation \$000	Accumulated depreciation \$000	Carrying value \$000	Asset class	Cost or valuation \$000	Accumulated depreciation \$000	Carrying value \$000
14,170	-	14,170	Land	14,170	-	14,170
136,771	1,256	135,515	Non-residential buildings	136,948	6,921	130,027
36,616	12,703	23,913	Leasehold improvements	48,519	15,225	33,294
1,383	-	1,383	Antiques and works of art	959	-	959
29,002	14,288	14,714	Furniture and fittings	32,045	16,156	15,889
32,318	24,539	7,779	General collections	32,938	25,579	7,359
20,963	18,241	2,722	Schools collections	18,741	16,210	2,531
6,887	2,784	4,103	Motor vehicles	8,360	3,737	4,623
15,491	5,521	9,970	Plant and equipment	14,608	5,555	9,053
37,023	26,988	10,035	IT equipment	40,724	32,110	8,614
6,700	4,498	2,202	Leased assets	15,630	5,753	9,877
337,324	110,818	226,506	Total property, plant and equipment	363,642	127,246	236,396

Finance leases

The net carrying amount of the leased assets (passport printers) held by way of a finance lease is \$9.877 million (2018/19: \$2.202 million).

Capital work in progress

2019 cost \$000	Asset class	2020 cost \$000
13,887	Non-residential buildings (including leasehold improvements)	3,518
178	Furniture and fittings	43
2,713	Plant and equipment	5,394
16,778	Total capital work in progress	8,955

Revaluation movement

Details of valuations and revaluation movements are contained in [Note 21](#).

Impairment losses

The Department has no impairment losses (2018/19: 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 2019 \$000		Actual 2020 \$000
	Land	
37,120	Land beneath Archives and National Library - Wellington	-
1,904	Archives New Zealand - Christchurch	1,904
	Building	
-	Archives New Zealand - Christchurch	-
39,024	Total non-current assets held for sale	1,904

Land beneath Archives and National Library – Wellington

The land under National Library and Archives New Zealand was included as deferred sale and leaseback redress within the Taranaki Whānui ki te Upoko o te Ika Settlement in 2008. The Department completed the settlement in June 2020.

Land and building Archives New Zealand - Christchurch

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

The property was deemed surplus to requirements and the Department has engaged Land Information New Zealand (LINZ) to coordinate the disposal. The sale is expected to be completed in the 2020 calendar year. The full financial impact of this sale and purchase agreement will be disclosed in the 2020/21 annual report.

The accumulated revaluation (gain) reserve associated with the land is \$1.324 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 life 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:

2020

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	46,475	303	-	-	1,041	47,819
Software internally generated	252,466	52,530	(1,119)	(321)	9,807	313,363
Total software cost	298,941	52,833	(1,119)	(321)	10,848	361,182

2020

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	28,451	3,461	-	(112)	-	31,800
Software internally generated	139,604	21,134	-	-	-	160,738
Total software amortisation	168,055	24,595	-	(112)	-	192,538
Net book value	130,886					168,644

2019

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	49,571	1,431	-	(4,104)	(423)	46,475
Software internally generated	218,629	48,540	(452)	(3,488)	(10,763)	252,466
Total software cost	268,200	49,971	(452)	(7,592)	(11,186)	298,941

2019

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	29,128	3,391	-	(4,068)	-	28,451
Software internally generated	123,080	17,940	2,072	(3,488)	-	139,604
Total software amortisation	152,208	21,331	2,072	(7,556)	-	168,055
Net book value	115,992					130,886

Capital work in progress

The total amount of work in progress is \$37.592 million (2018/19: \$24.629 million).

Impairment losses

The Department has recognised an impairment loss of \$1.119 million for internally generated software (2018/19: \$2.072 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 2019 \$000		Actual 2020 \$000
	Creditors and other payables under exchange transactions	
12,937	Creditors	2,528
19,023	Accrued expenses	23,896
4,222	Accrued salaries	7,115
	Creditors and other payables under non-exchange transactions	
3,258	GST payable	3,404
39,440	Total creditors and other payables	36,943

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. 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 2019 \$000		Actual 2020 \$000
	Current provisions	
3,187	Restructuring	1,551
180	Onerous contracts	-
111	Lease make good	36
2,914	Others	2,425
6,392	Total current provisions	4,012
	Non-current provisions	
136	Lease make good	136
-	Onerous contracts	346
136	Total non-current provisions	482
6,528	Total provisions	4,494

	Restructuring \$000	Lease make good \$000	Onerous lease \$000	Others \$000	Total \$000
2020					
Balance as at 1 July	3,187	247	180	2,914	6,528
Additional provisions made	-	-	346	1,194	1,540
Charge against provision for the year	(1,636)	(75)	(180)	(1,666)	(3,557)
Unused provision reversed	-	-	-	(17)	(17)
Balance as at 30 June	1,551	172	346	2,425	4,494

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 received from it. The leases are onerous because of vacant space. The Department has an onerous contract of \$0.346 million as at 30 June 2020 (2018/19: \$0.180 million).

Others

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

The Department has estimated potential liabilities and is in the process of finalising the calculations of individual payment and plan on paying the remediation owing to the current employees shortly, with former employees paid and the implementation of necessary system remediation finalised in 2020/21.

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 2019 \$000		Actual 2020 \$000
5,062	Passport fees; birth, death, marriage and civil union fees; and citizenship fees	4,831
5,351	Gaming - licensing fees	1,571
2,717	Electronic Purchasing in Collaboration	900
840	National Library - Pacific Virtual Museum Pilot Program	412
343	Software as a service	343
107	Kōtui library services	-
30	Te Puna	-
11	Aotearoa People's Network Kaharoa	-
144	Other	206
14,605	Total revenue received in advance	8,263

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 2019 \$000		Actual 2020 \$000
Current entitlements		
10,052	Annual leave	13,310
616	Long service and retirement leave	656
10,668	Total current entitlements	13,966
Non-current entitlements		
2,894	Long service and retirement leave	3,280
2,894	Total non-current entitlements	3,280
13,562	Total entitlements	17,246

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 2019 %		Actual 2020 %
	Discount rate	
1.43	Long service leave	0.34
1.35	Retirement leave	0.22
	Salary inflation factor	
3.10	Salary inflation	2.92

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	238,000	(211,000)	(208,000)	230,000
Retiring leave	-	-	-	-

16. Return of operating surplus

Actual 2019 \$000		Actual 2020 \$000
35,160	Total comprehensive revenue and expense	17,369
(1,683)	Revaluation loss/(gain)	392
(32,160)	(Surplus)/deficit on memorandum accounts	2,319
-	Transfers on Memorandum Accounts	(3,606)
1,317	Total return of operating surplus	16,474

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 2019 \$000		Actual 2020 \$000
	Total minimum lease payments payable	
975	Not later than one year	3,489
3,902	Later than one year and not later than five years	3,617
488	Later than five years	8,892
5,365	Total minimum lease payments	15,998
	Future charges	
(323)	Not later than one year	(564)
(702)	Later than one year and not later than five years	(1,836)
(11)	Later than five years	(2,187)
(1,036)	Total future charges	(4,587)
	Present value of minimum lease payments payable	
653	Not later than one year	2,925
3,200	Later than one year and not later than five years	1,781
476	Later than five years	6,705
4,329	Total present value of minimum lease payments	11,411
	Represented by:	
653	Current	2,925
3,676	Non-current	8,486
4,329	Total finance leases	11,411

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 2020 was 6.0% per annum (2018/19: 6.0%).

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 2019 \$000		Actual 2020 \$000
373	Interest on finance leases	408
373	Total finance costs	408

20. Other financial liabilities

Accounting policy

Leasing incentives with durations of less than 12 months are recognised as liabilities 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 2019 \$000		Actual 2020 \$000
Current liabilities		
478	Leasing incentives	478
478	Total current liabilities	478
Non-current liabilities		
5,463	Leasing incentives	6,011
5,463	Total non-current liabilities	6,011
5,941	Total other financial liabilities	6,489

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 and works of art and antiques to fair value.

Breakdown of equity and further information

Actual 2019 \$000		Note	Actual 2020 \$000
Taxpayers' funds			
295,930	Opening balance 1 July		329,836
35,155	Total comprehensive revenue and expense		17,369
(1,683)	Transfer of asset revaluation losses/(gains) to revaluation reserves	9	392
80	Transfer revaluation reserve to taxpayers' funds on disposal		-
(32,155)	Transfer of memorandum account net (surplus)/deficit for the year	5	2,319
-	Transfers on Memorandum Accounts		(3,606)
35,639	Capital injections	22	16,008
(1,700)	Capital withdrawals	22	(37,720)
(113)	Technical transfer	22	-
(1,317)	Return of operating surplus to the Crown	16	(16,474)
329,836	Balance at 30 June		308,124
Memorandum accounts			
60,412	Opening balance 1 July		92,567
32,155	Net memorandum account surplus/(deficit) for the year	5	(2,319)
-	Transfers on Memorandum Accounts		3,606
92,567	Balance at 30 June		93,854
Revaluation reserves			
48,250	Opening balance 1 July		49,853
1,683	Revaluation gains/(losses)	9	(392)
(80)	Transfer to taxpayers' funds on disposal		-
49,853	Balance at 30 June		49,461
Revaluation reserves consist of:			
17,889	Land revaluation reserve		17,889
30,842	Building revaluation reserve		30,862
-	Boating facilities revaluation reserve		-
1,122	Antiques and works of art revaluation reserve		710
49,853	Total revaluation reserves		49,461

Critical accounting estimates and assumptions

Land and buildings - Departmental accommodation

The land and buildings were valued by CBRE Ltd, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer in June 2019, with the valuation effective as at 30 June 2019. The next valuation will be effective from 30 June 2022, which is in line with the Department's accounting policy. The independent valuer confirmed that there would have been minimal change to the valuation assessment without the effects COVID-19. The majority of properties are measured using depreciated replacement cost (DRC) to determine fair value. Although construction costs will increase in the short term, they are not expected to be materially affected in the long term, therefore the COVID-19 pandemic is expected to have a limited overall impact on the value of land and buildings as at 30 June 2020. The 2019 valuation is deemed to be fair and reasonable.

Antiques and works of art

The Antiques and works of art were valued by Dunbar Sloane Ltd, an independent expert, in June 2020, with valuations effective as at 30 June 2020. In line with the Department's accounting policy, the next valuation will be effective 30 June 2023.

22. Capital injections and withdrawals

Actual 2019 \$000		Actual 2020 \$000
Capital Injections		
-	Meeting Core Statutory Responsibilities	6,121
1,325	Royal Commission into Historical Abuse in State Care	3,168
3,000	RealMe	3,000
2,127	Preserving the nation's memory	2,869
850	Core Government trusted domain	850
19,069	Asset replacement programme funding	-
4,500	Digital Identity	-
3,168	Anti-money Laundering phase 2	-
1,000	Progressive steps programme	-
600	Royal Commission into Christchurch Mosques Terror Attack	-
-	2017 Change of Executive	-
-	Archives NZ - Christchurch Relocation	-
-	Wellington accommodation project	-
35,639	Total capital injections	16,008
Capital Withdrawals		
-	Sale and Leaseback of Land to Taranaki Whānui	(37,120)
-	Royal Commission into Christchurch Mosques Terror Attack	(600)
(1,700)	RealMe Repayable Capital Injection	-
(113)	Asset transfers to non-Department	-
(1,813)	Total capital withdrawals	(37,720)

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 and 1 year \$000	Between 1 year and 5 years \$000	Over 5 years \$000
2020						
Creditors and other payables	12	36,943	36,943	-	-	-
Finance lease	17	15,998	1,745	1,744	3,617	8,892
Other financial liabilities	20	6,489	315	1,190	1,482	3,502
2019						
Creditors and other payables		39,440	39,440	-	-	-
Finance lease		5,365	488	487	3,902	488
Other financial liabilities		5,941	239	239	2,239	3,224

The Department had no forward exchange contracts outstanding at 30 June 2020 (2018/19: 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 2019 \$000		Note	Actual 2020 \$000
Loans and receivables			
71,027	Cash and cash equivalents	6	42,900
64,688	Debtor Crown		83,669
18,804	Debtors and other receivables	7	12,790
154,519	Total loans and receivables		139,359
Financial liabilities measured at amortised cost			
39,440	Creditors and other payables (excluding revenue received in advance)	12	36,943
4,329	Finance lease	17	11,411
5,941	Other financial liabilities	20	6,489
49,710	Total financial liabilities measured at amortised cost		54,843

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 2019/20 (2018/19: nil).

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

Other disclosures

24. Controlled entity

The Department is required to prepare consolidated financial statements in relation to the group for each financial year. Consolidated financial statements for the group have not been prepared using the acquisition method due to the small size of its controlled entity, the Foundation, which means that the parent and group amounts are not materially different.

The Foundation has a balance date of 31 March and there has been no significant event to adjust between then and 30 June 2020.

The Foundation had total revenue of \$0.376 million (2018/19: \$1.704 million) and a net loss of \$0.181 million (2018/19: \$1.615 million surplus). The Foundation had assets of \$2.086 million (2018/19: \$2.338 million) and liabilities of \$0.147 million (2018/19: \$0.161 million)

The Foundation has no capital commitments or non-cancellable operating commitment leases as lessee. There is one commitment as the Board undertook to provide a \$1 million contribution to the Community of Readers Project in partnership with the National Library. As at balance date unspent funds were \$0.827 million.

The Foundation had no contingent assets or contingent liabilities at balance date.

Accounting policies applies to the controlled entity

Donations in kind

Donations in kind exist where an asset or service is provided by a third party in exchange for branding association or other non-cash benefits provided by the Foundation. This occurs through open market negotiations, and the fair market value of the asset or service provided is recognised as revenue to the Foundation, with an equal value recognised as the expense incurred in providing these associated benefits.

Investments

Short term investments are investments maturing within 12 months of the Foundation's reporting date (31 March); long term investments are investments maturing more than 12 months after the report date (31 March).

25. 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 2019 \$000		Actual 2020 \$000
Leadership team, including the Chief Executive		
3,387	Remuneration	3,719
9	Number of full-time equivalent staff	9

The key management personnel remuneration disclosure includes the Chief Executive and eight 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.

26. 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 Statements of Expenses and Capital Expenditure section.

The factors contributing to the overall increase in the expense budgets between the Main Estimates and Supplementary Estimates of \$34.769 million are summarised below:

Reason for budget change	\$'000
Updates to the 2019/20 indicative spending profile associated with supporting the Royal Commission into Historical Abuse in State care and in the Care of Faith-based Institutions	14,734
Expense transfers from 2018/19 to 2019/20	5,029
Additional funding in 2019/20 for initiatives responding to the 15 March Terror Attack (Countering online violent extremist content, increased investment in ethnically diverse communities and Safer Communities Fund)	2,916
New funding in 2019/20 for Three Waters Review: Institutional Arrangement for a Drinking Water Regulator	2,900
New funding in 2019/20 for the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019: Extension to the Final Report-Back Date and Additional Funding	2,520
New funding in 2019/20 to meet the costs associated with the visit by the Prince of Wales and Duchess of Cornwall	1,848
New funding in 2019/20 to meet the costs associated with delivering digital skills programmes to address digital skills gaps	1,546
New funding in 2019/20 to support parents and caregivers to create a safe online environment for children and young people	1,500
New funding in 2019/20 to manage the transition of incoming and outgoing Ministers and staff following the 2020 General Election	1,097
New funding in 2019/20 to meet the costs associated with communicating authoritative COVID-19 information to New Zealanders via WhatsApp	672
Additional funding in 2019/20 to meet the additional costs associated with the Government Inquiry into Operation Burnham and Related Matters and the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 as a result of COVID-19 pandemic	665
Additional funding in 2019/20 to meet the costs associated with identity verification	342
New funding in 2019/20 to meet the costs associated with engaging specialist expertise to support the implementation and monitoring of the support package for the racing industry	200
New funding in 2019/20 to meet the costs associated with a multi-faceted programme of work to respond to the impacts of COVID-19 on the organisations that rely upon gambling proceeds	200
Reprioritisation of funding to 2020/21 to contribute towards the costs associated with local government reform programmes and to support the development and implementation of a Local Government Recovery Plan	(400)
Expense transfer from 2019/20 to 2020/21	(1,000)
Total budget change	34,769

Variances between 2019/20 actuals and the Supplementary Estimates

The following major budget variance occurred between the 2019/20 actuals and the 2019/20 Supplementary Estimates.

	Actual 2020 \$000	Unaudited Supp EST 2020 \$000	Variance \$000	Variance %
Statement of comprehensive revenue and expenses				
Other revenue	185,671	222,250	(36,579)	(16%)
Other operating expenses	167,010	215,700	(48,690)	(23%)

Explanations for significant variances between the 2019/20 actuals and the Supplementary Estimates are detailed below:

Other Revenue

Other revenue was lower than budget by \$36.579 million mainly due to the impact of the COVID-19 pandemic:

- International border closures associated with COVID-19 are having a significant revenue impact on projected sales of services and products. It is uncertain when revenue will return to pre-COVID-19 levels.
- Time delays in processing identity services products due to the national lockdown.
- Gambling Revenue for the year was affected by COVID-19 restrictions with venues not being able to operate during alert levels 3 and 4 and operating at a reduced capacity during alert level 2. On 1 July 2020 a number of regulatory amendments were introduced to mitigate the impact of COVID-19 on the gambling sector. These amendments waived certain fees for the period from 25 March to 30 June 2020 and cancelled the fee increase planned for 1 July 2020.

Other operating expenses

Other operating expenses were lower than budget by \$48.690 million mainly due to the following:

- Lower than projected sales of services and products, significantly impacted in quarter four by the COVID-19 pandemic and nationwide lockdown.
- Fewer travel costs mainly due to international and domestic travel restrictions resulting from the COVID-19 pandemic.
- Other operating costs were lower than forecast due to the impacts of the COVID-19 pandemic on the Department's priorities and work programme in the second half of the financial year.

Statement of financial position

Variances 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 \$3.243 million are detailed below:

Reason for budget change	\$000
Adjustment to opening Taxpayers Funds resulting from final audited position for 2018/19 including surplus to be repaid to the Crown	7,479
Capital Contribution approved in 2019/20 for Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions	3,168
Movement in forecast net surplus for 2019/20	(7,404)
Total budget change	3,243

Variances between 2019/20 actuals and the Supplementary Estimates

The following major budget variances occurred between the 2019/20 actuals and the 2019/20 Supplementary Estimates.

	Actual 2020 \$000	Unaudited Supp EST 2020 \$000	Variance \$000	Variance %
Statement of financial position				
Current assets	147,630	171,197	(23,567)	(14%)
Current liabilities	83,061	61,752	21,309	35%

Explanations for significant variances between the 2019/20 actuals and the Supplementary Estimates are detailed below:

Current assets

Current assets were lower than budget by \$23.567 million mainly due to the following:

- timing of the receipt of Crown funding at the end of the year has resulted in smaller than expected Crown and other receivable balances,
- partially offset by higher than forecast cash balances.

Current liabilities

Current liabilities were higher than budget by \$21.309 million mainly due to the following:

- timing of purchase order receipts and timely payment of creditors and payables,
- surplus repayment provision not budgeted for,
- partially offset by lower revenue received in advance.

27. Impact of COVID-19

Impact of COVID-19

On 11 March 2020 the World Health Organisation declared a global pandemic in respect to the COVID-19 virus outbreak. Following establishment of a foothold in the New Zealand population, the New Zealand Government initiated a full societal lockdown with significant isolation requirements and movement restrictions imposed on citizens (with only essential services permitted to operate). The countrywide lockdown commenced on 26 March 2020 and moved to Alert Level 1 on 9 June 2020. Alert level 1 does not restrict movement within New Zealand but restricts travel across the border. Since then, and until the date of signing these financial statements, the New Zealand Government has imposed varying COVID-19 Alert Level restrictions as necessary to manage the public health risk of the virus.

The implication of social distancing, restricting international travel, and other restrictions have led to a decrease in a number of the Department's third-party revenue streams, in particular:

- Passport fees decreased \$27.785 million compared to 2018/19.
- Non-casino gaming licences and fees decreased \$4.328 million compared to 2018/19.

The Department expects the lockdown and other restricted Alert Levels will continue to have a significant economic impact on New Zealand, which are likely to flow through to the Department's financial results.

The Department has estimated continued significant impact in 2020/21 for the following third-party revenue stream:

- Passport fees are estimated to decrease to \$44.494 million - a decrease of \$46.623 million (51%) compared to 2019/20. This is partially as a result of COVID-19 and partially due to the Passports validity period changing from 5 to 10 years.

28. Significant events after balance date

Other than the COVID-19 related matter set out in note 27, no events have occurred between the balance date and date of signing these financial statements that materially affect the actual results within these financial statements (2018/19: Nil).

Ngā Tauākī Pūtea - kore-Tari – Financial Statements – Non-Departmental

Non-Departmental statements and schedules

for the year ended 30 June 2020

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.

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Schedule of non-Departmental revenue

for the year ended 30 June 2020

Revenue

Actual 2019 \$000		Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000
Operating revenue				
14	Crown revenue	3	-	-
3,672	Donations received	2,306	1,000	1,000
368	Fines and penalties	7	-	-
30	Refunds of unspent grants	78	-	-
257	Dividends received	231	-	-
975	Interest received	1,090	-	1,093
5,316	Total operating revenue	3,715	1,000	2,093
Other revenue				
(2)	Revaluation gain / (loss)	-	-	-
1,972	Unrealised gain on the remeasurement of shares	1,893	-	-
1,970	Total other revenue	1,893	-	-
7,286	Total revenue	5,608	1,000	2,093

Explanations of significant variances against budget are detailed in [Note 10](#).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Schedule of non-Departmental expenditure

for the year ended 30 June 2020

Expenditure

Actual 2019 \$000		Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000
	Operating expenses			
24,140	Personnel and travel expenses - members of the Executive Council, former Governors-General and Prime Ministers	25,276	24,851	24,851
93,398	Grants and subsidies	147,693	105,068	160,788
11,346	Other expenses	6,617	9,418	17,117
2,631	Depreciation	2,582	838	2,632
131,515	Total operating expenses	182,168	140,175	205,388

Explanations of significant variances against budget are detailed in [Note 10](#).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Schedule of non-Departmental assets

as at 30 June 2020

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

Actual 2019 \$000		Note	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000
Current assets					
21,388	Cash and cash equivalents		66,291	22,151	11,753
154	Debtors and other receivables	2	173	-	-
12,439	Receivable – repayable equity	9	12,330	-	-
33,981	Total current assets		78,794	22,151	11,753
Non-current assets					
133	Debtors and other receivables	2	180	206	204
14,830	Shares	3	16,723	12,858	14,830
81,746	Property, plant and equipment	4	77,597	79,281	79,739
1,687,337	Heritage collections	4	1,510,691	1,687,994	1,690,741
56,051	Receivable – repayable equity	9	44,249	73,438	74,359
1,840,097	Total non-current assets		1,649,440	1,853,777	1,859,873
1,874,078	Total non-Departmental assets		1,728,234	1,875,928	1,871,626

Explanations of significant variances against budget are detailed in [Note 10](#).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Schedule of non-Departmental liabilities

as at 30 June 2020

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

Actual 2019 \$000		Note	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000
Current liabilities					
10,496	Creditors and other payables	6	9,230	4,715	8,214
1,135	Provisions	7	1,182	979	1,135
11,631	Total current liabilities		10,412	5,694	9,349
Non-current liabilities					
15,068	Provisions	7	18,175	14,465	16,098
15,068	Total non-current liabilities		18,175	14,465	16,098
26,699	Total non-Departmental liabilities		28,587	20,159	25,447

Explanations of significant variances against budget are detailed in [Note 10](#).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Schedule of non-Departmental commitments

as at 30 June 2020

The Department, on behalf of the Crown, had no capital and operating commitments that had not been paid for or not recognised as a liability, as at 30 June 2020.

Schedule of non-Departmental contingent assets and liabilities

as at 30 June 2020

Quantifiable contingent assets

As at 30 June 2020, there were no quantifiable contingent assets (2018/19: nil).

Unquantifiable contingent assets

As at 30 June 2020, there were no unquantifiable contingent assets (2018/19: nil).

Quantifiable contingent liabilities

As at 30 June 2020, there were no quantifiable contingent liabilities (2018/19: \$0.956 million).

Unquantifiable contingent liabilities

As at 30 June 2020, there were no unquantifiable contingent liabilities (2018/19: nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Statement of trust money administered on behalf of the Crown

for the year ended 30 June 2020

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 was used to fund special projects relating to the National Library including collaborative projects between the National Library and other institutions in the galleries, libraries, archives and museum sector or between the National Library and other libraries that supplemented and furthered the work of other libraries in New Zealand. The Trust was wound up during 2019/20.

Inter-Loan Billing System Fund

The Inter-Loan Billing System Fund is administered by the National Library. The fund 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.

Market Place Trust Account

The Market Place Trust Account is administered by the Department. The Trust Account is used to manage financial transactions initiated through the Digital Government Market Place that facilitates Government agencies to purchase digital services in a flexible and secure space.

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 Trusts are audited annually.

2020	Opening Balance July 2019 \$000	Contributions \$000	Distributions \$000	Revenue \$000	Expenses \$000	Closing Balance June 2020 \$000
Christchurch Earthquake Appeal Trust	32	1,226	(600)	-	-	658
Macklin Bequest Fund	-	-	-	-	-	-
Inter-Loan Billing System Fund	42	-	-	212	(216)	38
Market Place Trust Account	-	-	-	79	(79)	-
Total trusts	74	1,226	(600)	291	(295)	696

2019	Opening Balance July 2018 \$000	Contributions \$000	Distributions \$000	Revenue \$000	Expenses \$000	Closing Balance June 2019 \$000
Christchurch Earthquake Appeal Trust	2,383	2,876	(4,188)	811	(1,850)	32
Macklin Bequest Fund	299	-	-	9	(308)	-
Inter-Loan Billing System Fund	42	-	-	453	(453)	42
Total trusts	2,724	2,876	(4,188)	1,273	(2,611)	74

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 2020.

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 2020 with comparative figures for the year ended 30 June 2019. 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 2020.

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 2020 budget figures (Unaudited Budget 2020) are for the year ended 30 June 2020, 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 2020. In addition, the financial statements also present the updated budget information from the Supplementary Estimates (Unaudited Supp EST 2020).

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 Governors-General and Prime Ministers disclosures in [Note 11](#). The payments to or in respect of benefits and privileges of former Governors-General and Prime Ministers 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 2019 \$000		Actual 2020 \$000
154	Debtors and other receivables (current)	173
133	Debtors and other receivables (non-current)	180
287	Total debtors and other receivables	353

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 2020 were \$83.616 million (2018/19: \$74.149 million). The Crown's share of the net assets is \$16.723 million (2018/19: \$14.830 million).

The summarised financial information of LGFA is:

Actual 2019 \$000		Actual 2020 \$000
361,078	Revenue	370,220
10,382,332	Assets	13,174,365
10,308,183	Liabilities	13,090,748
11,201	Surplus/(deficit)	10,623

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 their 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 or losses on a revalued 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, boating facilities 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 values 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 ranges from 4 to 80 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.

Archives New Zealand heritage collections

Non-exceptional Archives New Zealand 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 collections of a similar nature.

The valuation of the Archives New Zealand 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 Archives New Zealand 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 Archives New Zealand Heritage Collection as the Department is unable to accurately categorise and appraise the archival value for reporting purposes. The Department plans to process, describe and make accessible the Archives unclassified records. The work will start in 2020/21 and continue over the next four years.

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

2020

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	5,603	202	(1,002)	(270)	-	4,533
Boating facilities	65,479	86	-	(483)	302	65,384
Land	13,050	-	-	(480)	-	12,570
Total cost property, plant and equipment	84,132	288	(1,002)	(1,233)	302	82,487
Heritage collections						
Archives New Zealand heritage collection	628,200	954	(33,978)	-	(1,145)	594,031
Total value Archives New Zealand heritage collection	628,200	954	(33,978)	-	(1,145)	594,031
Alexander Turnbull Library heritage collections						
Archive of New Zealand music	171	-	1,172	-	-	1,343
Cartographic	86,660	13	(12,776)	-	8	73,905
Cartoon	5	1	(6)	-	-	-
Children's historical	104	-	-	-	-	104
Digital	8,303	874	(613)	-	844	9,408
Drawings and prints	369,548	75	(128,831)	-	14	240,806
Ephemera	12,006	12	2,868	-	3	14,889
Formed	1,194	-	175	-	-	1,369
General	7,421	3	15	-	1	7,440
Manuscripts/archives	146,340	391	36,402	-	4	183,137
Multi-format	427	294	(54)	-	-	667
Music	2,293	87	(1,216)	-	13	1,177
New Zealand and Pacific	17,404	404	(4,678)	-	(157)	12,973
Newspapers	77,996	207	(77,224)	-	8	987
Oral history	17,592	141	11,176	-	23	28,932
Photographic	48,763	86	(5,452)	-	1	43,398
Rare books and fine prints	230,277	133	22,427	-	60	252,897
Serials	25,939	239	(14,430)	-	21	11,769
Short title	6,696	-	24,763	-	-	31,459
Total value Alexander Turnbull Library heritage collections	1,059,139	2,960	(146,282)	-	843	916,660
Total value heritage collections	1,687,339	3,914	(180,260)	-	(302)	1,510,691
Total cost/value	1,771,471	4,202	(181,262)	(1,233)	-	1,593,178

2020

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	-	178	-	-	-	178
Boating facilities	2,386	2,406	-	(80)	-	4,712
Land	-	-	-	-	-	-
Total accumulated depreciation property, plant and equipment	2,386	2,584	-	(80)	-	4,890

Asset class	Balance at 1 July \$000	Depreciation \$000	Revaluation/ Impairments \$000	Disposals \$000	Transfers/ re-classification \$000	Balance at 30 June \$000
Net book value						
Buildings - residential	5,603	24	(1,002)	(270)	-	4,355
Boating facilities	63,093	(2,320)	-	(403)	302	60,672
Land	13,050	-	-	(480)	-	12,570
Heritage collections	1,687,337	3,914	(180,260)	-	(302)	1,510,691
Total net book value	1,769,083	1,618	(181,262)	(1,153)	-	1,588,288

2019

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	6,123	700	(1,220)	-	-	5,603
Boating facilities	65,718	132	(69)	-	(302)	65,479
Land	12,500	-	550	-	-	13,050
Total cost property, plant and equipment	84,341	832	(739)	-	(302)	84,132

Heritage collections

Archives New Zealand heritage collection	624,966	2,932	-	-	302	628,200
Total value Archives New Zealand heritage collection	624,966	2,932	-	-	302	628,200

Alexander Turnbull Library heritage collections

Archive of New Zealand music	171	-	-	-	-	171
Cartographic	86,611	49	-	-	-	86,660
Cartoon	4	1	-	-	-	5
Children's historical	104	-	-	-	-	104
Digital	8,298	5	-	-	-	8,303
Drawings and prints	369,281	264	-	-	3	369,548
Ephemera	11,965	39	-	-	2	12,006
Formed	1,194	-	-	-	-	1,194
General	7,418	3	-	-	-	7,421
Manuscripts/archives	145,494	845	-	-	1	146,340
Multi-format	285	133	-	-	9	427
Music	1,952	339	-	-	2	2,293
New Zealand and Pacific	16,996	465	-	-	(57)	17,404
Newspapers	77,933	60	-	-	3	77,996
Oral history	17,484	91	-	-	17	17,592
Photographic	48,654	109	-	-	-	48,763
Rare books and fine prints	230,057	212	-	-	8	230,277
Serials	25,659	268	-	-	12	25,939
Short title	6,696	-	-	-	-	6,696
Total value Alexander Turnbull Library heritage collections	1,056,256	2,883	-	-	-	1,059,139
Total value heritage collections	1,681,222	5,815	-	-	302	1,687,339
Total cost/value	1,765,563	6,647	(739)	-	-	1,771,471

2019

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	491	246	(737)	-	-	-
Boating facilities	-	2,386	-	-	-	2,386
Land	-	-	-	-	-	-
Total accumulated depreciation property, plant and equipment	491	2,632	(737)	-	-	2,386
Net book value						
Buildings - residential	5,632	454	(483)	-	-	5,603
Boating facilities	65,718	(2,254)	(69)	-	(302)	63,093
Land	12,500	-	550	-	-	13,050
Heritage collections	1,681,222	5,813	-	-	302	1,687,337
Total net book value	1,765,072	4,013	(2)	-	-	1,769,083

Capital work in progress

The total amount of property, plant and equipment under construction is \$0.052 million (2018/19: \$0.825 million).

Revaluation movements

Details of the valuations and revaluation movements are contained in [Note 8](#).

Restrictions of title

The ministerial properties comprising Premier House and Bolton Street are restricted for Government use. The carrying value of the restricted use land and buildings is \$16.925 million (2018/19: \$18.653 million).

5. Financial instruments

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

Actual 2019 \$000		Note	Actual 2020 \$000
	Financial assets at fair value through profit or loss		
14,830	Shares	3	16,723
14,830	Total financial assets at fair value through profit or loss		16,723
	Loans and receivables		
21,388	Cash and cash equivalents		66,291
287	Debtors and other receivables	2	353
68,490	Receivable – repayable equity	9	56,579
90,165	Total loans and receivables		123,223
	Financial liabilities measured at amortised cost		
10,496	Creditors and other payables	6	9,230
10,496	Total financial liabilities measured at amortised cost		9,230

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 and 1 year \$000	Between 1 year and 5 years \$000	Over 5 years \$000
2020						
Creditors and other payables	6	9,230	9,230	-	-	-
2019						
Creditors and other payables		10,496	10,496	-	-	-

6. Creditors and other payables

Actual 2019 \$000		Actual 2020 \$000
	Creditors and other payables under exchange transactions	
9,866	Accrued expenses	9,091
630	Accrued heritage collection purchases	139
10,496	Total creditors and other payables	9,230

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 the 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.

	2019	2020
Discount rate	1.94%	0.95%
Consumer price index	2.00%	1.75%

8. Revaluation of property, plant and equipment and collections

2020	Balance at 1 July \$000	Revaluation Movement \$000	Balance at 30 June \$000
Land and buildings	11,776	(1,002)	10,774
Boating Facilities	3,717	-	3,717
Archives New Zealand heritage collection	46,185	(33,978)	12,207
Alexander Turnbull Library heritage collections	479,484	(146,282)	333,202
Total revaluation reserves	541,162	(181,262)	359,900

2019	Balance at 1 July \$000	Revaluation Movement \$000	Balance at 30 June \$000
Land and buildings	11,709	67	11,776
Boating Facilities	3,786	(69)	3,717
Archives New Zealand heritage collection	46,185	-	46,185
Alexander Turnbull Library heritage collections	479,484	-	479,484
Total revaluation reserves	541,164	(2)	541,162

Critical accounting estimates and assumptions

Land and residential buildings – Ministerial properties

The land and buildings were revalued in June 2019, with the valuation being effective from 30 June 2019, by CBRE Ltd a Licensed Real Estate Agent (REAA 2008) and registered independent valuer. The next valuation will be effective from 30 June 2022, in line with the Department's accounting policy. The independent valuer confirmed that the previous 12-month residential property market increase has likely dissipated due to COVID-19 and therefore limited value change is expected in terms of revaluing land and buildings as at 30 June 2020. Therefore the 2019 valuation is deemed to be fair and reasonable.

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

The most recent valuation of boating facilities was performed by Darroch Ltd, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer, in June 2018. The valuation was effective from 30 June 2018. In line with the Department's accounting policy, the next valuation will be effective from 30 June 2021. The independent valuer confirmed that there is no material market movement in terms of revaluing boating facilities as at 30 June 2020, and the 2018 valuation is deemed to be fair and reasonable.

Archives New Zealand heritage collection

The Archives New Zealand heritage collection was revalued in June 2020, with the valuation being effective from 30 June 2020, by 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 2020, with the valuation being effective from 30 June 2020 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 from 30 June 2023.

Alexander Turnbull Library heritage collections

The Alexander Turnbull Library Heritage Collections were revalued in June 2020, with the valuation being effective from 30 June 2020, by independent valuer Dunbar Sloane. 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 from 30 June 2023.

9. Receivable – repayable equity

Accounting policy

Repayable Equity has been designated as loan receivables. 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 2019 \$000		Actual 2020 \$000
52,663	Balance at 1 July	68,490
28,569	Face value of repayable equity movement	-
(12,000)	Repayment of repayable equity	(13,000)
(1,711)	Less: fair value write-down at initial recognition	-
969	Interest unwind	1,089
68,490	Carrying value at 30 June	56,579
	Current and non-current apportionment	
12,439	Repayable equity – current	12,330
56,051	Repayable equity – non-current	44,249
68,490	Carrying value repayable equity	56,579

Further information

There was no capital injection in 2019/20 (2018/19: \$28.569 million) for the transition project costs to amalgamate rural and urban fire services into a new unified organisation, Fire and Emergency New Zealand (FENZ). \$13 million was paid back to the Department in 2019/20 (2018/19: \$12 million). The fair value of the repayable equity is \$56.579 million (2018/19: \$68.490 million). The fair value of the repayable equity is based on cash flows discounted using the spot discount rate.

Other disclosures

10. Explanation of significant variances against budget

Non-Departmental appropriations

Variances between the Main Estimates and the Supplementary Estimates

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

Classification of Films, Videos and Publications

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$674,000 was due to funding to meet the costs associated with countering online violent extremist content and supporting the Christchurch Call.

Community Funding Schemes MCA

Community Development Scheme

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$943,000 is due to an expense transfer from 2019/20 to 2021/22 to maximise community outcomes of resilience and sustainability and enable the Community-led Development Programme to settle into a regular cycle of new and existing partnerships (decrease of \$1.800 million). This decrease was partially offset by an expense transfer from 2018/19 to 2019/20 to enable funding to be available at the appropriate time for communities participating in the Community-led Development Programme to maximise community outcomes of resilience and sustainability (increase of \$857,000).

Safer Communities Fund

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$6.825 million is due to funding for the establishment of a contestable fund for at-risk communities to upgrade their security arrangements (increase of \$7.000 million). This increase was partially offset by a transfer of funding to a departmental appropriation for the administration costs associated with the Fund (decrease of \$175,000).

Ethnic Communities Grants

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$3.856 million was due to an increase in funding for the Ethnic Communities Development Fund.

Miscellaneous Grants - Internal Affairs

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$7.968 million was due to the following:

- funding to support the Whakatane District Council in cooperation with the Bay of Plenty Regional Council to affect a managed retreat of houses and vacant sections at Matata (increase of \$5.019 million);
- funding to meet the costs associated with delivering digital skills programmes to address digital skills gaps (increase of \$2.454 million);
- funding to meet the costs associated with supporting the Hawke's Bay, Manawatu and Otago-Southland regions to investigate voluntary changes to the regions' three waters service delivery and related funding arrangements (increase of \$945,000); and
- a transfer of funding from the Policy Advice Multi-Category Appropriation to reflect the workplan for workstream 3 (supporting local authorities working toward their town or city embracing bilingualism, focusing on self-identified 'fast-movers' and champions) of the 'Enhancing relationships between local government and iwi/Maori' funding (increase of \$250,000).

These increases were partially offset by:

- a reprioritisation of funding to 2020/21 to contribute towards the costs associated with local government reform programmes and to support the development and implementation of a Local Government Recovery Plan (decrease of \$700,000).

Public Inquiries

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$758,000 was due to the following:

- funding to meet the costs associated with the extension of the report back date for the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (increase of \$480,000);
- a transfer of funding from the Support for Statutory and Other Bodies Multi-Category Appropriation to reflect the non-departmental expenditure associated with the Government Inquiry into Operation Burnham and Related Matters (increase of \$200,000); and
- expense transfers from 2018/19 to 2019/20 to enable the successful completion of the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (increase of \$56,000), the Government Inquiry into the Auckland Fuel Supply Disruption (increase of \$54,000) and the Government Inquiry into Operation Burnham and Related Matters (increase of \$22,000).

These increases were partially offset by:

- a transfer of funding to the Support for Statutory and Other Bodies Multi-Category Appropriation to reflect the departmental expenditure associated with the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (decrease of \$54,000).

Racing Industry – Grants and Subsidies

This appropriation was established in 2019/20 to provide funding to achieve financial stability of the New Zealand racing industry and associated organisations (increase of \$41.000 million).

Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions – Legal Assistance Costs

This multi-year appropriation was established in 2019/20 to provide funding for the legal assistance costs for individuals or their representatives to participate in the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions public hearings process (increase of \$4.395 million).

Transfer of Crown Assets at Taupō Landing Recreation Reserve

This appropriation was re-established in 2019/20 due to an expense transfer from 2018/19 to 2019/20 to enable Crown-owned assets at the Taupo Landing Recreation Reserve, which are not associated with the harbourmaster function, to be transferred to the Taupo District Council at nil consideration (increase of \$484,000).

Capital Injection to the Office of Film and Literature Classification

This appropriation was established in 2019/20 to provide funding to the Office of Film and Literature Classification to meet the costs associated with the development and delivery of a self-classification online tool (increase of \$600,000).

Capital Investments – Chatham Islands Wharves

This appropriation was established in 2019/20 due to an operating to capital swap to provide funding for the capital costs associated with the completion of the construction and upgrade of Chatham Islands wharves (increase of \$300,000). This increase was partially offset by a capital transfer from 2019/20 to 2020/21 to enable the completion of the construction and upgrade of the Chatham Islands wharves (decrease of \$50,000).

Non-Departmental schedule of revenue and expenditure

Variances between 2019/20 actuals and the Supplementary Estimates

The following major budget variances occurred between the 2019/20 Actuals and the 2019/20 Supplementary Estimates.

	Actual 2020 \$000	Unaudited Supp EST 2020 \$000	Variance \$000	Variance %
Schedule of non-Departmental revenue				
Total operating revenue	3,715	2,093	1,622	77%
Total other revenue	1,893	-	1,893	100%
Schedule of non-Departmental expenditure				
Total operating expenses	182,168	205,388	(23,220)	(11%)

Explanations for significant variances between the 2019/20 actuals and the Supplementary Estimates are detailed below:

Operating revenue

Operating revenue was higher than budget by \$1.622 million mainly due to higher value of accession of documents received by Archives New Zealand during 2019/20.

Other revenue

Other revenue was higher than budget by \$1.893 million mainly due to the re-measurement of the Crown investment in the LGFA as at 30 June 2020.

Operating expenses

Operating expenses were lower than budget by \$23.220 million mainly due to the following:

- lower demand for the Rates Rebate Scheme,
- lower expenditure for the Community Development Scheme due to flexible payable cycle for Community-led grants for which an in-principle expense transfer was approved,
- lower expenditure on Counselling Costs and Legal Assistance, for individuals participating in the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions, due to the stage of the Inquiry and the impact of COVID-19 lockdown on the activities of the Inquiry.

Schedule of non-Departmental assets and liabilities

Variances between 2019/20 actuals and the Supplementary Estimates

The following major budget variances occurred between the 2019/20 actuals and the 2019/20 Supplementary Estimates.

	Actual 2020 \$000	Unaudited Supp EST 2020 \$000	Variance \$000	Variance %
Schedule of non-Departmental assets				
Cash and cash equivalents	66,291	11,753	54,538	464%
Receivable – repayable equity	56,579	74,259	(17,780)	(24%)
Heritage Collections	1,510,691	1,690,741	(180,050)	(11%)

Explanations for significant variances between the 2019/20 actuals and the Supplementary Estimates are detailed below:

Cash and cash equivalents

Cash and cash equivalents were higher than budget by \$54.538 million mainly due to funding expected to be paid out or payable at year end but was not, mainly for:

- budgeted loan drawdown of \$19 million for Fire and Emergency New Zealand that was not drawn down;
- grant funding that was budgeted but that was not paid or payable at year end, for Community Grants, Digital Skills Grants, and other Grant funds; and
- Royal Commissions of Inquiry multi-year appropriations (MYA) budgeted expenditure that was not required by year end, in part due to COVID-19 Alert Level impacts on the activities of the Royal Commissions. The funding will be used in future years as permitted for an MYA.

Receivable – repayable equity

The actual value of receivable – repayable equity was lower than budget by \$17.780 million mainly due to a budgeted loan drawdown of \$19 million for Fire and Emergency New Zealand that was not drawn down.

Heritage Collections

The Heritage Collections actual value was \$180.050 million lower than budget due to a value adjustment at revaluation effective from 30 June 2020. The valuation was completed after the Supplementary Estimates budget was finalised and therefore the revaluation assumptions could not be included in the budget.

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

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

Former Governors-General

2020	FBT	Airfares	Surface Travel	Total
	\$	\$	\$	\$
Lady Beverley Reeves	-	-	6,543	6,543
Dame Catherine Tizard	-	-	5,900	5,900
The Rt Hon Sir Michael Hardie-Boys	-	-	5,900	5,900
Dame Sylvia Cartwright	2,138	2,752	9,114	14,004
The Rt Hon Sir Anand Satyanand	2,324	2,950	6,019	11,293
Lt Gen the Rt Hon Sir Jerry Mateparae	465	2,483	5,900	8,848
Total	4,927	8,184	39,376	52,487

2019	FBT	Airfares	Surface Travel	Total
	\$	\$	\$	\$
Lady Beverley Reeves	619	574	6,148	7,341
Dame Catherine Tizard	-	-	6,317	6,317
The Rt Hon Sir Michael Hardie-Boys	-	-	5,708	5,708
Dame Sylvia Cartwright	4,962	4,962	10,361	20,285
The Rt Hon Sir Anand Satyanand	4,151	5,619	5,636	15,406
Lt Gen the Rt Hon Sir Jerry Mateparae	280	585	5,243	6,108
Total	10,012	11,740	39,413	61,165

Former Prime Ministers

2020	FBT \$	Airfares \$	Surface Travel \$	Total \$
Lady Glen Rowling	368	572	8,723	9,663
Margaret Pope	-	-	8,812	8,812
The Rt Hon Sir Geoffrey Palmer	3,505	4,522	9,220	17,247
The Rt Hon Mike Moore	-	-	10,879	10,879
The Rt Hon Jim Bolger	3,268	4,001	12,826	20,095
The Rt Hon Dame Jenny Shipley	8,344	11,619	9,265	29,227
The Rt Hon Helen Clark	4,317	6,716	12,914	23,947
The Rt Hon Sir John Key	-	-	10,108	10,108
The Rt Hon Sir Bill English	-	-	10,022	10,022
Total	19,802	27,430	92,769	140,001

2019	FBT \$	Airfares \$	Surface Travel \$	Total \$
Lady Glen Rowling	750	670	7,043	8,463
Margaret Pope	-	-	7,355	7,355
The Rt Hon Sir Geoffrey Palmer	2,659	4,687	7,659	15,005
The Rt Hon Mike Moore	290	-	8,912	9,202
The Rt Hon Jim Bolger	6,054	7,453	13,213	26,720
The Rt Hon Dame Jenny Shipley	9,051	14,693	9,121	32,865
The Rt Hon Helen Clark	1,064	704	11,149	12,917
The Rt Hon Sir John Key	1,518	-	7,784	9,302
The Rt Hon Sir Bill English	333	-	9,003	9,336
Total	21,719	28,207	81,239	131,165

Ngā Tauākī Whakapaunga, Whakapaunga Rawa Hoki – Statements of Expenses and Capital Expenditure

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 2020. They are prepared on a GST exclusive basis.

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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 2020, direct costs accounted for 75% of the Department's costs and indirect costs of 25% (2018/19: 75% and 25%).

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 2020

Actual 2019 \$000		Expenditure before remeasurement 2020 \$000	Remeasurement 2020 \$000	Expenditure after remeasurement 2020 \$000	Appropriation voted* 2020 \$000	Location of end of year performance information**
Vote Internal Affairs						
Departmental output expenses						
3,788	Administration of Grants	4,228	(2)	4,226	4,452	1
1,524	Contestable Services RDA	1,787	(1)	1,786	2,003	1
3,902	Local Government Services	3,504	(2)	3,502	3,824	1
7,768	Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions - Operating Expenses MYA	23,010	(3)	23,007	28,627	1
16,982	Total Departmental output expenses	32,529	(8)	32,521	38,906	
Departmental capital expenditure						
70,054	Department of Internal Affairs - Capital Expenditure PLA	92,864	-	92,864	98,795	1
70,054	Total Departmental capital expenditure	92,864	-	92,864	98,795	
Multi-category expenses and capital expenditure appropriations (MCA)						
Civic Information Services MCA						
148,536	Managing and Accessing Identity Information	143,349	(55)	143,294	158,970	1
88,217	Managing and Accessing Knowledge Information	99,035	(51)	98,984	101,689	1
706	Publishing Civic Information	751	-	751	872	1
237,459	Total Civic Information Services MCA	243,135	(106)	243,029	261,531	
Community Information and Advisory Services MCA						
5,231	Advisory and Information Services to Ethnic Communities	6,457	(3)	6,454	6,856	1
136	Community Archives Support	170	-	170	168	1
4,534	Community Development and Engagement Advice	3,604	(2)	3,602	3,823	1
9,901	Total Community Information and Advisory Services MCA	10,231	(5)	10,226	10,847	

Actual 2019 \$000		Expenditure before remeasurement 2020 \$000	Remeasurement 2020 \$000	Expenditure after remeasurement 2020 \$000	Appropriation voted* 2020 \$000	Location of end of year performance information**
Information and Technology Services MCA						
30,002	Cross-Government ICT Strategy and Planning, Service Delivery and Investment Proposals	-	-	-	-	
19,277	Government Information and Technology Services	-	-	-	-	
1,337	Government Chief Privacy Officer	-	-	-	-	
50,616	Total Information and Technology Services MCA	-	-	-	-	
Government Digital Services MCA						
-	Government Chief Privacy Officer	982	-	982	1,342	1
-	Government Digital Strategy, System Investment and Leadership	19,423	(6)	19,417	23,809	1
-	System Capabilities, Services and Platforms	23,079	(9)	23,070	24,277	1
-	Total Government Digital Services MCA	43,484	(15)	43,469	49,428	
Ministerial Support Services MCA						
350	Crown Entity Monitoring	344	-	344	390	1
409	Ministerial Support Services - Community and Voluntary Sector	388	-	388	434	1
205	Ministerial Support Services - Ethnic Communities	232	(1)	231	237	1
-	Ministerial Support Services – Government Digital Services	209	-	209	200	1
849	Ministerial Support Services - Internal Affairs	756	-	756	762	1
742	Ministerial Support Services - Local Government	852	-	852	847	1
243	Ministerial Support Services - Ministerial Services	389	-	389	506	1
268	Ministerial Support Services - Racing	303	-	303	306	1
3,066	Total Ministerial Support Services MCA	3,473	(1)	3,472	3,682	
Policy Advice MCA						
696	Policy Advice - Community and Voluntary Sector	727	-	727	727	1
638	Policy Advice - Ethnic Communities	970	-	970	1,005	1
-	Policy Advice – Government Digital Services	609	-	609	600	
3,975	Policy Advice - Internal Affairs	6,770	(5)	6,765	6,879	1
12,685	Policy Advice - Local Government	16,524	(6)	16,518	18,105	1
1,304	Policy Advice - Racing	1,534	(1)	1,533	1,629	1
19,298	Total Policy Advice MCA	27,134	(12)	27,122	28,945	

Actual 2019 \$000		Expenditure before remeasurement 2020 \$000	Remeasurement 2020 \$000	Expenditure after remeasurement 2020 \$000	Appropriation voted* 2020 \$000	Location of end of year performance information**
Regulatory Services MCA						
7,066	Charities Regulation	6,683	(5)	6,678	6,810	1
41,674	Regulatory Services	46,461	(23)	46,438	51,109	1
48,740	Total Regulatory Services MCA	53,144	(28)	53,116	57,919	
Services Supporting the Executive MCA						
7,889	Coordination of Official Visits and Events	5,932	(1)	5,931	7,515	1
28,627	Support Services to Members of the Executive	29,653	(16)	29,637	30,191	1
9,412	VIP Transport Services	9,018	(3)	9,015	9,000	1
45,928	Total Services Supporting the Executive MCA	44,603	(20)	44,583	46,706	
Support for Statutory and Other Bodies MCA						
8,378	Commission of Inquiry and Similar Bodies	12,432	-	12,432	13,521	1
103	Statutory and Advisory Body Support – Archives New Zealand	157	-	157	142	1
62	Statutory and Advisory Body Support - National Library	59	(1)	58	56	1
878	Statutory Body Support - Gambling Commission	1,005	(1)	1,004	1,158	1
1,164	Statutory Body Support - Local Government Commission	1,106	-	1,106	1,563	1
36	Support for Grant Funding Bodies - Community and Voluntary Sector	353	(1)	352	362	1
10,987	Support for Grant Funding Bodies - Internal Affairs	11,324	(7)	11,317	11,950	1
21,608	Total Support for Statutory and Other Bodies MCA	26,436	(10)	26,426	28,752	
436,616	Total multi-category expenses and capital expenditure appropriations	451,640	(197)	451,443	487,810	
Summary of Departmental appropriations						
16,982	Departmental output expenses	32,529	(8)	32,521	38,906	
436,616	Multi-category expenses and capital expenditure appropriations (MCA)	451,640	(197)	451,443	487,810	
453,598	Total appropriations for Departmental expenses	484,169	(205)	483,964	526,716	
70,054	Total appropriations for Departmental capital expenses	92,864	-	92,864	98,795	
523,652	Total Departmental annual and permanent appropriations and multi-year appropriation	577,033	(205)	576,828	625,511	

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

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

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

Statement of non-Departmental expenditure and capital appropriations

for the year ended 30 June 2020

Actual 2019 \$000		Expenditure before remeasurement 2020 \$000	Remeasurement 2020 \$000	Expenditure after remeasurement 2020 \$000	Appropriation voted* 2020 \$000	Location of end of year performance information**
Vote Internal Affairs						
Non-Departmental output expenses						
1,960	Classification of Films, Videos and Publications	3,399	-	3,399	3,399	2
116	Development of On-Line Authentication Services	116	-	116	116	2
2,000	Public Lending Right for New Zealand Authors	1,997	-	1,997	2,000	2
10,000	Fire and Emergency New Zealand – Public Good Services	10,000	-	10,000	10,000	1
14,076	Total non-Departmental output expenses	15,512	-	15,512	15,515	
Benefits or related expenses						
52,248	Rates Rebate Scheme	50,653	-	50,653	56,000	2
52,248	Total benefits or related expenses	50,653	-	50,653	56,000	
Non-Departmental other expenses						
3,206	Chatham Islands Council	3,206	-	3,206	3,206	2
3,509	Chatham Islands Wharves – Operational Costs	3,027	-	3,027	3,239	2
674	Crown-owned Assets at Lake Taupō - Maintenance Costs	607	-	607	1,049	2
246	Depreciation on Official Residences	178	-	178	247	2
-	Ethnic Communities Grants	4,218	-	4,218	4,376	2
10,394	Executive Council and Members of the Executive - Salaries and Allowances PLA	10,436	-	10,436	11,360	2
504	Former Governors-General - Annuities and Other Payments PLA	1,280	(772)	508	596	2
206	Former Prime Ministers - Annuities PLA	2,529	(2,318)	211	228	2
164	Former Prime Ministers - Domestic Travel PLA	219	(41)	178	270	2
3,223	Miscellaneous Grants - Internal Affairs	3,567	-	3,567	8,717	1
-	New Zealand Racing Industry Reform	3,500	-	3,500	3,500	2
1,421	Public Inquiries	1,651	-	1,651	1,669	2
-	Support to the Racing Industry - Grants and Subsidies	41,000	-	41,000	41,000	1
1,000	Racing Safety Development Fund	959	-	959	990	2

Actual 2019 \$000		Expenditure before remeasurement 2020 \$000	Remeasurement 2020 \$000	Expenditure after remeasurement 2020 \$000	Appropriation voted* 2020 \$000	Location of end of year performance information**
1,509	Settling-In Grants	-	-	-	-	2
1,500	Tūwharetoa Māori Trust Board PLA	1,500	-	1,500	1,500	2
684	Official Residences - Maintenance Costs	685	-	685	707	2
3,050	Supporting Local Authorities' Post-Earthquake Statutory Activities	500	-	500	500	2
-	Transfer of Crown Assets at Taupō Landing Recreation Reserve	403	-	403	484	2
583	Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions - Commissioners' Fees MYA	1,243	-	1,243	1,891	1
-	Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions - Counselling Costs MYA	203	-	203	3,697	1
-	Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions - Legal Assistance Costs MYA	121	-	121	4,395	1
12,113	Services Supporting the Executive - Travel	10,812	-	10,812	12,397	1
43,986	Total non-Departmental other expenses	91,844	(3,131)	88,713	106,018	
	Non-Departmental capital expenditure					
-	Capital Injection to the Office of Film and Literature classification	600	-	600	600	2
-	Capital Investments - Chatham islands Wharves	-	-	-	250	1
132	Capital Investments - Lake Taupō	86	-	86	138	2
700	Capital Investments - Official Residences	202	-	202	236	2
28,569	Fire Service Reform - Capital Injection MYA	-	-	-	19,090	1
2,169	Heritage Collections - Annual	1,527	-	1,527	2,406	2
31,570	Total non-Departmental capital expenditure	2,415	-	2,415	22,720	
	Multi-category expenses and capital expenditure appropriations (MCA)					
	Community Funding Schemes MCA					
4,448	Community Development Scheme	3,202	-	3,202	5,047	1
231	Community Internship Programme	92	-	92	231	2
12,456	Community Organisation Grants Scheme	12,428	-	12,428	12,500	1
64	Digital Literacy and Connection	-	-	-	-	
200	Disarmament Education Grants	200	-	200	200	2
-	Safer Communities Fund	5,202	-	5,202	6,825	2
1,001	Support for Volunteering	1,001	-	1,001	1,002	2
196	Youth Workers Training Scheme	184	-	184	200	2
1,850	Social Enterprise Development	1,850	-	1,850	1,850	2

Actual 2019 \$000		Expenditure before remeasurement 2020 \$000	Remeasurement 2020 \$000	Expenditure after remeasurement 2020 \$000	Appropriation voted* 2020 \$000	Location of end of year performance information**
20,446	Total Community Funding Schemes MCA	24,159	-	24,159	27,855	
20,446	Total multi-category expenses and capital expenditure appropriations	24,159	-	24,159	27,855	
Summary of non-Departmental appropriations						
14,076	Non-Departmental output expenses	15,512	-	15,512	15,515	
52,248	Benefits or related expenses	50,653	-	50,653	56,000	
43,986	Non-Departmental other expenses	91,844	(3,131)	88,713	106,018	
20,446	Multi-category expenses and capital expenditure appropriations (MCA)	24,159	-	24,159	27,855	
130,756	Total appropriations for non-Departmental expenses	182,168	(3,131)	179,037	205,388	
31,570	Total appropriations for non-Departmental capital expenses	2,415	-	2,415	22,720	
162,326	Total non-Departmental annual and permanent appropriations and multi-year appropriation	184,583	(3,131)	181,452	228,108	

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

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

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

Statement of Departmental and non-Departmental expenditure and capital appropriations

for the year ended 30 June 2020

Actual 2019 \$000		Expenditure before remeasurement 2020 \$000	Remeasurement 2020 \$000	Expenditure after remeasurement 2020 \$000	Appropriation voted* 2020 \$000
Vote Internal Affairs					
453,598	Total appropriations for Departmental expenses	484,169	(205)	483,964	526,716
70,054	Total appropriations for Departmental capital expenses	92,864	-	92,864	98,795
523,652	Appropriation for Departmental expenditure	577,033	(205)	576,828	625,511
130,756	Total appropriations for non-Departmental expenses	182,168	(3,131)	179,037	205,388
31,570	Total appropriations for non-Departmental capital expenses	2,415	-	2,415	22,720
162,326	Appropriation for non-Departmental expenditure	184,583	(3,131)	181,452	228,108
685,978	Total annual and permanent appropriations and multi-year appropriation	761,616	(3,336)	758,280	853,619

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

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

for the year ended 30 June 2020

Multi-year appropriations

Actual 2019 \$000		Actual 2020 \$000	Location of end of year performance information**
Appropriation for Departmental output expenditure:			
Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions – Operating Expenses (3 January 2019 to 30 June 2023)			
56,066	Original appropriation	56,066	1
-	Cumulative adjustments	(8,790)	
56,066	Total adjusted approved appropriation	47,276	
-	Cumulative actual expenditure at 1 July	7,768	
7,768	Current year actual expenditure	23,007	
7,768	Cumulative actual expenditure at 30 June	30,775	
48,298	Appropriation remaining at 30 June	16,501	
Appropriation for non-Departmental other expenditure:			
Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions – Commissioners' Fee (3 January 2019 to 30 June 2023)			
6,123	Original appropriation	6,123	1
-	Cumulative adjustments	-	
6,123	Total adjusted approved appropriation	6,123	
-	Cumulative actual expenditure at 1 July	583	
583	Current year actual expenditure	1,243	
583	Cumulative actual expenditure at 30 June	1,826	
5,540	Appropriation remaining at 30 June	4,297	
Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions - Counselling Costs (3 January 2019 to 30 June 2023)			
15,335	Original appropriation	15,335	1
-	Cumulative adjustments	-	
15,335	Total adjusted approved appropriation	15,335	
-	Cumulative actual expenditure at 1 July	-	
-	Current year actual expenditure	203	
-	Cumulative actual expenditure at 30 June	203	
15,335	Appropriation remaining at 30 June	15,132	
Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions -Legal Assistance MYA (14 October 2019 to 30 June 2023)			
-	Original appropriation	8,790	1
-	Cumulative adjustments	-	
-	Total adjusted approved appropriation	8,790	
-	Cumulative actual expenditure at 1 July	-	
-	Current year actual expenditure	121	
-	Cumulative actual expenditure at 30 June	121	
-	Appropriation remaining at 30 June	8,669	
Fire Service Reform – Capital Injection (20 September 2016 – 30 June 2021)			
111,940	Original appropriation	111,940	1
-	Cumulative adjustments	-	

111,940	Total adjusted approved appropriation	111,940
64,281	Cumulative actual expenditure at 1 July	92,850
28,569	Current year actual expenditure	-
92,850	Cumulative actual expenditure at 30 June	92,850
19,090	Appropriation remaining at 30 June	19,090

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

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

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

for the year ended 30 June 2020

Actual 2019 \$000		Actual 2020 \$000
453,851	Total expenses in Departmental statement of comprehensive revenue and expense	484,169
(253)	Remeasurements	(205)
453,598	Total appropriations for Departmental expenses	483,964

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

for the year ended 30 June 2020

Actual 2019 \$000		Actual 2020 \$000
131,515	Total expenses in schedule of non-Departmental expenditure	182,168
(759)	Remeasurements	(3,131)
130,756	Total appropriations for non-Departmental expenses	179,037

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

for the year ended 30 June 2020

There was no unappropriated expenditure for the year ended 30 June 2020. (2018/19: 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 2020

There was no unappropriated expenditure for the year ended 30 June 2020. (2018/19: nil)

Statement of Departmental capital injections

for the year ended 30 June 2020

Actual 2019 \$000		Actual 2020 \$000	Approved appropriation
Vote Internal Affairs			
35,639	Department of Internal Affairs – Capital Injection	16,008	20,808

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

for the year ended 30 June 2020

The Department has not received any capital injections without, or in excess of, authority for the year ended 30 June 2020. (2018/19: nil)

Ngā Tauākī Whakatutukinga kore-Pūtea – Non-financial Performance Statements

Non-Financial Performance Statements

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Departmental Appropriations

Departmental Output Expenses

Administration of Grants (M15)

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

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
3,935	Revenue Crown	3,960	4,452	4,452
-	Revenue other	-	-	-
3,935	Total revenue	3,960	4,452	4,452
3,788	Expenses	3,960	4,452	4,226
147	Net surplus/(deficit)	-	-	226

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$492,000 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 \$317,000), and
- a transfer of funding from the Community Funding Schemes Multi-Category Appropriation to provide funding for the administration costs associated with the Safer Communities Fund (increase of \$175,000).

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

Performance information		Standard	2018/19	2019/20
1.01	Grant decisions are transparent and consistent with regard to eligibility requirements	At least 97%	99.68%	98%
1.02	Grant requests are managed within business timeframe standards ⁴³	At least 95%	99%	99%
1.03	Customers are satisfied with the ease with which they are able to apply for grants and advisory services	At least 70%	74%	77%
1.04	Grant decision making committees are satisfied with the operational support received	At least 90%	98%	99%

⁴³ The business timeframe standard is 17 weeks from the submission of the grant request.

Contestable Services Revenue Dependent Appropriation (M41)

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

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
-	Revenue Crown	-	-	-
1,540	Revenue other	1,000	2,003	1,793
1,540	Total revenue	1,000	2,003	1,793
1,524	Expenses	1000	2,003	1,786
16	Net surplus/(deficit)	-	-	7

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$1.003 million 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	2018/19	2019/20
1.05 Customers' satisfaction as to whether translations were provided within 'good' timeframes ⁴⁴	At least 80%	90%	89%

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
2,866	Revenue Crown	2,022	2,561	2,561
1,246	Revenue other	1,465	1,315	1,311
4,112	Total revenue	3,845	3,876	3,872
3,902	Expenses	3845	3,824	3,502
210	Net surplus/(deficit)	-	52	370

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$21,000 is due to:

- a reduction in expenditure due to the expected change in timing from 2019/20 to 2020/21 associated with the tendering process for the National Dog Control Information Database operation and support contract (decrease of \$450,000), and
- a realignment of the revenue and expenditure baseline associated with the provision of Local Government Services (decrease of \$150,000).

These decreases were partially offset by:

- a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$539,000), and
- an increase in expenditure associated with Lake Taupo boating facilities (increase of \$40,000).

⁴⁴ Satisfaction is rated on a scale from '0 – Strongly Disagree' to '10 – Strongly Agree', the result shown is the proportion rating 7 to 10.

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

Performance information	Standard	2018/19	2019/20
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 20 days of receipt	At least 98%	99.96%	99.76%
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 years ⁴⁵	At least 85%	90% ⁴⁶	92%

Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions - Operating Expenses (M41)

This appropriation is limited to supporting the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions.

Actual		Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Actual 2020 \$000
2019 \$000	Revenue and output expenses			
7,768	Revenue Crown	13,706	28,627	28,627
-	Revenue other	-	-	-
7,768	Total revenue	13,706	28,627	28,627
7,768	Expenses	13,706	28,627	23,007
-	Net surplus/(deficit)	-	-	5,620

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$14.921 million was due to an update of the 2019/20 indicative spending profile associated with supporting the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions.

This appropriation is intended to achieve effective support for the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions.

Performance information	Standard	2018/19	2019/20
1.11 Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions' satisfaction with the timeliness and quality of services received assessed as '4' or '5'	Achieved	3 - Satisfactory ⁴⁷	4 – Good

⁴⁶ Based on the 2018 survey.

⁴⁷ Challenges related to IT support, procurement and recruitment processes.

Departmental Capital Expenditure and Capital Injections

Department of Internal Affairs – Capital Expenditure Permanent Legislated Authority (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		Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Actual
2019 \$000	Departmental Capital expenses			2020 \$000
70,054	Capital expenditure	67,358	98,795	92,864

The increase in the capital budget between the Main Estimates and the Supplementary Estimates of \$31.437 million was mainly due to investment in buildings and IT Infrastructure including for: Gambling 2020; Uruwhenua; the Te Ara Manaaki programme; and general core and common systems.

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	2018/19	2019/20
1.12 Asset development, purchase and use are in accordance with section 24(1) of the Public Finance Act 1989	Achieved	Achieved	Achieved

Non-Departmental Appropriations

Non-Departmental Output Expenses

Fire and Emergency New Zealand - Public Good Services (M41)

This appropriation is limited to the Crown contribution towards the public good component of services provided by Fire and Emergency New Zealand.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
10,000	Non-Departmental output expenses	10,000	10,000	10,000

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

Performance information	Standard	2018/19	2019/20
2.01 Crown contributions are spent on public good services that are unrelated to property or motor vehicle insurance	Achieved	Achieved	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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Other expenses	2020	2020	2020
\$000		\$000	\$000	\$000
3,223	Non-Departmental other expenses	749	8,717	3,567

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$7.968 million was due to:

- funding to support the Whakatane District Council in cooperation with the Bay of Plenty Regional Council to affect a managed retreat of houses and vacant sections at Matata (increase of \$5.019 million)
- funding to meet the costs associated with delivering digital skills programmes to address digital skills gaps (increase of \$2.454 million)
- funding to meet the costs associated with supporting the Hawke's Bay, Manawatu and Otago-Southland regions to investigate voluntary changes to the regions' three waters service delivery and related funding arrangements (increase of \$945,000), and
- a transfer of funding from the Policy Advice Multi-Category Appropriation to reflect the workplan for workstream 3 (supporting local authorities working toward their town or city embracing bilingualism, focusing on self-identified 'fast-movers' and champions) of the 'Enhancing relationships between local government and iwi/Maori' funding (increase of \$250,000).

These increases were partially offset by

- a reprioritisation of funding to 2020/21 to contribute towards the costs associated with local government reform programmes and to support the development and implementation of a Local Government Recovery Plan (decrease of \$700,000).

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

Performance information	Standard	2018/19	2019/20
2.02 Grants are distributed to individuals or organisations to assist in building a strong and safe nation, in accordance with priorities, policies and procedures	Achieved	Achieved	Achieved

Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions - Commissioners' Fees (M41)

This appropriation is limited to the payment of Commissioners' fees for the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Other expenses	2020	2020	2020
\$000		\$000	\$000	\$000
583	Non-Departmental other expenses	1,459	1,891	1,243

The increase in this multi-year appropriation budget between the Main Estimates and the Supplementary Estimates of \$432,000 was due to the update to the 2019/20 indicative spending profile associated with the commissioner fees for the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions.

This appropriation is intended to achieve timely and efficient payment of fees to the Commissioners of the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions.

Performance information	Standard	2018/19	2019/20
2.03 Commissioners' fees are paid within timeframes agreed with the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions	At least 95%	78%	98%

Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions – Counselling Costs (M41)

This appropriation is limited to providing counselling services for individuals participating in the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Other expenses	2020	2020	2020
\$000		\$000	\$000	\$000
-	Non-Departmental other expenses	2,233	3,697	203

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$1.464 million is due to an update to the 2019/20 indicative spending profile associated with counselling services available to individuals participating in the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions.

This appropriation is intended to achieve timely and efficient payment of fees for counselling services for individuals participating in the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions.

Performance information	Standard	2018/19	2019/20
2.04 Counselling services are paid within the timeframes agreed with the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions	At least 95%	Not Available ⁴⁸	95%

⁴⁸ Counselling services were provided to participants in the formal hearing process, which started in 2019/20.

Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions – Legal Assistance Costs (M41)

This appropriation is limited to providing legal assistance for individuals specified by, and participating in, the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019 \$000	Non-Departmental Other expenses	2020 \$000	2020 \$000	2020 \$000
-	Non-Departmental other expenses	-	4,395	121

The increase in budget between the Main Estimates and the Supplementary Estimates of \$4.395 million was due to an update to the 2019/20 indicative spending profile for legal assistance costs for individuals participating in the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions.

This appropriation is intended to achieve timely and efficient payment for legal assistance services for individuals specified by, and participating in, the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions.

Performance information	Standard	2018/19	2019/20
2.05 Legal assistance services are paid within the timeframes agreed with the Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions	At least 95%	New measure	100%

Support to the Racing Industry - Grants and Subsidies (M55)

This appropriation is limited to expenses to sustain the New Zealand racing industry and organisations that it customarily supports.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019 \$000	Non-Departmental Other expenses	2020 \$000	2020 \$000	2020 \$000
-	Non-Departmental other expenses	-	41,000	41,000

This appropriation was established in 2019/20 to provide emergency funding to ensure the survival of the racing industry and prevent the Racing Industry Transition Agency becoming insolvent (increase of \$41 million).

This appropriation is intended to achieve financial stability of the New Zealand racing industry and associated organisations.

Performance information	Standard	2018/19	2019/20
2.06 Grants and subsidies are allocated to eligible organisations for the intended purposes.	100%	New measure	100%

Non-Departmental Capital Expenditure

Capital Investments - Chatham Islands Wharves (M41)

This appropriation is limited to the upgrading, renewal and refurbishment of the Chatham Islands wharves.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Capital expenses	2020	2020	2020
\$000		\$000	\$000	\$000
-	Non-Departmental capital expenses	-	250	-

This appropriation was established in 2019/20 as a swap of operating to capital appropriation for the capital costs for construction and upgrade of the Chatham Islands wharves (increase of \$300,000). The increase was partially offset by a capital transfer from 2019/20 to 2020/21 to enable the completion of the construction and upgrade of the wharves (decrease of \$50,000).

This appropriation is intended to achieve financial support for the refurbishment of the Chatham Islands wharves to ensure appropriate access is maintained for New Zealanders

Performance information	Standard	2018/19	2019/20
2.07 Funding is allocated for the development of Chatham Islands wharves in accordance with policies and procedures	100%	New measure	100%

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Capital expenses	2020	2020	2020
\$000		\$000	\$000	\$000
28,569	Non-Departmental Capital expenses	19,090	19,090	-

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	2018/19	2019/20
2.08 Repayment as per the agreed schedule in the Memorandum of Understanding between Fire and Emergency New Zealand and the Minister of Internal Affairs	Achieved	Achieved	Achieved
2.09 Services are transitioned in accordance with the agreed transition work programme	Achieved	Achieved	Not Achieved ⁴⁹

⁴⁹ Three of five Integration Programme performance measures for 2019/20 were partially completed by 30 June 2020, however they require ongoing work due to complexity and level of consultation involved.

Multi-Category Expenses and Capital Expenditure

Civic Information Services (M41)

The single 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	2018/19	2019/20
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 assessed as satisfied or better	Satisfied	86% - Very Satisfied	87% - 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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Capital expenses	2020	2020	2020
\$000		\$000	\$000	\$000
19,364	Revenue Crown	23,147	22,113	22,113
151,577	Revenue other	160,877	150,344	119,668
170,941	Total revenue	184,024	172,457	141,781
148,538	Expenses	163,967	158,970	143,294
22,405	Net surplus/(deficit)	20,097	13,487	(1,513)

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$4.997 million was due to:

- a decrease in expenditure for Passport products due to lower demand and lower depreciation as a result of later than anticipated capitalisation of Te Ara Manaaki programme costs (decrease of \$8.424 million);
- a decrease in expenditure for Passport products due to changes as a result of the annual cost allocation update of shared services costs within Vote Internal Affairs (decrease of \$3.268 million);
- a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$1.034 million);
- a decrease in expenditure for Birth, Death and Marriage certifications and other products due to lower depreciation as a result of later than anticipated capitalisation of Te Ara Manaaki programme costs (decrease of \$452,000);
- a decrease in expenditure for Citizenship products due to lower depreciation as a result of later than anticipated capitalisation of Te Ara Manaaki programme costs partially offset by additional expenditure associated with Work in Progress (decrease of \$414,000); and
- a decrease in expenditure for Marriage and Civil Union products due to lower depreciation as a result of later than anticipated capitalisation of Te Ara Manaaki programme costs (decrease of \$72,000).

These decreases were partially offset by:

- an increase in expenditure for Passport products due to expenditure associated with the Te Ara Manaaki programme and the development of a second "Non-Production" test environment to securely test project deliveries (increase of \$1.985 million);
- an increase in expenditure for Citizenship products due to changes as a result of the annual cost allocation update of shared services costs within Vote Internal Affairs (increase of \$1.874 million);
- an increase in expenditure for Birth, Death and Marriage certifications and other products due to changes as a result of the annual cost allocation update of shared services costs within Vote Internal Affairs (increase of \$1.266 million);
- an increase in expenditure for Citizenship products due to Immigration New Zealand data link development and support costs, Te Ara Manaaki ongoing support costs and the translation costs associated with Citizenship products (increase of \$1.164 million);
- an increase in expenditure for Citizenship products due to expenditure associated with the Te Ara Manaaki programme and the development of a second "Non-Production" test environment to securely test project deliveries (increase of \$794,000);

- an increase in expenditure for Marriage and Civil Union products due to changes as a result of the annual cost allocation update of shared services costs within Vote Internal Affairs (increase of \$517,000);
- an increase in expenditure for Passport products mainly due to additional expenditure associated with Facial Recognition project costs (increase of \$375,000);
- an increase in expenditure for Birth, Death and Marriage certifications and other products due to expenditure associated with the Te Ara Manaaki programme (increase of \$227,000);
- an increase in the revenue and expenditure baseline associated with recognition of sponsorship received for the Identity Conference 2019 (increase of \$220,000);
- an increase in expenditure for Marriage and Civil Union products due to expenditure associated with the Te Ara Manaaki programme (increase of \$168,000);
- an increase in expenditure for Birth, Death and Marriage certifications and other products due to expenditure associated with Te Ara Manaaki ongoing support costs (increase of \$52,000); and
- an increase in expenditure for Marriage and Civil Union products due to expenditure associated with Te Ara Manaaki ongoing support costs (increase of \$25,000).

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

Performance information		Standard	2018/19	2019/20
3.02	Ease of Identity and Life Event services	At least 80%	86%	88%
3.03	Identity and Life Event services issued or registered without error	At least 99%	99.73%	99.89%
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%	99.92%	99.91%
3.05	Passports issued within business timeframe standards on receipt of applications	At least 97%	95%	93% ⁵⁰
3.06	Percentage of all Identity and Life Event applications received via online service	At least 65%	New Measure	70%
3.07	Number of new RealMe verified identities issued	150,000-175,000	157,828	139,646 ⁵¹
3.08	Customer satisfaction with the process of applying for a RealMe verified identity assessed as '4' or '5'	At least 75%	63%	79%
3.09	Number of customer consents to share information	250,000-290,000	242,936	311,032
3.10	Applications for verified identity are processed within five days	At least 95%	New Measure	96%
3.11	Real-time verification of data	At least 99%	100%	100%

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
79,347	Revenue Crown	87,728	91,319	91,319
8,808	Revenue other	8,649	9,946	9,635
88,155	Total revenue	96,377	101,265	100,954
88,217	Expenses	96,801	101,689	98,984
(62)	Net surplus/(deficit)	(424)	(424)	1,970

⁵⁰ This measure is impacted by the time taken for applicants to respond to queries regarding their passport application. With COVID-19 border restrictions, applicants have taken slightly longer than usual to respond to information requests. As at March 2020 the result was 93.3% (for 500,660 passports), with 90.9% from April to June 2020 (for 39,399 passports).

⁵¹ This result is lower than expected due to the impact of COVID-19 restrictions. Due to border restrictions there was lower demand for passports and the corresponding co-apply verified identities issued as part of the process, and less applications were received through photo stores (which closed from late March to early June 2020). As at March 2020 112,496 identities were issued, with 27,150 issued from April to June 2020.

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$4.888 million was due to:

- a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$3.090 million)
- an increase in the revenue and expenditure baseline associated with a grant from the Australian Department of Foreign Affairs and Trade for the Pacific Virtual Museum Pilot programme (increase of \$500,000)
- an increase in revenue and expenditure associated with a contribution from Te Puna Foundation towards the 'Communities of Readers' initiative (increase of \$500,000)
- an expense transfer from 2018/19 to 2019/20 to enable the Preserving the Nation's Memory project to continue the negotiation of the Development Agreement for the Archives Wellington Lease facility in 2019/20 (increase of \$400,000)
- an increase in expenditure for Electronic Purchasing in Collaboration services associated with an increase in libraries' subscriptions (increase of \$400,000)
- an increase in revenue and expenditure associated with a contribution from Te Puna Foundation towards the National Library's exhibitions and educational programmes (increase of \$337,000)
- an increase in expenditure for Kōtui shared library and resource discovery service due to an increase in the cost of providing the service (increase of \$200,000)
- an increase in capital charge as a result of asset revaluations (increase of \$101,000)
- an increase in the revenue and expenditure baseline associated with the forecast increase in retail revenue due to higher foot traffic from the He Tohu exhibition (increase of \$50,000), and
- an increase in expenditure associated with the recovery of costs from the Ministry of Education for the 'Any Questions' initiative (increase of \$50,000).

These decreases are partially offset by:

- a realignment of the revenue and expenditure baseline associated with the provision of services provided by Archives New Zealand to third parties (decrease of \$390,000)
- a realignment of the revenue and expenditure baseline associated with the provision of services provided by the National Library of New Zealand to third parties (decrease of \$250,000), and
- a realignment of the revenue and expenditure baseline associated with the 'Communities of Readers' initiative (decrease of \$100,000).

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	2018/19	2019/20
Archives New Zealand – Managing Public Archives				
3.12	Availability of online services 24 hours a day, 7 days a week	At least 95%	99%	98%
3.13	The percentage of Archives New Zealand storage units providing storage conditions to required standards	At least 80%	86%	93%
Demand Information				
3.14	Archives held in storage: physical archives – linear metres	108,000-114,000	110,875	111,127
Archives New Zealand – Provision of Access to Public Archives				
3.15	Digital archives available online	100,000-150,000	116,334	274,082
3.16	Number of items produced in public reading rooms	35,000-45,000	35,647	29,376 ⁵²
3.17	Digital items accessed for use - Rosetta	At least 135,000	289,075	295,339
3.18	Digital items accessed for use - Social Media	At least 2 million	2,733,977	2,954,847
National Library – Access to Information				
3.19	Requests (non-school) for the off-site supply of documents - completed within two days of receipt (estimated volume: 7,000-10,000)	At least 90%	99%	98%
3.20	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%	99%	100%
3.21	Digitised items newly available for access online	At least 450,000	540,311	455,287
3.22	Availability of Te Puna catalogue and Interloan services to subscribers during advertised hours	At least 95%	99%	99%
National Library - Collecting and Preserving Information				
Of the acquisitions to the Alexander Turnbull Library (new heritage collections):				
3.23	Accession records for unpublished collections completed within 10 days of receipt (estimated volume 600-800)	At least 80%	87%	84%
3.24	Descriptive records for unpublished collections added within 20 days of accession (estimated volume 600-800)	At least 80%	99%	90%
'At risk' items digitised or digital formats transformed:				
3.25	Audio-visual items	At least 1,500	2,489	1,224 ⁵³

⁵² Due to COVID-19 restrictions the public reading rooms were closed under alert levels 3 and 4 (late March until early June) and accessed by appointment only under alert level 2. As at March 2020 27,297 items were produced, with 2,079 produced from April to June 2020.

⁵³ Due to COVID-19 restrictions no items were digitised from late March till early June 2020. As at March 2020 1,139 items were digitised, with 85 digitised from April to June 2020.

Performance information		Standard	2018/19	2019/20
3.26	Images	At least 500	578	668
3.27	Published acquisitions to the Alexander Turnbull Library (new heritage collections)	65,000-75,000	93,298	96,533
National Library – Library and Information Services to Schools				
3.28	Number of visits to schools online services	240,000 - 300,000	355,133	323,510
3.29	Number of schools supported	650-700	799	1,060
3.30	Items supplied on request from the schools collections	300,000-450,000	391,164	326,203

Category: Publishing Civic Information

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

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
-	Revenue Crown	-	-	-
751	Revenue other	844	844	757
751	Total revenue	844	844	757
706	Expenses	872	872	751
45	Net surplus/(deficit)	(28)	(28)	6

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

Performance information		Standard	2018/19	2019/20
3.31	Accuracy: Notices published consistent with text supplied by clients (estimated volume: 7,000-8,500)	99%	100%	100%

Community Funding Schemes (M15)

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

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

Performance information	Standard	2018/19	2019/20
3.32 Case studies completed that demonstrate benefits to community grant funding recipients ⁵⁴	Achieved	Achieved	Achieved

Category: Community Development Scheme

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

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Other expenses	2020	2020	2020
\$000		\$000	\$000	\$000
4,448	Non-Departmental other expenses	5,990	5,047	3,202

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$943,000 is due to:

- an expense transfer from 2019/20 to 2021/22 to maximise community outcomes of resilience and sustainability and enable the Community-led Development Programme to settle into a regular cycle of new and existing partnerships (decrease of \$1.800 million).

This decrease was partially offset by:

- an expense transfer from 2018/19 to 2019/20 to enable funding to be available at the appropriate time for communities participating in the Community-led Development Programme to maximise community outcomes of resilience and sustainability (increase of \$857,000).

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

Performance information	Standard	2018/19	2019/20
3.33 At least two Community-Led Development partnering agreements established with programme participants	Achieved	New measure	1 ⁵⁵

Category: Community Organisation Grants Scheme

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

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Other expenses	2020	2020	2020
\$000		\$000	\$000	\$000
12,456	Non-Departmental other expenses	12,500	12,500	12,428

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

Performance information	Standard	2018/19	2019/20
3.34 Two case studies that assess the benefits to communities from the grants, are completed	Achieved	Achieved	Achieved

⁵⁴ See page 28 for the case studies.

⁵⁵ 18 Community Led Development partnering agreements are in place. A second partnering agreement was reached, but was not signed by the Department before 30 June 2020, at the request of the community to allow for further consultation.

Palmerston North Fijian Community Incorporated

Palmerston North Fijian Community Incorporated received a grant of \$4,000 from the Manawātū / Horowhenua Local Distribution Committee towards delivery of cultural programmes. Last year the community hosted regular culture, arts and language classes and was able to source a specialist tutor from Fiji to help deliver training. The community has established a playgroup to provide support to Pasifika families and has developed a youth leadership programme for Fijian youth. These initiatives have supported the Fijian community to preserve their language and culture, to develop the youth within the community, and to build stronger relationships both within the Fijian community and across other cultural communities.

Te Kopua Marae Committee

Te Kopua Marae Committee received a multi-year grant of \$12,750 over 3 years (\$4,000, \$4,250, and \$4,500 respectively) from the Waikato South Local Distribution Committee towards marae administration and operating costs. The Marae upgraded its kitchen – with support from the Department – in 2017 which led to a \$3,000 per annum increase in insurance costs, resulting in decreased capacity. The ongoing grant allows for the Marae to commit to continued delivery of monthly Wānanga programmes which it has been delivering for 20 years. The Wānanga are a mix of education and leadership programmes and have seen many of the participants go on to higher education and leadership roles.

Category: Safer Communities Fund

This category is limited to providing grants for initiatives to provide increased security for at-risk communities against hate crimes and terrorism.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Non-Departmental Other expenses	2020	2020	2020
\$000		\$000	\$000	\$000
-		-	6,825	5,202

The increase in the expense budget for this category is due to funding for the establishment of a contestable fund for at-risk communities to upgrade their security arrangements, less the departmental administration costs (net increase of \$6.825 million).

This category is intended to achieve an increase in security for at-risk communities against hate crimes and terrorism.

Performance information	Standard	2018/19	2019/20
3.35 Grants are allocated to eligible organisations	100%	New measure	100%

Community Information and Advisory Services (M41)

The single 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	2018/19	2019/20
3.36 Community satisfaction with the availability of information, training and advice provided by the Department ⁵⁶	Achieved	Achieved (3.9)	Achieved (3.8)

Category: Advisory and Information Services to Ethnic Communities

This category is limited to the provision of information, advisory and support services to assist ethnically diverse communities to participate in New Zealand society; 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		Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000	Actual 2020 \$000
2019 \$000	Revenue and output expenses			
4,874	Revenue Crown	5,763	6,456	6,456
1,483	Revenue other	1,551	400	400
6,357	Total revenue	7,314	6,856	6,856
5,231	Expenses	7,314	6,856	6,454
1,236	Net surplus/(deficit)	-	-	402

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$458,000 was due to:

- a decrease in the revenue and expenditure baseline associated with the transfer of the Language Line service to the Ministry of Business, Innovation and Employment (decrease of \$1.151 million), and
- a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (decrease of \$248,000).

These decreases were partially offset by:

- an expense transfer from 2018/19 to 2019/20 to enable funding to be available at the appropriate time to support ethnically diverse communities in Christchurch following the 15 March 2019 mosques terror attack (increase of \$797,000), and
- funding to meet the administration costs associated with the Ethnic Communities Development Fund (increase of \$144,000).

This category is intended to achieve improved social cohesion for ethnic communities by increased participation and belonging in New Zealand society.

Performance information	Standard	2018/19	2019/20
3.37 Number of unique visits to the intercultural capability e-learning on the Office of Ethnic Communities website	800 – 1,000	1,564	1,615
3.38 Approved Ethnic Communities Development Fund grant applications are paid within business timeframe standards	At least 95%	97%	100%
3.39 Ethnic Communities Development Fund decisions are consistent with priorities, policies and procedures	At least 95%	99%	99%
3.40 Percentage of Language Line interpreting customers who are successfully connected with an interpreter in an offered language Demand Information	At least 95%	96%	96%
3.41 Number of interpreting calls made to Language line	12,000-13,500 ⁵⁷	50,833	13,102

⁵⁶ Average rating on a scale from 1 to 5, with 5 being 'Very Satisfied' or equivalent.

⁵⁷ This service was transferred to the Ministry of Business, Innovation and Employment during 2019/20. The standard was reduced from 48,000-54,000 as part of the Supplementary Estimates 2019/20 to reflect the time the Department provided this service.

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		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
105	Revenue Crown	109	137	137
2	Revenue other	31	31	2
107	Total revenue	140	168	139
136	Expenses	140	168	170
(29)	Net surplus/(deficit)	-	-	(31)

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$28,000 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 own archives.

Performance information	Standard	2018/19	2019/20
3.42 Availability of the online descriptive tool 24 hours a day, 7 days a week	At least 99%	99.82%	99.74%

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		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
4,522	Revenue Crown	4,572	3,823	3,823
-	Revenue other	-	-	-
4,522	Total revenue	4,572	3,823	3,823
4,534	Expenses	4,572	3,823	3,602
(12)	Net surplus/(deficit)	-	-	221

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$749,000 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	2018/19	2019/20
3.43 Maintain a database to effectively track advisory projects for the community	Achieved	Achieved	Achieved

Government Digital Services (M100)

The single overarching purpose of this appropriation is to lead digital transformation across government.

This appropriation is intended to achieve leadership of digital government transformation.

Performance information	Standard	2018/19	2019/20
3.44 Case study completed that demonstrates how information technology and support provided by the Department of Internal Affairs contributed to public sector investments in digital data and information being well-planned, efficient, cost-effective and customer focussed.	Achieved	Achieved	Achieved

Co-ordinating Agency Investment

The Digital Public Service (DPS) branch of the Department of Internal Affairs (DIA) plays an important role in overseeing digital investments by government agencies. During 2019/20 Budget year, DPS introduced a Digital Investment Plan, using the plan and associated digital data and ICT investment principles to assess 105 agency initiatives worth more than \$3billion, helping agencies make sound investment decisions that deliver for government and for all New Zealanders through Budget 2020.

Following the standard Treasury Investment model, our formal agency engagement typically begins when business cases are being developed. Due to the strategic nature and scope of their functions, we are in regular contact with some of the larger agencies. Our consultants generally engage with agency Chief Information Officers (CIO) and in some cases Senior Responsible Owners (SRO) and will draw on the wider expertise of our colleagues across DPS as needed, bringing together a customised 'virtual team' to provide advice and support as business cases are developed. With changes to the form and function of the DPS branch over the last year, we are currently reviewing our engagement model to ensure it is still fit for purpose.

One agency to engage closely with the DPS in 2019/20 was the New Zealand Defence Force (NZDF). With two sizeable business cases to Cabinet for digital investments covering Enterprise Cloud (the uptake of Cloud products at scale) and Enterprise Connectivity (modernising Defence infrastructure through the procurement of telecommunications as a service), the NZDF engaged early with the DPS. Our advisers worked closely with the NZDF's Chief Information Officer (CIO) and his team to understand NZDF's intent, to help ensure their business cases reflected government direction around Cloud and to provide independent technical advice through the Treasury's process. As a result of close engagement between the DPS and NZDF over almost 12 months, the two business cases were approved by Cabinet in June 2020 and work is now starting towards implementation.

Work carried out by DPS in 2019/20 has highlighted government agency intentions to spend more than \$8 billion on ICT and digital over the next five years, making a coordinated, principles-based approach all the more important to ensure value for money, and benefits for the wider system in delivering for New Zealanders.

Category: Government Chief Privacy Officer

This category is limited to the development, support and implementation of an all-of-government approach to privacy.

Actual		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
-	Revenue Crown	1,309	1,342	1,342
-	Revenue other	-	-	-
-	Total revenue	1,309	1,342	1,342
-	Expenses	1,309	1,342	982
-	Net surplus/(deficit)	-	-	360

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$33,000 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 government in privacy matters.

Performance information	Standard	2018/19	2019/20
3.45 Privacy maturity of State Sector category 1 agencies, as measured by agency self-assessments, improves year on year	Achieved	Achieved (3.08)	Achieved (3.14) ⁵⁸
3.46 Privacy maturity of State Sector category 2 agencies, as measured by agency self-assessments, improves year on year	Achieved	Achieved (2.80)	Achieved (2.84) ⁵⁹
3.47 Privacy maturity of State Sector category 3 agencies, as measured by agency self-assessments, improves year on year	Achieved	Achieved (3.24)	Achieved (3.30) ⁶⁰

Category: Government Digital Strategy, System Investment and Leadership

This category is limited to the development and support of the functional leadership role of the Government Chief Digital Officer, providing assurance on the Government's digital investments, and advice services to implement the government digital strategy, architecture and assurance framework.

Actual	Unaudited	Unaudited	Actual
2019 Revenue and output expenses	Budget	Supp EST	
2020	2020	2020	2020
\$000	\$000	\$000	\$000
- Revenue Crown	23,345	23,809	23,809
- Revenue other	-	-	-
- Total revenue	23,345	23,809	23,809
- Expenses	23,345	23,809	19,417
- Net surplus/(deficit)	-	-	4,392

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$464,000 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 \$1.214 million), and
- an expense transfer from 2018/19 to 2019/20 for the development of options for a new approach to digital identity (increase of \$100,000).

These increases were partially offset by:

- an expense transfer from 2019/20 to 2020/21 for the completion of the development of options for a new approach to digital identity in 2020/21 (decrease of \$700,000), and
- a transfer of funding to the Policy Advice Multi-Category Appropriation to reflect the policy work associated with the Government Digital Services portfolio (decrease of \$150,000).

This category is intended to achieve the successful implementation of the government's digital strategy and the discharge of the GCDO's Functional Leadership responsibilities.

Performance information	Standard	2018/19	2019/20
3.48 Effectiveness of ICT Functional Leader assessed under agreed maturity framework	3	3.5	2 ⁶¹

⁵⁸ This self-assessment was completed by 11 out of the 12 agencies in category 1.

⁵⁹ This self-assessment was completed by 27 out of the 31 agencies in category 2.

⁶⁰ This self-assessment was completed by 17 out of the 20 District Health Boards in category 3.

⁶¹ This measure has two components: hardware costs and common capability information, the hardware costs component is as at 30 June 2019. The common capability information met the standard (3 out of 5), while hardware costs did not (1 out of 5). The lower hardware cost score was driven by an increase in the cost of end user devices (e.g. laptops and mobile devices) comparative to overall technology growth. The increase in the use of laptops and mobile devices is aligned to the Strategy for a Digital Public Service as it supports mobility of the Public Service. This measure will be reviewed in 2020/21.

Category: System Capabilities, Services and Platforms

This category is limited to the development, support and governance of cross-government system capabilities, services and platforms to deliver digital and data transformation.

Actual		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	2020
\$000		2020	2020	2020
		\$000	\$000	\$000
-	Revenue Crown	12,806	11,849	11,849
-	Revenue other	7,743	7,743	8,676
-	Total revenue	20,549	19,592	20,525
-	Expenses	25,234	24,277	23,070
-	Net surplus/(deficit)	(4,685)	(4,685)	(2,545)

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$957,000 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 \$2.867 million)
- a transfer of funding to the Policy Advice Multi-Category Appropriation to reflect the policy work associated with the Government Digital Services portfolio (decrease of \$450,000), and
- an expense transfer from 2019/20 to 2020/21 to enable the continuation of the Improving Government Payroll Systems work programme in 2020/21 (decrease of \$200,000).

The decreases were partially offset by:

- funding to meet the costs associated with delivering digital skills programmes to address digital skills gaps (increase of \$1.546 million)
- funding to meet the costs associated with communicating authoritative COVID-19 information to New Zealanders via WhatsApp (increase of \$672,000), and
- funding to meet the costs associated with identity verification (increase of \$342,000).

This category is intended to achieve infrastructure to support digital transformation across government.

Performance information	Standard	2018/19	2019/20
3.49 All-of-Government Common Capability products, where the Department of Internal Affairs is the lead agency, meet service level agreements	Achieved	Achieved	Achieved
3.50 GIS All-of-Government digital services meet performance measures, assessed under an agreed service performance framework	100%	100%	100%
3.51 Funds are distributed by the Department of Internal Affairs to system agencies as per agreement	Achieved	Achieved	Achieved
3.52 Satisfaction with the quality of advice and support received by the Digital Council assessed as at least 3 ⁶²	At least 75%	New measure	92%

⁶² This measure was updated as part of the Supplementary Estimates 2019/20 to show support provided to the Digital Council in place of the previously supported Ministerial Advisory Group. Satisfaction is rated on a scale from 1 to 5, with 5 being the highest rating.

Ministerial Support Services (M41)

The single 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	2018/19	2019/20
3.53 Ministers' satisfaction with the quality of support received from the Department is assessed as satisfied or better ⁶³	Satisfied	Good	Good

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
378	Revenue Crown	219	390	390
-	Revenue other	-	-	-
378	Total revenue	219	390	390
350	Expenses	219	390	344
28	Net surplus/(deficit)	-	-	46

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$171,000 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	2018/19	2019/20
3.54 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%
3.55 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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
432	Revenue Crown	867	434	434
-	Revenue other	-	-	-
432	Total revenue	867	434	434
409	Expenses	867	434	388
23	Net surplus/(deficit)	-	-	46

⁶³ Satisfaction is rated on a five-point scale from 'Very Poor' through to 'Very Good'.

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$433,000 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	2018/19	2019/20
3.56	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%	99.6%	81% ⁶⁴
3.57	Required timeframes are met: Ministerial correspondence (draft responses) - within 15 days of receipt or as specifically agreed (estimated volume: 20-40)	At least 95%	97%	98%
3.58	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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
213	Revenue Crown	231	237	237
-	Revenue other	-	-	-
213	Total revenue	231	237	237
205	Expenses	231	237	231
8	Net surplus/(deficit)	-	-	6

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$6,000 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	2018/19	2019/20
3.59	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%	99%
3.60	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%
3.61	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 transition to working from home during the COVID-19 restrictions and associated technical difficulties caused a delay in sending out 4 responses in April 2020. As at March 2020 100% (14 of 14) were within the required timeframe, with 43% (3 of 7) from April to June 2020.

Category: Ministerial Support Services - Government Digital 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 government digital services.

Actual		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
-	Revenue Crown	-	200	200
-	Revenue other	-	-	-
-	Total revenue	-	200	200
-	Expenses	-	200	209
-	Net surplus/(deficit)	-	-	(9)

The increase in the Ministerial Support Services - Government Digital Services category was due to a transfer of funding from the Ministerial Support Services - Internal Affairs category to reflect the ministerial support servicing work associated with the Government Digital Services portfolio (increase of \$200,000).

This category is intended to achieve non-policy support for the Minister for Government Digital Services.

Performance information	Standard	2018/19	2019/20
3.62 Required timeframes are met: Parliamentary Questions (written) - within 3 days of notification or as agreed with the Minister	At least 95%	New measure	98%
3.63 Required timeframes are met: Ministerial correspondence (draft responses) - within 15 days of receipt or as specifically agreed	At least 95%	New measure	86% ⁶⁵
3.64 Required timeframes are met: Ministerial Official Information and Privacy Act requests within agreed timeframes	At least 95%	New measure	100%

Category: Ministerial Support Services – Internal Affairs

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

Actual		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
894	Revenue Crown	1,075	762	762
-	Revenue other	-	-	-
894	Total revenue	1,075	762	762
894	Expenses	1,075	762	756
-	Net surplus/(deficit)	-	-	6

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$313,000 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 \$200,000) and a transfer of funding to the Ministerial Support Services - Government Digital Services category to reflect the ministerial support servicing work associated with the Government Digital Services portfolio (decrease of \$200,000).

⁶⁵ As part of the Departments' response to COVID-19, most managers and staff responsible for Ministerial Correspondence were reassigned to COVID-19 focussed work. This caused a one-day delay in sending out 4 responses in March and April 2020. As at March 2020 94% (16 of 17) were within the required timeframe, with 75% (9 of 12) from April to June 2020.

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

Performance information	Standard	2018/19 ⁶⁶	2019/20
3.65 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%	98%	94% ⁶⁷
3.66 Required timeframes are met: Ministerial correspondence (draft responses) - within 15 days of receipt or as specifically agreed (estimated volume: 250-350)	At least 95%	97%	98%
3.67 Required timeframes are met: Ministerial Official Information Act requests - at least 5 days prior to statutory timeframes (estimated volume: 5-15)	At least 95%	96%	100%

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
784	Revenue Crown	1,241	847	847
-	Revenue other	-	-	-
784	Total revenue	1,241	847	847
742	Expenses	1,241	847	852
42	Net surplus/(deficit)	-	-	(5)

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$394,000 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 Local Government.

Performance information	Standard	2018/19	2019/20
3.68 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%	96%
3.69 Required timeframes are met: Ministerial correspondence (draft responses) - within 15 days of receipt or as specifically agreed (estimated volume: 350-550)	At least 95%	99.5%	99%
3.70 Required timeframes are met: Ministerial Official Information Act requests - at least 5 days prior to statutory timeframes (estimated volume: 20-40)	At least 95%	96%	100%

⁶⁶ This includes support provided for both the Minister of Internal Affairs and the Minister for Government Digital Services. For 2019/20 there are separate categories for each Minister.

⁶⁷ The transition to working from home during the COVID-19 restrictions and associated technical difficulties caused a delay in sending out 7 responses in April 2020. As at March 2020 100% (89 of 89) were within the required timeframe, with 80% (28 of 35) from April to June 2020.

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
268	Revenue Crown	268	506	506
-	Revenue other	-	-	-
268	Total revenue	268	506	506
243	Expenses	268	506	389
25	Net surplus/(deficit)	-	-	117

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$238,000 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	2018/19	2019/20
3.71	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%
3.72	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%
3.73	Required timeframes are met: Official Information and Privacy Act requests, and Ombudsmen inquiries - within agreed timeframes (estimated volume: 70-120)	At least 95%	98%	97%

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
278	Revenue Crown	305	306	306
-	Revenue other	-	-	-
278	Total revenue	305	306	306
268	Expenses	305	306	303
10	Net surplus/(deficit)	-	-	3

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$1,000 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	2018/19	2019/20
3.74	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%	86% ⁶⁸
3.75	Required timeframes are met: Ministerial correspondence (draft responses) - within 15 days of receipt or as specifically agreed (estimated volume: 40-60)	At least 95%	99.5%	98%
3.76	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%

⁶⁸ The transition to working from home during the COVID-19 restrictions and associated technical difficulties caused a delay in sending out 4 responses in April 2020. As at March 2020 96% (26 of 27) were within the required timeframe, with 56% (5 of 9) from April to June 2020.

Policy Advice (M41)

The single 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	2018/19	2019/20
3.77 Policy advice and policy briefings delivered to agreed quality criteria and standards - demonstrated through independent assessment: Average Score	3 out of 5	New measure	3.9
3.78 Policy advice and policy briefings delivered to agreed quality criteria and standards - demonstrated through independent assessment: 3 or higher	80%	New measure	94%
3.79 Portfolio Ministers' satisfaction with the overall quality of policy advice ⁶⁹	No standard	New measure	4.3

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
718	Revenue Crown	760	727	727
-	Revenue other	-	-	-
718	Total revenue	760	727	727
696	Expenses	760	727	727
22	Net surplus/(deficit)	-	-	-

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$33,000 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 the Community and Voluntary Sector.

Performance information	Standard	2018/19	2019/20
3.80 Minister's satisfaction with the quality of policy advice ⁷⁰	No standard	New measure	4.7

⁶⁹ This is the average policy satisfaction rating for all Portfolio Ministers'. The rating is based a number of attributes using the scale: 1 = Never, 2 = Some of the time, 3 = About half the time, 4 = Most of the time, 5 = Always.

⁷⁰ This is the average score provided for four areas of satisfaction: General satisfaction, Quality of policy advice, Confidence in policy advice, and Trust in officials. Each rating uses the scale: 1 = Never, 2 = Some of the time, 3 = About half the time, 4 = Most of the time, 5 = Always.

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
908	Revenue Crown	908	1,005	1,005
-	Revenue other	-	-	-
908	Total revenue	908	1,005	1,005
638	Expenses	908	1,005	970
270	Net surplus/(deficit)	-	-	35

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$97,000 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	2018/19	2019/20
3.81 Minister's satisfaction with the quality of policy advice ⁷¹	No standard	New measure	3.4

Category: Policy Advice – Government Digital Services

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 Government Digital Services.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
-	Revenue Crown	-	600	600
-	Revenue other	-	-	-
-	Total revenue	-	600	600
-	Expenses	-	600	609
-	Net surplus/(deficit)	-	-	(9)

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$600,000 was due to transfer of funding from the Government Digital Services Multi-Category Appropriation to reflect the policy work associated with the Government Digital Services portfolio.

This category is intended to achieve quality advice for the Minister for Government Digital Services.

Performance information	Standard	2018/19	2019/20
3.82 Minister's satisfaction with the quality of policy advice ⁷²	No standard	New measure	4.2 ⁷³

⁷¹ Refer to footnote 69.

⁷² Refer to footnote 69.

⁷³ This result is for the period 1 July to 31 December 2019. No response was received for the period 1 January to 30 June 2020.

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		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
4,047	Revenue Crown	3,936	6,843	6,843
-	Revenue other	36	36	-
4,047	Total revenue	3,972	6,879	6,843
3,975	Expenses	3,972	6,879	6,765
72	Net surplus/(deficit)	-	-	78

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$2.907 million was due to:

- a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$2.394 million)
- funding to meet the costs associated with countering online violent extremist content and supporting the Christchurch Call (increase of \$363,000), and
- funding to meet the costs associated with a multi-faceted programme of work to respond to the impacts of COVID-19 on the organisations that rely upon gambling proceeds (increase of \$150,000).

This category is intended to achieve quality advice for the Minister of Internal Affairs.

Performance information	Standard	2018/19	2019/20
3.83 Minister's satisfaction with the quality of policy advice ⁷⁴	No standard	New measure	4.7

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		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
13,028	Revenue Crown	16,299	18,105	18,105
-	Revenue other	-	-	-
13,028	Total revenue	16,299	18,105	18,105
12,685	Expenses	16,299	18,105	16,518
343	Net surplus/(deficit)	-	-	1,587

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$1.806 million was due to:

- funding to meet the costs associated with appointing the initial staff to establish the new water services regulator (increase of \$2 million)
- a transfer of funding from Vote Finance to meet the costs associated with delivery of workstream 2 (debt covenants) of the Infrastructure Funding and Financing programme (increase of \$1.300 million)
- funding to meet the costs to enable work to design and operationalise the new drinking water regulator to begin without delay (increase of \$900,000), and
- an expense transfer from 2018/19 to 2019/20 to enable the completion of the government's response to the Productivity Commission Inquiry into Local Government Funding and Financing in 2019/20 (increase of \$200,000).

⁷⁴ Refer to footnote 69.

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 \$1.944 million), and
- a transfer of funding to the non-departmental appropriation Miscellaneous Grants - Internal Affairs, to reflect the workplan for workstream 3 (supporting local authorities working toward their town or city embracing bilingualism, focusing on self-identified 'fast-movers' and champions) of the 'Enhancing relationships between local government and iwi/Māori' funding (decrease of \$250,000).
- a reprioritisation of funding to 2020/21 to contribute towards the costs associated with local government reform programmes and to support the development and implementation of a Local Government Recovery Plan (decrease of \$400,000).

This category is intended to achieve quality advice for the Minister of Local Government.

Performance information	Standard	2018/19	2019/20
3.84 Minister's satisfaction with the quality of policy advice ⁷⁵	No standard	New measure	4.3

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
1,692	Revenue Crown	677	1,629	1,629
-	Revenue other	-	-	-
1,692	Total revenue	677	1,629	1,629
1,304	Expenses	677	1,629	1,533
388	Net surplus/(deficit)	-	-	96

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$952,000 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 \$352,000)
- an expense transfer from 2018/19 to 2019/20 to enable the completion of the legislative and regulatory programme for the review of the Racing Industry in 2019/20 (increase of \$350,000)
- funding to meet the costs associated with engaging specialist expertise to support the implementation and monitoring of the support package for the racing industry (increase of \$200,000), and
- funding to meet the costs associated with a multi-faceted programme of work to respond to the impacts of COVID-19 on the organisations that rely upon gambling proceeds (increase of \$50,000).

This category is intended to achieve quality advice for the Minister for Racing.

Performance information	Standard	2018/19	2019/20
3.85 Minister's satisfaction with the quality of policy advice ⁷⁶	No standard	New measure	4.3 ⁷⁷

⁷⁵ Refer to footnote 69.

⁷⁶ Refer to footnote 69.

⁷⁷ This result is for the period 1 July to 31 December 2019. No response was received for the period 1 January to 30 June 2020.

Regulatory Services (M41)

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

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

Performance information	Standard	2018/19	2019/20
3.86 Regulatory regimes are in place to deliver all legislated responsibilities	Achieved	Achieved	Achieved

Category: Charities Regulation

This category is limited to registration and monitoring of charities.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
6,118	Revenue Crown	6,118	5,958	5,958
869	Revenue other	852	852	830
6,987	Total revenue	6,970	6,810	6,788
7,066	Expenses	6,970	6,810	6,678
(79)	Net surplus/(deficit)	-	-	110

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$160,000 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 registered charities, in order to contribute to the promotion of public trust and confidence in the sector.

Performance information	Standard	2018/19	2019/20
3.87 Customer satisfaction with Charities Services service received assessed as '4' or '5'	At least 75%	83%	89%
3.88 Charities Services regulatory decisions are independently assessed to measure quality and timeliness	At least 75%	100%	100%
3.89 Satisfaction with the quality of advice and support received by the Charities Registration Board assessed as '4' or '5'	At least 75%	100%	100%

Category: Regulatory Services

This category is limited to the 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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
22,904	Revenue Crown	25,589	27,263	27,263
22,115	Revenue other	27,264	27,237	21,810
50,019	Total revenue	52,853	54,500	49,073
41,674	Expenses	48,218	51,109	46,438
8,345	Net surplus/(deficit)	4,635	3,391	2,635

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$2.891 million was due to:

- funding to meet the costs associated with countering online violent extremist content and supporting the Christchurch Call (increase of \$2.378 million)
- an increase in expenditure due to Gambling 2020 and Electronic Monitoring System costs (increase of \$2.044 million), and

- funding to meet the costs associated with the public awareness campaign to help create a safe online environment for children and young people (increase of \$1.500 million).

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 \$1.509 million)
- a decrease in the revenue and expenditure baseline associated with non-Gaming activities (decrease of \$827,000), and
- a transfer of funding to the Support for Statutory and Other Bodies Multi-Category Appropriation to provide funding for the Inquiries Directorate (decrease of \$695,000).

This category is intended to achieve effective regulatory activity.

Performance information		Standard	2018/19	2019/20
Gambling				
3.90	Club and non-club venue assessments conducted	At least 30	117	91
	Number of provisional audit reports completed:			
3.91	Non-club gaming machine societies	10-30	New measure	13
3.92	Casinos	5-25	New measure	6
3.93	Proportion of provisional audit reports to non-club gaming machine societies and casinos completed within six months	At least 75%	New measure	89%
	Demand information			
	Applications for gambling licences processed:			
3.94	Club and non-club licence renewals	250-325	199 ⁷⁸	178 ⁷⁹
3.95	Other Class 3 and 4 licence applications and Certificates of Approval	4,500-6,000	5,395	3,555 ⁸⁰
Digital Safety – Censorship				
3.96	Number of images uploaded, as a result of investigation, to the Interpol Child Sexual Exploitation Database	2,000-6,000	3,739	1,546 ⁸¹
3.97	Number of child exploitation websites being filtered by the specialist software developed and maintained by DIA	300 – 1,200	604	606
	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%
	Digital Safety – Unsolicited Electronic Messages			
	Number of email and text notifications received:			
3.99	Email and text spam notifications	40,000 - 55,000	New measure	55,698
3.100	Email and text spam complaints	500-800	New measure	537
3.101	Percentage of nuisance spam complaints received which are triaged within 14 days	At least 80%	90%	84%
3.102	The number of civil liability proceedings undertaken relating to nuisance spam - covering warning letters, infringement notices and statements of claim	At least 10	10 ⁸²	11
3.103	Number of education related activities provided relating to nuisance spam	50 – 250	196	86
	Public Sector Recordkeeping			
3.104	Number of Public Offices, Local Authorities and other organisations provided with targeted records and archives management advice	100 - 150	442	321
3.105	Number of desk-based reviews of reporting entities' Anti-Money Laundering and Countering Financing of Terrorism risk assessments and compliance programmes completed	150-350	149	198
3.106	Number of onsite visits auditing reporting entities' compliance with Anti-Money Laundering and Countering Financing of Terrorism obligations completed	70-180	49	70

⁷⁸ This is mainly due to a decline in the number of clubs. For 2019/20 the standard has been reduced to 250-325.

⁷⁹ The number of applications is declining mainly due to a decline in the number of clubs, reducing the number of renewals. A reduction in demand was also seen due to the COVID-19 restrictions. As at March 2020 there were 148 applications, with 30 from April to June 2020.

⁸⁰ The number of applications is declining mainly due to a decline in the number of clubs, reducing the number of applications. A reduction in demand was also seen due to the COVID-19 restrictions. As at March 2020 there were 3,162 applications, with 393 from April to June 2020.

⁸¹ A period without image analysis skills being available contributed to not meeting the standard. The methodology for obtaining images was changed in 2019/20, with the number of images now being provided by Interpol.

⁸² In 2018/19 the focus moved to more complex high-risk proceedings, which are more resource intensive. For 2019/20 the standard has been reduced to "at least 10" to reflect this.

Performance information		Standard	2018/19	2019/20
3.107	Number of education-focused proactive engagements with reporting entities regarding Anti-Money Laundering and Countering Financing of Terrorism obligations Private Security Personnel and Private Investigators	200-800	1,067	455
3.108	Ministry of Justice satisfaction with services provided by the Complaints, Investigation and Prosecution Unit ⁸³ Demand Information	3	2 - Satisfied	2 - Satisfied
3.109	Number of investigation requests received from Private Security Personnel Licensing Authority	15-45	17	40

⁸³ Satisfaction is rated on a five-point scale from '1-Very satisfied' through to '5-Very unsatisfied'.

Services Supporting the Executive (M47)

The single 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	2018/19	2019/20
3.110 Minister Responsible for Ministerial Services' satisfaction with the quality of support provided by the Department to the Executive	Satisfied	Good	Good

Category: Coordination of Official Visits and Events

This category is limited to managing programmes for visiting guests of Government, visiting guests of Parliament, State and ministerial functions, coordinating a range of services in support of ceremonial and commemorative events and facilitating passage of New Zealand and foreign dignitaries and others authorised by the Crown into and out of New Zealand.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
8,773	Revenue Crown	5,608	7,515	7,515
-	Revenue other	-	-	2
8,773	Total revenue	5,608	7,515	7,517
7,889	Expenses	5,608	7,515	5,931
884	Net surplus/(deficit)	-	-	1,586

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$1.907 million was due to:

- funding to meet the costs associated with the visit by the Prince of Wales and Duchess of Cornwall (increase of \$1.848 million), and
- a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$59,000).

This category is intended to achieve facilitation of ceremonies of national and international importance and official visits.

Performance information	Standard	2018/19	2019/20
3.111 Stakeholders' satisfaction that the Visits and Ceremonial Office's services have helped visits and events to achieve their objectives assessed as satisfied or better	At least 90%	97%	100%
Demand Information			
3.112 Number of Guests of Government visits	35-50	43	21 ⁸⁴
3.113 Number of Partial Guests of Government visits	10-15	26	13
3.114 Number of Commemorative and special events	10-15	13	8 ⁸⁵
3.115 Facilitations through Auckland and Wellington International Airports	500-600	462	288 ⁸⁶

⁸⁴ Due to COVID-19 border restrictions no official visits took place from March 2020.

⁸⁵ Due to COVID-19 restrictions on mass gatherings no physical events occurred after 19 March 2020.

⁸⁶ Due to COVID-19 border restrictions no official visits took place from 19 March 2020.

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		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
28,417	Revenue Crown	28,260	30,191	30,191
2	Revenue other	-	-	5
28,419	Total revenue	28,260	30,191	30,196
28,627	Expenses	28,260	30,191	29,637
(208)	Net surplus/(deficit)	-	-	559

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$1.931 million was due to:

- funding to meet the costs associated with managing the transition for the incoming Executive (increase of \$1.097 million), and
- a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$834,000).

This category is intended to achieve support for Members of the Executive to enable the discharge of their Ministerial responsibilities.

Performance information	Standard	2018/19	2019/20
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 Demand Information	Satisfied	Good	Good
3.117 Average number of Ministerial office personnel provided	150-170	163.5	165

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		Unaudited	Unaudited	Actual
2019	Revenue and output expenses	Budget	Supp EST	
\$000		2020	2020	2020
		\$000	\$000	\$000
-	Revenue Crown	-	-	-
9,067	Revenue other	9,000	9,000	8,780
9,067	Total revenue	9,000	9,000	8,780
9,412	Expenses	9,000	9,000	9,015
(345)	Net surplus/(deficit)	-	-	(235)

This category is intended to achieve efficient and effective land transport services for Members of the Executive and other VIPs.

Performance information	Standard	2018/19	2019/20
3.118 Chauffeur-driven services provided leading to no sustained complaints (estimated volume: 17,000-20,000 jobs) Demand information	At least 99.5%	99.9%	99.9%
3.119 Total vehicle fleet	75-85	83	85

Support for Statutory and Other Bodies (M41)

The single 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	2018/19	2019/20
3.120 Statutory body members' satisfaction with the quality of the support provided by the Department assessed as good or better	Good	Good – Very Good	Good – Very Good

Category: Commissions of Inquiry and Similar Bodies

This category is limited to supporting Commissions of Inquiry and similar bodies.

Actual		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
11,059	Revenue Crown	6,905	13,521	13,521
-	Revenue other	-	-	-
11,059	Total revenue	6,905	13,521	13,521
8,378	Expenses	6,905	13,521	12,432
2,681	Net surplus/(deficit)	-	-	1,089

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$6.616 million was due to:

- expense transfers from 2018/19 to 2019/20 to enable the successful completion of the Government Inquiry into Operation Burnham and Related Matters (increase of \$1.735 million), the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (increase of \$917,000) and the Government Inquiry into the Auckland Fuel Supply Disruption (increase of \$330,000)
- funding to meet the costs associated with the extension of the report back date for the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (increase of \$2.520 million)
- a transfer of funding from the Regulatory Services Multi-Category Appropriation to provide funding for the Inquiries Directorate (increase of \$695,000)
- a transfer of funding from the non-departmental appropriation Public Inquiries, to reflect the departmental expenditure associated with the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (increase of \$54,000), and
- funding to meet the additional costs associated with the Government Inquiry into Operation Burnham and Related Matters and the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 as a result of COVID-19 (increase of \$665,000).

These increases were partially offset by:

- a transfer of funding to the non-departmental appropriation Public Inquiries, to reflect the non-departmental expenditure associated with the Government Inquiry into Operation Burnham and Related Matters (decrease of \$200,000), and
- an expense transfer from 2019/20 to 2020/21 to provide funding to enable the completion of the Government Inquiry into Operation Burnham and Related Matters in 2020/21 (decrease of \$100,000).

This category is intended to achieve effective support for inquiries and similar bodies.

Performance information	Standard	2018/19	2019/20
Inquiry's satisfaction with the timeliness and quality of services received assessed as '4' or '5'			
3.121 Government Inquiry into Operation Burnham and Related Matters	Achieved	Achieved (4)	Achieved (4)
3.122 Government Inquiry into the Auckland Fuel Supply Disruption	Achieved	Achieved (5)	Achieved (5) ⁸⁷
3.123 Royal Commission of Inquiry into the Attack on the Christchurch Mosques on 15 March 2019	Achieved	Achieved (5)	Achieved (5)

⁸⁷ The Government Inquiry into the Auckland Fuel Supply Disruption was extended until 17 August 2019. This result is from the 2018/19 survey, which was completed in July 2019.

Category: Statutory and Advisory Body Support – Archives New Zealand

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
101	Revenue Crown	81	142	142
-	Revenue other	-	-	-
101	Total revenue	81	142	142
103	Expenses	81	142	157
(2)	Net surplus/(deficit)	-	-	(15)

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

This category is intended to achieve effective support for the Archives Council.

Performance information		Standard	2018/19	2019/20
3.124	Statutory body member satisfaction with the quality of secretariat services provided assessed as '4' or '5'	At least 75%	100%	100%
	Demand information			
	Support services provided for meetings of Statutory bodies which advise the Minister including:			
3.125	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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
98	Revenue Crown	98	49	49
1	Revenue other	7	7	-
99	Total revenue	105	56	49
62	Expenses	105	56	58
37	Net surplus/(deficit)	-	-	(9)

The decrease in the expense 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 effective support for the Library Information Advisory Commission, Guardians Kaitiaki of the Alexander Turnbull Library and Public Lending Right Advisory Group.

Performance information		Standard	2018/19	2019/20
3.126	Statutory body member satisfaction with the quality of secretariat services provided assessed as '4' or '5' Demand Information Support services provided for meetings of Statutory bodies which advise the Minister:	At least 75%	100%	100%
3.127	Guardians Kaitiaki of the Alexander Turnbull Library	3	3	3
3.128	Library and Information Advisory Committee	4	4	4
3.129	Public Lending Right Advisory Group	1	1	3

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2022	2020	2020
\$000		\$000	\$000	\$000
-	Revenue Crown	-	-	-
846	Revenue other	1,158	1,158	970
846	Total revenue	1,158	1,158	970
878	Expenses	1,158	1,158	1,004
(32)	Net surplus/(deficit)	-	-	(34)

This category is intended to achieve effective support for the Gambling Commission.

Performance information		Standard	2018/19	2019/20
3.130	Gambling Commission's satisfaction with the quality of advice and support services provided assessed as '4' or '5'	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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
1,666	Revenue Crown	1,466	1,563	1,563
-	Revenue other	-	-	-
1,666	Total revenue	1,466	1,563	1,563
1,164	Expenses	1,466	1,563	1,106
502	Net surplus/(deficit)	-	-	457

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$97,000 was due:

- an expense transfer from 2018/19 to 2019/20 to enable the continuation and completion of a joint shared services project agreed with the four local authorities on the West Coast but not yet commenced due to delays at the elected member level within the councils, and the need to progress the proposal through the local government reorganisation process (increase of \$200,000).

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 \$103,000).

This category is intended to achieve effective support for the Local Government Commission.

Performance information	Standard	2018/19	2019/20
3.131 Local Government Commission's satisfaction with the quality of advice and support services provided assessed as '4' or '5'	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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
240	Revenue Crown	240	362	362
-	Revenue other	-	-	-
240	Total revenue	240	362	362
36	Expenses	240	362	352
204	Net surplus/(deficit)	-	-	10

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$122,000 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	2018/19	2019/20
3.132 Grant decisions are managed within business timeframe standards	At least 95%	99%	95%
3.133 Grant decisions are transparent and consistent with regard to eligibility requirements	At least 97%	98%	100%

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		Unaudited Budget	Unaudited Supp EST	Actual
2019	Revenue and output expenses	2020	2020	2020
\$000		\$000	\$000	\$000
536	Revenue Crown	536	616	616
10,570	Revenue other	10,513	11,334	11,034
11,106	Total revenue	11,049	11,950	11,650
10,987	Expenses	11,049	11,950	11,317
119	Net surplus/(deficit)	-	-	333

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$901,000 was due to:

- expenditure associated with an increase in the provision of services for the Lottery Grants Board (increase of \$578,000)
- funding from the Lottery Grants Board to support the development of Oranga Mārae phase two (increase of \$243,000), and
- a transfer of funding between departmental appropriations based on the provision of services across the portfolios within Vote Internal Affairs (increase of \$80,000).

This category is intended to achieve effective support for grant funding bodies to enable them to make appropriate grant decisions.

Performance information		Standard	2018/19	2019/20
3.134	Customers are satisfied with the ease with which they are able to apply for grants and advisory services	At least 70%	74%	77%
3.135	Grant decisions are transparent and consistent with regard to eligibility requirements	At least 97%	99%	99%
3.136	Grant decisions are managed within business timeframe standards	At least 95%	98%	99%
3.137	Grant decision making committees are satisfied with the operational support received	At least 90%	100%	100%

05

Ngā āpitihanga – Appendices



Appendix A: He tāngata Our people

This appendix sets out statistical information regarding the Department's employees.

Table 1: Permanent employees by job family and full/part-time as at 30 June 2020:

Job family	Full-time	Part-time	Total
Business Support	63	5	68
Corporate	205	19	224
Delivery	634	47	681
Information Management	263	63	326
Information Technology	228	27	255
Policy	112	11	123
Regulatory	141	10	151
London	8	-	8
Sydney	12	2	14
Other	15	-	15
Grand Total	1681	184	1865

Note: Numbers are based on headcount for permanent staff only. The permanent FTE as at 30 June 2020 was 1,810.23 (this excludes Events-based employees).

Table 2: Permanent employees by job family and gender as at 30 June 2020:

Job family	Female	Male	Gender Not Specified	Total
Business Support	65	3	-	68
Corporate	122	101	1	224
Delivery	468	211	2	681
Information Management	230	94	2	326
Information Technology	110	140	5	255
Policy	66	57	-	123
Regulatory	71	80	-	151
London	4	4	-	8
Sydney	8	6	-	14
Other	9	6	-	15
Grand Total	1153	702	10	1865

Note: Numbers are based on headcount for permanent staff only. The permanent FTE as at 30 June 2020 was 1,810.23 (this excludes Events-based employees).

Table 3: Core unplanned turnover

Financial year	2015/16	2016/17	2017/18	2018/19	2019/20
Turnover rate	14.1%	13.6%	13.2%	13.3%	11.6%

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

Tier 2 and 3 People Leaders by gender and ethnicity as at 30 June 2020:

Figure 1

Tier 2 and 3 People Leaders

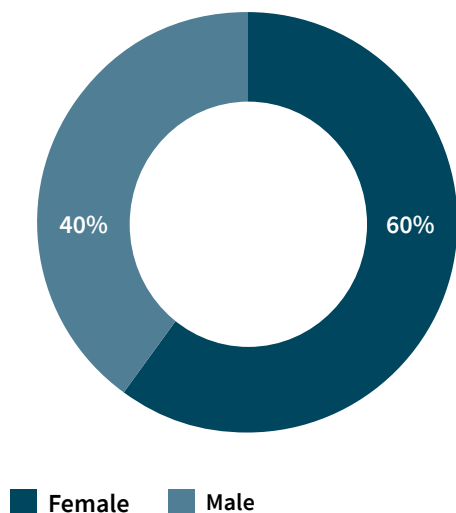
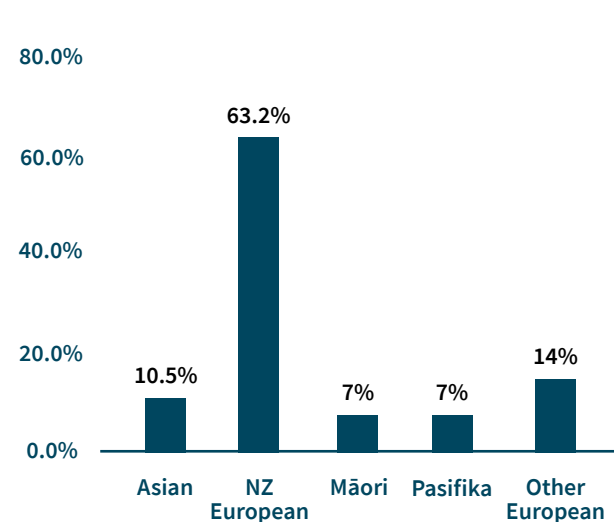


Figure 2

Tier 2 and 3 People Leaders



Note: Employees may choose up to two ethnicities which are both included in the graph above. Therefore, the total may be greater than 100%

Employees by gender and ethnicity as at 30 June 2020:

Figure 3

Gender representation of DIA

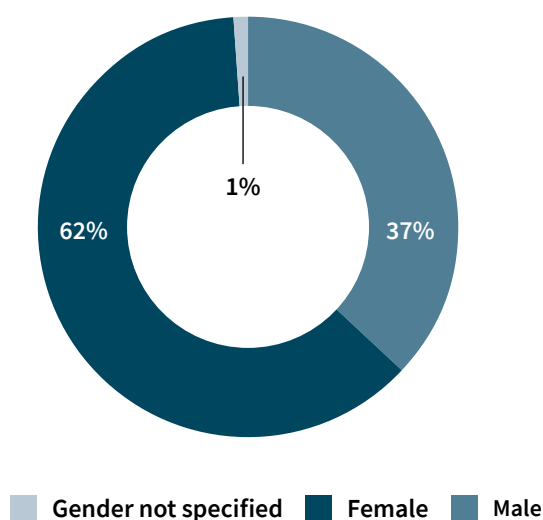
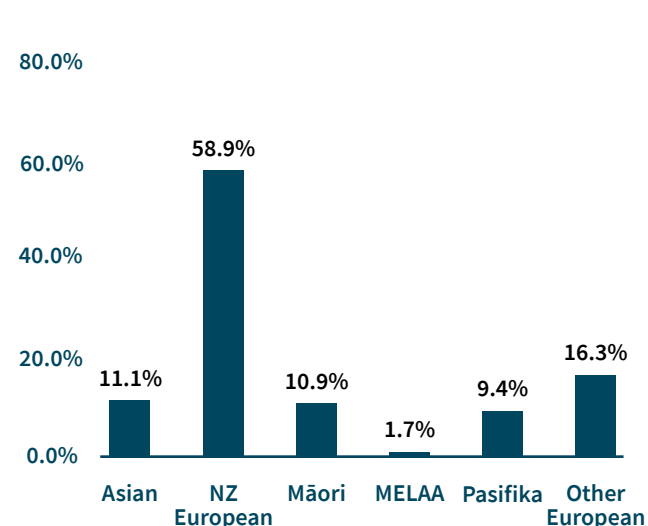


Figure 4

Ethnic representation of DIA



Note: Employees may choose up to two ethnicities which are both included in the graph above. Therefore, the total may be greater than 100%.

Appendix B: Separate reporting requirements

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 2019 to 30 June 2020 there have been 7 occasions where the Minister of Internal Affairs has taken this action.

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 2019/20 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 implemented a new purchasing system in 2018 and NZBN is now part of the standard process for vendor account setup. The Department will incorporate further enhancements for NZBN functionality to all future corporate system implementations.

Appendix C : Asset performance indicators

Asset performance

Property asset performance measures

Measure	Indicator	2018/19 Target	2018/19 Actual	2019/20 Target	2019/20 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	100%	100%	100%	100%
% of owned buildings that have maintained their annual Building Warrant of Fitness where required	Condition	100%	63%	100%	91%
Office space density	Functionality	12 – 16 sqm per person	14.54 sqm per person	12 – 16 sqm per person	13.37 sqm per person
Archive storage environments maintained to required standards 24/7: Humidity and Temperature	Functionality	80%	86%	80%	93%

Information Communications Technology (ICT) asset performance measures

Measure	Indicator	2018/19 Target	2018/19 Actual	2019/20 Target	2019/20 Actual
Average % of time our IT business services are available	Availability	98.5%	99.5%	98.5%	99.5%
% of incidents restored within SLA timeframes (all incidents P1-P4)	Condition	80%	85%	80%	86%
% of workstation devices in use	Utilisation	85%	90%	85%	89%
% of successful changes	Functionality	95%	99%	95%	99.8%

Appendix D: Consultants and contractors

Contractors and consultants

The Department uses contractors and consultants to scale up our workforce for short term peaks in work, or specialist knowledge or skills are required for large change programmes; such as Te Ara Manaaki, the Department follows the All-of-Government procurement process to source appropriate resources. The Department seeks to build internal capability for permanently established positions to be filled with permanent employees where possible.

A contractor is a person who is not an employee, providing backfill or extra capacity in a role that exists within the Department or acts as an additional resource for a time-limited piece of work. The contractors operating expenditure is disclosed as part of the “Salaries, wages and contractor expenses” in Note 3 on page 82. The ICT operating projects related contractor cost is disclosed as part of the “Computer cost” in Note 4 on page 83.

A consultant is a person or a company who is not a contractor or an employee, engaged to perform a piece of work with a clearly defined scope and provide expertise, in a particular field, not readily available from within the Department. The consultants operating expenditure is disclosed as part of the “Consultants and outsourcing contracts” in Note 4 on page 83.

The contractors or consultants capital expenditure is capitalised to the relevant capital asset item and disclosed as part of the “Property, plant and equipment” in Note 9 on page 90 and “Intangible assets” in Note 11 on page 95.

Actual 2019 \$000		Actual 2020 \$000
	Contractors and consultants - operating	
17,215	Contractors	30,930
6,810	Contractors working on ICT projects	15,943
8,958	Consultants	12,125
32,983	Total contractors and consultants - operating	58,998
	Contractors and consultants - capital	
9,675	Contractors	2,945
11,495	Contractors working on ICT projects	7,237
3,165	Consultants	7,528
24,335	Total contractors and consultants – capitalised to assets	17,710
57,318	Total contractors and consultants	76,708

Appendix E: Approved information sharing agreement reporting

Approved information sharing agreement reporting

An Approved Information Sharing Agreement (AISA) was established between the Department of Internal Affairs and the Registrar-General, Births, Deaths and Marriages during the 2019 / 2020 year. Known as the Identity Services AISA, a link can be found [here](#).

Reporting Requirements:

Operating procedures set out the reporting required to be included in the Department's Annual Report relating to this Identity Services AISA:

1. 8,528 Citizenship applications (individuals) were received in the Customer Centred Management Solution (CCMS) in the 2019-2020 year¹. Of these:
 1. 2,467 have been granted
 2. 127 have been approved and are awaiting their Ceremony
 3. 5,560 are in processing
 4. 17 have been cancelled
 5. 357 have been withdrawn.

As a result of the sharing, enabled by the Identity Service AISA, between the Registrar-General, Births, Deaths and Marriages and the Department of Internal Affairs there was:

6. Zero (0) individuals provided notice (under section 96Q of Privacy Act 1993)
 7. Zero (0) notices challenged
 8. Zero (0) individuals not provided notice (under section 96Q of Privacy Act 1993)
 9. Zero (0) individuals who were declined citizenship who were given notice
 10. Zero (0) individuals who withdrew their citizenship application after being given a notice
 11. Zero (0) investigations or civil proceedings under paragraph 10 of the AISA
 12. Zero (0) complaints received about an alleged interference with privacy under the agreements and the disposition of those complaints.
2. The Department confirms that an assurance process has been undertaken in June 2020 and no issues were found.
3. The Department confirms that no amendments have been made to the Identity Sharing AISA agreement since the Order in Council came in to force in the 2019 / 2020 reporting year.

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For more information on the work of the
Department of Internal Affairs please visit
our website [**www.dia.govt.nz**](http://www.dia.govt.nz)



Te Tari Taiwhenua
Internal Affairs