

part five »

# financial information

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# Accounting Policies

## Non-Departmental Accounting Policies

for the year ended 30 June 2007

Measurement and recognition rules applied in the preparation of these non-departmental financial schedules are consistent with generally accepted accounting practice and Crown Accounting Policies.

### Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

### Budget Figures

The budget figures are those presented in the Budget 2006 Estimates of Appropriation (Main Estimates) and those amended by the Supplementary Estimates (Supp. Estimates).

### Revenues and Receipts

Revenues and Receipts are recognised when earned and are reported in the financial period to which they relate.

### Goods and Services Tax (GST)

Amounts in the financial schedules are reported exclusive of GST except for Accounts Receivable and Accounts Payable.

### Assets and Liabilities

All Assets and Liabilities are recognised at fair value.

These non-departmental balances are consolidated into the Crown Financial Statements and therefore readers of these schedules should also refer to the Crown Financial Statements for 2006/07.

The Non-Departmental statement of accounting policies and notes form an integral part of, and should be read in conjunction with, these financial schedules

# Revenue and Expenditure

## Non-Departmental Schedule of Revenue and Expenditure

for the year ended 30 June 2007

	NOTE	ACTUAL 2006/07 \$000	MAIN ESTIMATES 2006/07 \$000	SUPP. ESTIMATES 2006/07 \$000	ACTUAL 2005/06 \$000
<b>Revenues And Receipts</b>	1				
Vote Community and Voluntary Sector		137	0	69	30
Vote Internal Affairs		9	0	0	8
Vote Local Government		1,277	0	500	0
Vote Ministerial Services		10	10	10	10
Revaluation gain on Crown buildings		0	0	0	957
<b>Total Revenues And Receipts</b>		<b>1,433</b>	<b>10</b>	<b>579</b>	<b>1,005</b>
<b>Appropriated Expenditure</b>					
Vote Community and Voluntary Sector		22,369	23,737	25,792	20,563
Vote Emergency Management		8,589	2,727	8,570	9,007
Vote Internal Affairs		14,784	11,024	14,863	21,414
Vote Local Government		45,557	52,212	73,724	4,406
Vote Ministerial Services		27,938	17,789	27,972	15,832
<b>Total Appropriated Expenditure</b>		<b>119,237</b>	<b>107,489</b>	<b>150,921</b>	<b>71,222</b>
<b>Other Expenditure</b>					
GST	2	9,147	4,326	7,471	7,202
<b>Total Expenditure</b>		<b>128,384</b>	<b>111,815</b>	<b>158,392</b>	<b>78,424</b>

Refer to the Schedule of Non-Departmental Expenditure and Appropriations for details of Appropriated Expenditure.

The Non-Departmental statement of accounting policies and notes form an integral part of, and should be read in conjunction with, these financial schedules

# Expenditure and Appropriations

## Schedule of Non-Departmental Expenditure and Capital Expenditure Appropriations for the year ended 30 June 2007

	NOTE	ACTUAL 2006/07 \$000	MAIN ESTIMATES 2006/07 \$000	SUPP. ESTIMATES 2006/07 \$000	ACTUAL 2005/06 \$000
<b>Appropriations For Expense Items</b>					
<b>Vote Community And Voluntary Sector</b>	3,4				
<b>Non-Departmental Output Expenses</b>					
Charities-Administration		2,992	2,661	2,992	5,241
Community Based Youth Development Fund		420	420	420	400
<b>Other Expenses to be Incurred by the Crown</b>					
Charities Commission Litigation Fund	4(a)	0	222	222	222
Community Development Scheme		2,095	2,095	2,095	2,024
Community Internship Programme		268	268	268	220
Community Organisation Grants Scheme		11,449	11,641	11,500	11,445
Community Partnership Fund *	4(b)	4,226	5,500	7,365	0
Disarmament Education Grants		150	150	150	150
Māori Community Development Workers		178	178	178	178
New Zealand 1990 Scholarship Trust		0	0	0	100
Support for Volunteering		402	402	402	401
Youth Workers Training Scheme	4(c)	189	200	200	182
<b>Total Appropriations</b>		<b>22,369</b>	<b>23,737</b>	<b>25,792</b>	<b>20,563</b>
<b>Vote Emergency Management</b>					
	3				
<b>Other Expenses to be Incurred by the Crown</b>					
Emergency Expenses		7,700	1,838	7,681	8,118
Subsidies to Local Government		889	889	889	889
<b>Total Appropriations</b>		<b>8,589</b>	<b>2,727</b>	<b>8,570</b>	<b>9,007</b>
<b>Vote Internal Affairs</b>					
	3,4				
<b>Non-Departmental Output Expenses</b>					
Classification of Films, Videos and Publications		1,960	1,960	1,960	1,960
Significant Community-Based Project Fund*		12,746	9,000	12,746	19,254
<b>Other Expenses to be Incurred by the Crown</b>					
Commission of Inquiry into Police Conduct	4(e)	58	15	108	152
Miscellaneous Grants (Internal Affairs)	4(f)	19	48	48	47
Royal Life Saving Commonwealth Council		1	1	1	1
<b>Total Appropriations</b>		<b>14,784</b>	<b>11,024</b>	<b>14,863</b>	<b>21,414</b>

\* Multi-year appropriation

The Non-Departmental statement of accounting policies and notes form an integral part of, and should be read in conjunction with, these financial schedules

	NOTE	ACTUAL 2006/07 \$000	MAIN ESTIMATES 2006/07 \$000	SUPP. ESTIMATES 2006/07 \$000	ACTUAL 2005/06 \$000
<b>Vote Local Government</b>	3,4				
<b>Benefits and Other Unrequited Expenses</b>					
Rates Rebate Scheme	4(g)	43,517	50,650	70,650	674
<b>Other Expenses to be Incurred by the Crown</b>					
Chatham Islands Council		1,763	1,251	1,763	1,100
Depreciation	4(h)	128	142	142	167
Grants to Assist in Land Purchases	4(i)	0	0	1,000	2,296
Tuwharetoa Māori Trust Board	4(j)	149	169	169	169
<b>Total Appropriations</b>		<b>45,557</b>	<b>52,212</b>	<b>73,724</b>	<b>4,406</b>
<b>Vote Ministerial Services</b>	3				
<b>Benefits and Other Unrequited Expenses</b>					
Annuities to Former Governors-General, Prime Ministers and Widows		6,211	327	6,215	302
<b>Other Expenses to be Incurred by the Crown</b>					
Depreciation		119	111	121	108
Executive Council and Ministers' Salaries and Allowances		6,984	6,960	7,000	6,710
Governors General Pension Arrangements		19	20	20	18
Ministers' Internal and External Travel		10,052	10,061	10,061	8,403
Travel for Former Governors-General and Prime Ministers		4,553	310	4,555	291
<b>Total Appropriations</b>		<b>27,938</b>	<b>17,789</b>	<b>27,972</b>	<b>15,832</b>
<b>Total Non-Departmental Expenses</b>		<b>119,237</b>	<b>107,489</b>	<b>150,921</b>	<b>71,222</b>
<b>Appropriations For Capital Items</b>					
<b>Vote Community And Voluntary Sector</b>					
<b>Capital Expenditure</b>					
Charities Commission – Capital Contribution	4(d)	426	0	426	1,367
<b>Vote Local Government</b>					
<b>Capital Expenditure</b>					
Capital Investments – Lake Taupo	4(k)	41	34	179	528
<b>Total Appropriations For Capital Items</b>		<b>467</b>	<b>34</b>	<b>605</b>	<b>1,895</b>
<b>Total Appropriations</b>		<b>119,704</b>	<b>107,523</b>	<b>151,526</b>	<b>73,117</b>

The Non-Departmental statement of accounting policies and notes form an integral part of, and should be read in conjunction with, these financial schedules

	VOTE COMMUNITY AND VOLUNTARY SECTOR – COMMUNITY PARTNERSHIP FUND (000)	VOTE INTERNAL AFFAIRS – SIGNIFICANT COMMUNITY BASED PROJECT FUND (000)
<b>Details of Multi-Year Appropriations</b>		
Multi-Year Appropriations commence	1 July 2005	1 July 2005
Multi-Year Appropriations expire	30 June 2009	30 June 2009
Original Appropriation	17,403	32,000
Adjustments	0	0
<b>Total Appropriation</b>	<b>17,403</b>	<b>32,000</b>
Actuals to 2005/06 Year End	0	19,254
<b>Actuals to 2006/07 Year End</b>	<b>4,226</b>	<b>32,000</b>

# Unappropriated Expenditure

## Schedule of Non-Departmental Unappropriated Expenditure and Capital Expenditure for the year ended 30 June 2007

The Statement of Unappropriated Expenditure details the amount of expenditure incurred above appropriation.

### 2006/07 Unappropriated Expenditure against Main Estimates

There was no unappropriated expenditure against Main Estimates for the year ended 30 June 2007.

### 2006/07 Unappropriated Expenditure against Supplementary Estimates

	ACTUAL 2006/07 \$000	MAIN ESTIMATES 2006/07 \$000	SUPP. ESTIMATES 2006/07 \$000	ACTUAL 2005/06 \$000
<b>Vote Emergency Management</b>				
<i>Other Expenses to be Incurred by the Crown</i>				
Emergency Expenses	7,700	1,838	7,681	8,118

Emergency Expenses incurred unappropriated expenditure due to a miscalculation of GST during the processing of claims for response and recovery costs. The Minister of Finance approved the incurring of this over expenditure under section 26(b) of the Public Finance Act 1989.

### 2005/06 Unappropriated Expenditure against Main Estimates

	ACTUAL 2005/06 \$000	MAIN ESTIMATES 2005/06 \$000	SUPP. ESTIMATES 2005/06 \$000	ACTUAL 2004/05 \$000
<b>Vote Community and Voluntary Sector</b>				
<i>Other Expenses to be Incurred by the Crown</i>				
Community Organisation Grants Scheme	11,445	11,394	11,641	12,326
<b>Vote Emergency Management</b>				
<i>Other Expenses to be Incurred by the Crown</i>				
Emergency Expenses	8,118	48	8,165	11,469

### Community Organisation Grants Scheme

Changes to the Public Finance Act 1989 meant that in 2005/06 recognition of expenditure incurred under the non-departmental appropriation Community Organisation Grant Scheme shifted from a GST inclusive basis to a GST exclusive basis. The GST component of the appropriation was estimated for the 2005/06 Main Estimates and required adjustment when actual GST was known. The Department subsequently obtained authority to incur the expenditure under Imprest Supply in the 2006 March Baseline Update.

The Non-Departmental statement of accounting policies and notes form an integral part of, and should be read in conjunction with, these financial schedules

## Emergency Expenses

During 2005/06 Cabinet authorised an increase in the appropriation for Emergency Expenses [CAB Min (05) 23/3A refers]. That authorisation did not include approval to incur the expenditure under Imprest Supply. Authority to incur the expenditure under Imprest Supply was subsequently granted in the 2005 October Baseline Update.

## 2005/06 Unappropriated Expenditure against Supplementary Estimates

	ACTUAL 2005/06 \$000	MAIN ESTIMATES 2005/06 \$000	SUPP. ESTIMATES 2005/06 \$000	ACTUAL 2004/05 \$000
<b>Vote Local Government</b>				
<b><i>Other Expenses to be Incurred by the Crown</i></b>				
Depreciation	167	160	160	0

Higher than forecast depreciation for Crown Assets at Lake Taupo was approved by the Minister of Finance under section 26(b) of the Public Finance Act 1989.

The Non-Departmental statement of accounting policies and notes form an integral part of, and should be read in conjunction with, these financial schedules

# Assets and Liabilities

## Schedule of Non-Departmental Assets and Liabilities

as at 30 June 2007

The Schedule of Assets summarises the assets the Department administers on behalf of the Crown.

	ACTUAL 2006/07 \$000	MAIN ESTIMATES 2006/07 \$000	SUPP. ESTIMATES 2006/07 \$000	ACTUAL 2005/06 \$000
<b>Assets</b>				
<b>Current Assets</b>				
Cash	59,570	5,240	1,264	24,523
Accounts Receivable	257	184	93	312
<b>Total Current Assets</b>	<b>59,827</b>	<b>5,424</b>	<b>1,357</b>	<b>24,835</b>
<b>Non Current Assets</b>				
Land	6,600	5,700	5,700	6,600
Buildings	9,020	6,097	10,043	9,226
<b>Total Non Current Assets</b>	<b>15,620</b>	<b>11,797</b>	<b>15,743</b>	<b>15,826</b>
<b>Total Assets</b>	<b>75,447</b>	<b>17,221</b>	<b>17,100</b>	<b>40,661</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables	28,778	1,772	12,215	24,668
<b>Total Current Liabilities</b>	<b>28,778</b>	<b>1,772</b>	<b>12,215</b>	<b>24,668</b>
<b>Term Liabilities</b>				
Provisions	10,005	0	0	0
<b>Total Term Liabilities</b>	<b>10,005</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>38,783</b>	<b>1,772</b>	<b>12,215</b>	<b>24,668</b>

### Land and Buildings

DTZ New Zealand Ltd (MREINZ), registered independent valuer, conducted a valuation of non-departmental land and buildings during May and June 2006 with valuations effective 30 June 2006.

### Investments in Crown Entities

The Department monitors a number of Crown entities. The investment in these entities is recorded within the Crown financial statements on a line-by-line basis. No disclosure is made in this schedule.

The Non-Departmental statement of accounting policies and notes form an integral part of, and should be read in conjunction with, these financial schedules

# Commitments

## Schedule of Non-Departmental Commitments

as at 30 June 2007

	ACTUAL 2006/07 \$000	ACTUAL 2005/06 \$000
<b>Other Operating Commitments</b>		
Less than one year	675	1,790
One to two years	0	600
<b>Total Other Operating Commitments</b>	<b>675</b>	<b>2,390</b>
<b>Total Commitments</b>	<b>675</b>	<b>2,390</b>

# Contingent Assets and Liabilities

## Schedule of Non-Departmental Contingent Assets and Liabilities

as at 30 June 2007

There were no Contingent Assets or Liabilities for the year ended 30 June 2007 or the previous financial year.

The Non-Departmental statement of accounting policies and notes form an integral part of, and should be read in conjunction with, these financial schedules

# Notes to the Financial Schedules

## Notes to the Non-Departmental Financial Schedules

for the year ended 30 June 2007

### NOTE 1

#### Revenue and Receipts

Revenue and receipts consists mainly of prior year's grant refunds (\$1.417m).

### NOTE 2

#### GST Expense

Section 6 of the Public Finance Act 1989 provides authority for GST expenditure in relation to appropriated expenditure.

### NOTE 3

#### Explanation of Significant Budget Changes

The *Supplementary Estimates of Appropriations for the year ended 30 June 2007* contain an explanation of significant budget changes between the 2006/07 Main Estimates and 2006/07 Supplementary Estimates as set out below:

##### a) Vote Community and Voluntary Sector

» Supplementary Estimates of Appropriations, B7 – Pages 76 to 78.

##### b) Vote Emergency Management

» Supplementary Estimates of Appropriations, B7 – Pages 182 and 183.

##### c) Vote Internal Affairs

» Supplementary Estimates of Appropriations, B7 – Pages 287 and 288.

##### d) Vote Local Government

» Supplementary Estimates of Appropriations, B7 – Pages 320 and 321.

##### e) Vote Ministerial Services

» Supplementary Estimates of Appropriations, B7 – Pages 334 and 335.

## NOTE 4

## Explanation of Significant Actual Variances

	ACTUAL 2006/07 \$000	SUPP. ESTIMATES 2006/07 \$000	UNDERSPEND/ (OVERSPEND) 2006/07 \$000	UNDERSPEND/ (OVERSPEND) 2006/07 %
<b>Vote Community And Voluntary Sector</b>				
<b>Other Expenses to be Incurred by the Crown</b>				
a) Charities Commission Litigation Fund	0	222	222	100
b) Community Partnership Fund	4,226	7,365	3,139	43
c) Youth Workers Training Scheme	189	200	11	6
<b>Vote Internal Affairs</b>				
<b>Other Expenses to be Incurred by the Crown</b>				
d) Commission of Inquiry into Police Conduct	58	108	50	46
e) Miscellaneous Grants (Internal Affairs)	19	48	29	61
<b>Vote Local Government</b>				
<b>Benefits and Other Unrequited Expenses</b>				
f) Rates Rebate Scheme	43,517	70,650	27,133	38
<b>Other Expenses to be Incurred by the Crown</b>				
g) Depreciation	128	142	14	10
h) Grants to Assist in Land Purchases	0	1,000	1,000	100
i) Tuwharetoa Māori Trust Board	149	169	20	12
<b>Purchase or Development of Capital Assets by the Crown</b>				
j) Capital Investments – Lake Taupo	41	179	138	77

**Vote Community and Voluntary Sector**

- a) No litigation occurred during 2006/07. The Charities Commission held the prior financial years appropriation on its balance sheet, therefore the appropriation for this financial year was not required.
- b) This is a multi-year appropriation. Patterns of expenditure are dependent on the provision of information from community groups. This is a timing difference and it is expected that the appropriation will be fully spent over the period of the appropriation.
- c) The Youth Workers Training Scheme under expenditure relates to returned funds and late withdrawals from the scheme.

**Vote Internal Affairs**

- d) The under expenditure was due to a lower level of activity of the Commissioner.
- e) This item is demand driven and only two grants were given out during this financial year.

## Vote Local Government

- f) The Rates Rebate Scheme is demand driven, and depends on territorial authorities submitting claims. Claims have been lower than expected.
- g) The under expenditure in depreciation is driven by the delays to the proposed capital improvements at Lake Taupo under Capital Investment – Lake Taupo (refer j below).
- h) The under expenditure is due to delays in the approval resource consent for the subdivision of the Chelsea Sugar Works Estate land. An in-principle expense transfer to 2007/08 was approved.
- i) The under expenditure is due to a lower level of revenue collected. Payment to the Tuwharetoa Māori Trust Board is based on a percentage of the revenue collected in the previous financial year.
- j) The under expenditure is due to delays in obtaining consents from the Tuwharetoa Māori Trust Board for the proposed capital improvements to structures at Lake Taupo. An in-principle expense transfer to 2007/08 was approved.

# Trust Money Administered on Behalf of the Crown

## Schedule of Trust Money Administered on Behalf of the Crown

for the year ended 30 June 2007

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

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.

### Schedule of Trust Money

	OPENING BALANCE 2006/07 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	REVENUE \$000	EXPENSES \$000	CLOSING BALANCE 2006/07 \$000
Vogel House	0	2	(2)	0	0	0
New Zealand 1990 Scholarships	545	0	0	42	0	587
Unlimited Potential	339	0	0	17	(217)	139
<b>Total</b>	<b>884</b>	<b>2</b>	<b>(2)</b>	<b>59</b>	<b>(217)</b>	<b>726</b>

The Vogel House Trust was established to hold bonds for the hireage of Vogel House and Premier House.

The New Zealand 1990 Scholarship Trust was established to provide scholarships for top overall students in University Bursaries examinations.

The Unlimited Potential Programme Trust was funded by Microsoft Corporation and enables the Crown, through the Whitireia Community Polytechnic, to provide training of technology skills to disadvantaged and underserved young people through Community-based Technology and Learning Centres.