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Departmental Forecast Report of the  
Department of the  
Prime Minister  
and Cabinet

for the year ended  
30 June 2002

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*Presented to the House of Representatives pursuant to  
section 34A of the Public Finance Act 1989.*

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**The Prime Minister is the Responsible Minister for the  
Department of the Prime Minister and Cabinet.**

**STATEMENT OF RESPONSIBILITY**

The forecast financial statements of the Department of the Prime Minister and Cabinet for the year ending 30 June 2002 have been prepared in accordance with Section 34A of the Public Finance Act 1989.

As Chief Executive of the Department of the Prime Minister and Cabinet, I acknowledge in signing this statement, that I am responsible for the forecast financial statements contained in this report. I also undertake to ensure that outputs required of the department are produced to the required performance standard, with the resources voted to the Prime Minister who purchases outputs from the department.

The financial performance forecast to be achieved by the department for the year ending 30 June 2002 that is specified in the statement of objectives is as agreed with the Prime Minister who is the Minister responsible for the financial performance of the Department of the Prime Minister and Cabinet.

The performance for each class of outputs forecast to be achieved by the department for the year ending 30 June 2002 that is specified in the Statement of Objectives is as agreed with the Prime Minister who is responsible for the Vote administered by the department.

I certify that the information contained in this report is consistent with the appropriations contained in the Estimates for the year ending 30 June 2002 that are being laid before the House of Representatives under Section 9 of the Public Finance Act 1989.

*Signed:*



*Mark Prebble  
Chief Executive*

*Date: 16 May 2001*

*Countersigned:*



*Brent Anderson  
Corporate Services Manager*

## PART A — INTRODUCTION AND HIGHLIGHTS

### CHIEF EXECUTIVE'S INTRODUCTION

The Department of the Prime Minister and Cabinet (DPMC) provides impartial and free and frank advice to the Prime Minister of the day on public policy and constitutional issues. It also helps to ensure that Government decision-making processes work effectively and efficiently through the provision of high quality secretariat services to the Cabinet and the Executive Council by the Cabinet Office.

That means that the department operates at the heart of government, helping the Prime Minister lead the Cabinet in its role of implementing the Government's policies and programmes. It is not the department's job to determine what those policies and programmes will be — that is the task of the duly elected government. It is the department's role to advise its Minister — the Prime Minister — on how the Government's vision might be translated into effective long-term policy and, where the Government has a clear policy direction in mind, the likelihood of that particular policy delivering what the Government wants.

We do not have direct control of the operations of other government agencies, nor should we. Our job is to provide the Prime Minister with a critical assessment of all areas of government activity. As a result, we have an interest in:

- every agency of state — government departments, Crown entities, Crown companies and state owned enterprises;
- every activity of government, including regulation, economic policies and progress, law and order, international affairs, defence, emergency management, national security, care of children and their families and the public health and disability sector; and
- every way the Government and citizens interact — over the counter, on the internet, in the classroom, through public information programmes, in national parks or on the marae.

Using our extensive networks in the public sector, business and the community, we act as the eyes and ears for the Prime Minister, bringing to the Prime Minister's attention any areas of concern, particularly those where it is clear government intervention is needed to improve the lives of citizens, or where existing government policies or programmes need amendment to better meet the needs of citizens and to better reflect the Government's policy intentions.

In addition, we are responsible for providing administrative and constitutional advice and support to the Governor-General. This

involves supporting the Governor-General in her constitutional role as Head of State and all aspects of her day-to-day activities.

The glue that binds the department is not what we do — our tasks and responsibilities are many and varied — but how we do it. Our work must be:

- **thorough.** We must have complete understanding of the policy or programme issue in question (including the views of all parties involved in or with an interest in its resolution) and the options available for its resolution before we advise the Prime Minister;
- **pithy.** We must get to the heart of the matter quickly and communicate our advice clearly;
- **discreet.** The Prime Minister, ministers and the Governor-General must have confidence in our ability to keep Government's business private when it ought to be private;
- **free and frank.** We have an ethical obligation to provide Prime Ministers with the advice they need to hear, not the advice we think they want to hear;
- **honest.** Ministers and others with whom we deal must have confidence in our ability to be truthful messengers and honest brokers; and
- **impartial.** Our advice must not be coloured by a political perspective. Our advice must reflect the neutral position of New Zealand's professional public service.

While these qualities must apply in any government department, the job we do and the offices we serve demand we meet the highest professional and ethical standards at all times.

Towards the end of the year 2000, we engaged two former senior public servants — past State Services Commissioner Don Hunn, and economist Alf Kirk — to review the roles, scope and operation of the department against the needs, requirements and expectations of the Prime Minister and those of the coalition Cabinet.

The reviewers concluded that the environment within which the department is asked to operate has become increasingly complex and difficult over the 11 years of its existence. In particular, the reviewers noted:

- the restructuring of the electoral system and the move to coalition governments have increased workloads and complicated government processes; and
- the increasing expectations of the general public, sector stakeholders and political allies to be consulted before policy

decisions are taken, have made the task of coordinating government policy much more difficult.

Despite these factors, the reviewers noted that "...the department has done well during a very testing time."

The reviewers recommended a number of initiatives to improve the department's ability to serve the Prime Minister and Cabinet. They included:

- better defining the requirements of policy advice and coordination;
- increasing resources for the Cabinet Office and the Policy Advisory Group to ensure they are able to continue to respond to increasing workloads and to provide quality secretariat services, policy advice and policy coordination, and government/issues management to the Prime Minister and Cabinet;
- widening the skills and experience base of the Policy Advisory Group to ensure it is better able to provide the Prime Minister with a 'whole of New Zealand' rather than a 'whole of government' perspective;
- reviewing the relationship between the department and the Prime Minister's private office to improve the ability to bring together the professional and political streams of advice needed for Cabinet decision-making; and
- reducing the number of output classes from seven to three and specifying them in such a way that gives the department greater flexibility to manage its resources within its important business areas.

The advancement of these recommendations over the next 12 months will greatly improve the department's ability to provide the Prime Minister and Cabinet with quality advice and services.

At the end of the day, however, the ability of the department to turn recommendations into realities lies in the professionalism and commitment of our staff. The members of my team are acutely aware of their responsibilities. We will make it happen because we believe the position of Prime Minister is so important and demanding that the incumbent deserves the best possible support. We aim to provide that support at all times.



Mark Prebble  
Chief Executive

## THE DEPARTMENT OF THE PRIME MINISTER AND CABINET

### VISION

*Building on its position as a central government agency, to provide consistently the best possible advice, and secretariat, information and support services to successive governments to help them govern efficiently and effectively in the interests of New Zealand.*

*Ēwhakatau ana tēnei tari i tōna āke mana mē te kāwanatanga, hei kete mātauranga. E wātea ana, i ngā wā katoa, ā, hei tohu i nga kāi tuhi-kaupapa, ahakoa ko wai te kāwanatanga, mō te painga, mē te tiaki i ngā tikanga katoa hei oranga mō tātou ō Aotearoa.*

### MISSION

We will add strategic and operational value to the decision-making and the administration of the Executive (the Prime Minister, Cabinet, and the Governor-General) through the provision of:

- high quality impartial policy advice;
- high quality information, assessments and secretariat services;
- high quality and responsive management and support services; and
- high quality co-ordination and facilitation services

which will be built on effective partnerships with our key stakeholders.

### THE GOVERNMENT'S KEY GOALS

The department facilitates processes around the review and formulation of the Government's key goals. It also provides advice and support to the Prime Minister, in consultation with officials supporting the Cabinet Policy Committee on those issues identified by the Prime Minister as high risk and high priority.

### RELATED GOVERNMENT OUTCOMES

The Department of the Prime Minister and Cabinet contributes to the following Government outcomes through the work of its constituent business units.

- *The Prime Minister in her roles of Head of Government and Chair of the Cabinet is enabled to lead and guide a coherent and informed policy-making process across the range of government activity. (Policy Advisory Group and Cabinet Office)*

- *More effective coordination of the policy formulation process is promoted. (Policy Advisory Group)*
- *The central processes of executive government are maintained and conducted impartially and effectively, and in accordance with accepted constitutional conventions. (Cabinet Office)*
- *The constitutional, social, and ceremonial functions of the Office of the Governor-General are performed. (Cabinet Office and Government House)*
- *The functions and dignity of the Office of the Governor-General are supported and preserved. (Cabinet Office and Government House)*
- *The Governor-General's residences are properly maintained. (Government House)*
- *Informed policy decision making, particularly in New Zealand's foreign relations and external linkages is enhanced. (External Assessments Bureau)*

## FINANCIAL HIGHLIGHTS

Vote Prime Minister and Cabinet	2000/01		2001/02
	Budgeted	Estimated Actual	Budget
	\$000	\$000	\$000
Revenue : Crown	11,676	11,676	11,820
Revenue : Other	48	48	48
Revenue : Interest	55	55	40
Output Expenses	11,706	11,706	11,850
Net surplus (Deficit)	(237)	(237)	58
Other Expenses	321	321	–
Taxpayers' funds	1,140	1,140	1,140
Net cash flows from operating activities	134	134	786

## PART B — FORECAST FINANCIAL PERFORMANCE

These forecast financial statements for the Department of the Prime Minister and Cabinet contain all of the statements specified in Section 34A of the Public Finance Act 1989 as amended by the Public Finance Act 1994.

### STATEMENT OF OBJECTIVES — SPECIFYING THE PERFORMANCE FORECAST FOR EACH CLASS OF OUTPUTS FOR THE YEAR ENDING 30 JUNE 2002

The Department of the Prime Minister and Cabinet has committed to provide output classes in 2001/02, which meet the requirements of the Prime Minister and various purchasers in terms of their nature, timeliness, quality and quantity, specifications and costs.

#### OUTPUT OPERATING STATEMENTS: 2001/02

Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Depts \$000	Revenue: Other \$000	Total Expenses \$000	Surplus/ (deficit)
<b>Vote Prime Minister and Cabinet</b>						
D1 Policy Advice and Secretariat and Coordination Services	Frank and impartial advice to the Prime Minister. Secretariat services for Cabinet, its committees, and the Executive Council.	6,310	-	-	6,310	-
D2 Support Services to the Governor-General and Maintenance of the Residences	Support and personal services to the Governor-General. Upkeep of Government House and grounds.	3,102	-	48	3,132	18
D3 Intelligence Assessments on Developments Overseas	Assessments provided on events and trends overseas affecting NZ interests.	2,408	-	-	2,408	-
<b>Total</b>		<b>11,820</b>	<b>-</b>	<b>48</b>	<b>11,850</b>	<b>18</b>

The following changes have been approved to the structure of the department's output classes from 1 July 2001. This follows a review of the department in September 2000 which recommended a reduction in the number of classes of outputs in Vote : Prime Minister and Cabinet.

Output Classes from 1 July 2001	Output Classes to 30 June 2001
<p><b>D1 Policy Advice and Secretariat and Coordination Services</b></p> <p>Annual appropriation in 2001/02 is \$7.1 million</p> <p>This is a new output class which consolidates the three old output classes:</p> <ul style="list-style-type: none"> <li>– Policy Advice</li> <li>– Secretariat Services</li> <li>– Communication Services</li> </ul>	<p>D1 Policy Advice</p> <p>Annual appropriation 2000/01: \$4.1 million</p>
	<p>D2 Secretariat Services</p> <p>Annual appropriation 2000/01: \$2.1 million</p>
	<p>D4 Communication Services</p> <p>Annual appropriation 2000/01: \$0.3 million</p>
<p><b>D2 Support Services to the Governor-General and Maintenance of the Residences</b></p> <p>Annual appropriation in 2001/02 is \$3.5 million</p> <p>This is a new output class which consolidates the two old output classes:</p> <ul style="list-style-type: none"> <li>– Maintenance of Governor-General's Residences</li> <li>– Support Services to Governor-General</li> </ul>	<p>D5 Maintenance of the Governor-General's Residences</p> <p>Annual appropriation 2000/01: \$1.4 million</p>
	<p>D6 Support Services to the Governor-General</p> <p>Annual appropriation 2000/01: \$2.1 million</p>
<p><b>D3 Intelligence Assessments on Developments Overseas</b></p> <p>Annual appropriation 2001/02 is \$2.7 million</p> <p>This output class remains the same as in 2000/01</p>	<p>D3 Intelligence Assessments on Developments Overseas</p> <p>Annual appropriation 2000/01: \$2.7 million</p>
<p>Following a Cabinet decision, the Crime Prevention Unit was transferred to the Ministry of Justice on 31 October 2000.</p>	<p>D7 Policy Advice and Provision of Crime Prevention Services</p> <p>Annual appropriation 2000/01: \$0.5 million</p>

**STATEMENT OF OBJECTIVES — OUTPUT CLASS PERFORMANCE*****D1 — POLICY ADVICE AND SECRETARIAT AND COORDINATION SERVICES***

*(Provided by the Policy Advisory Group, the Domestic and External Security Secretariat (DESS) and the Cabinet Office)*

***Description***

This class of outputs involves:

- The provision of immediate, medium- and long-term policy advice of an impartial nature, delivered freely and frankly to the Prime Minister and, at the Prime Minister's request, to other Ministers.
- Promotion and facilitation of interdepartmental coordination of policy development and the promotion of a greater collective approach to performance standards across the State Sector through the formulation and implementation of the Government's key goals.
- The provision of constitutional, policy and procedural advice to the Governor-General, the Prime Minister and, at the Prime Minister's direction, other Ministers, and government departments.
- The provision of advice on the evolving policies and practices of executive government functions under coalition government, including review of policies and procedures where appropriate.
- The coordination of the policy and administrative aspects of the legislation programme as directed by Cabinet Legislation Committee.
- The provision of impartial secretariat services to Cabinet, Cabinet committees, and the Executive Council, and the promulgation of their decisions.
- The development and promulgation of information, advice and guidelines on the nature and operations of the central processes of executive government.
- The administration of Royal Honours.
- The provision of services to assist with negotiations for terms and conditions for paid government agency advertising and publicity.

### **Performance Measures — Policy Advice and Coordination Services**

- (1) Provide effective advice to enable the Prime Minister, well informed, to lead and manage the public policy business of the Government.

#### **Performance Standards**

- Quality* • Advice meets the department's quality criteria for advice.
- Quantity* • As agreed with the Prime Minister.
- Timeliness* • Advice is prepared within the timeframe required.

#### **QUALITY CRITERIA FOR DPMC ADVICE**

Advice provided to our key clients will:

- be based on a full and impartial analysis of all information from all relevant sources;
- relate where appropriate, to the priorities and key goals of the Government;
- be of high quality (the purpose of the advice is clear, the assumptions used are explicit, and the arguments followed are logical; the facts are accurate, adequate consultation with interested parties has been undertaken when appropriate, it is practical and is presented effectively, and concisely summarised in plain English);
- be presented within specific and agreed deadlines or within an agreed timeframe.

- (2) The Prime Minister and other key clients show a high level of satisfaction with the advice and coordination services provided.

#### **Performance Standards**

- Quality and Timeliness* • The Prime Minister is satisfied with the quality, appropriateness and timeliness of the advice and coordination services provided.
- Other key clients are satisfied with the advice and coordination services provided.
- (3) Negotiate annual volume incentive agreements with all media that are advantageous to government departments and Crown agencies.

### ***Performance Standards***

- Whole of government media agreements are based on conditions equivalent to or better than that applying to similar sized advertisers in the private sector.
- All government volume incentive agreements ie television, radio, and print media will be negotiated annually and government agencies notified within 30 days of outcome.

### ***Performance Measures — Secretariat Services to Cabinet and Executive Council***

- (1) Promote and safeguard the proper operation of Cabinet and Cabinet Committees.

### ***Performance Standards***

- |                   |   |
|-------------------|---|
| <i>Quality</i>    | • Advice meets the department's quality criteria for advice (see page 12).  |
| <i>Quantity</i>   | <ul style="list-style-type: none"> <li>• Policies and procedures relating to the central processes of executive government are reviewed as required.</li> <li>• Ministers and officials are informed of ongoing and new Cabinet guidelines and procedures.</li> </ul> |
| <i>Timeliness</i> | • The Prime Minister, Ministers, officials and government agencies are informed of Cabinet and Cabinet Committee procedures and changes in a timely manner.   |
- (2) Provide impartial, efficient and effective secretariat services to Cabinet and Cabinet Committees to ensure they operate smoothly and within Cabinet's rules.

### ***Performance Standards***

- |                             |  |
|-----------------------------|--|
| <i>Quality and Quantity</i> | <ul style="list-style-type: none"> <li>• Minutes are recorded accurately and impartially (at least 98% of minutes will not require amendment).</li> <li>• Well judged summaries are prepared of submissions to Cabinet and Cabinet Committees.</li> <li>• Advice meets the department's quality criteria for advice (see page 12).</li> <li>• Agendas and summaries are distributed in a timely manner to Ministers (with most delivered two days before Cabinet and Cabinet Committee meetings).</li> </ul> |
|-----------------------------|--|

- Timeliness*
- Minutes are timely (at least 80% of minutes are distributed within two days of the meeting and 95% of minutes are distributed within three days);

**Cost**

Policy advice, Secretariat and Coordination Services will be provided within the sum of \$7.099 million including GST. The GST exclusive figure of \$6.310 million will be funded by revenue: Crown. The department will also administer an appropriation of \$20,000 under permanent legislative authority (the NZSIS Amendment Act (No 2) 1999) for the Commissioner of Security Warrants.

## **D2 — SUPPORT SERVICES TO THE GOVERNOR-GENERAL AND MAINTENANCE OF THE RESIDENCES**

*(Provided by Government House and the Clerk of the Executive Council)*

### **Description**

This class of outputs involves:

- the provision of financial, administrative, communications, travel and advisory services to the Office of the Governor-General and domestic and personal services for the Governor-General.
- the conducting of a range of official functions, investitures and receptions at Government House and hosting State and other dignitaries.
- the general upkeep of the two Government Houses in Wellington and Auckland, including the maintenance and security of the buildings and the landscaping, development and maintenance of the gardens and grounds.
- the maintenance of the other residences and buildings associated with the two Government Houses.

### **Performance Measures — Support Services to the Governor-General**

- (1) Provide efficient and effective support to the Governor-General to enable her to carry out of the ceremonial and the public role of the Governor-General.

### **Performance Standards**

- Quality and Quantity*
- Events and funding run smoothly, are organised to a high and appropriate standard agreed with the Governor-General.
  - Services provided are efficient (cost effective and well organised).
  - The Governor-General's programme is well balanced.
  - The Governor-General is highly satisfied with 100% of the services and functions.

- (2) Provide services to the Governor-General to ensure the efficient and effective running of her official programme and the household.

These services include advisory, administrative, function organisation and household activity.

**Performance Standards**

*Quality,  
Quantity and  
Timeliness*

- All correspondence is appropriately actioned within one week of receipt.
  - All speech material is provided within a timeframe acceptable to the Governor-General.
  - All services are provided to meet the requirements of the programme agreed with the Governor General.
  - The Department will also administer an appropriation of \$623,000 under permanent legislative authority (the Civil List Act 1979) for the purposes of meeting the Governor General's salary, allowances and travel.
- (3) Preserve and enhance buildings and grounds of Government House as an appropriate residence of the Head of the State and as an historic place.

**Performance Standards**

*Quality,  
Quantity and  
Timeliness*

- Rolling programmes are planned and implemented for garden development, building preservation and restoration of valuable art works.
- The programmes implemented meet the requirements of the Governor-General.
- Government House management meets monthly to assess progress against the approved programme.
- The Governor-General's views on the quality and adequacy of buildings and grounds maintenance will be sought as part of the programme review process, conducted quarterly.
- All contracts let for maintenance, security and gardening meet required specifications.
- All contractors meet pre-agreed contract standards in terms of workmanship, special requirements of the House, hours of work and completion times.
- All security systems, external doors, perimeter fencing and lighting systems are regularly inspected, maintained and reviewed against changing security requirements.

(4) The Governor-General is satisfied with the maintenance programmes implemented.

- Quality and Quantity*
- The Governor-General is satisfied that the maintenance programmes undertaken meet her requirements.
  - The Governor-General's views on the quality and adequacy of buildings and grounds maintenance will be sought as part of the programme review process conducted quarterly.
- Timeliness*
- Routine maintenance activities are carried out in a timely way.

### **Cost**

Outputs provided to the Crown will be produced within the sum of \$3.526 million, including GST. The GST exclusive figure of \$3.102 million will be funded from revenue: Crown and \$48,000 from revenue: other. The department will also administer an appropriation of \$169,000 for the purchase and development of capital assets by the Crown.

### **D3 — INTELLIGENCE ASSESSMENTS ON DEVELOPMENTS OVERSEAS**

*(Provided by the External Assessments Bureau)*

#### **Description**

This class of outputs involves the provision of information and reports on events and trends overseas affecting New Zealand's interests. It involves the identification, collation, evaluation and analysis of information on topics likely to affect New Zealand's foreign relations and external interests and the preparation of intelligence assessments and reports on political, economic, environmental, biographic, strategic, military and scientific subjects as required.

#### **Performance Measures**

Ensuring the effective provision of accurately and succinctly assessed information on overseas developments of policy relevance to New Zealand.

#### **Performance Standards**

- Quality*
- All assessments and reports will be:
    - ◆ factually correct;
    - ◆ comprehensive (take into account all available information);
    - ◆ concise (no longer than necessary to convey the information);
    - ◆ pertinent and informative (reflect national priorities and address topics requested by readers);
  - Feedback from the readers of assessments and reports is positive. No more than 5% of readers make substantive complaints in terms of agreed performance standards.
  - 90% of assessments submitted to the National Assessments Committee require no more than minor revision. EAB management documents weekly the Committee's consideration of assessments.
- Quantity*
- As agreed with the Prime Minister.
  - An annual report on work output, including the number of assessments and their nature and

comparative historical data, will be provided to senior officials.

- Timeliness*
- All assessments and reports are delivered in a timeframe useful to policy makers.

***Cost***

Outputs provided to the Crown will be produced within the appropriated sum of \$2.709 million, including GST. The GST exclusive figure of \$2.408 million will be funded by revenue: Crown.

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2002**

	2000/01		2001/02
	Budgeted	Estimated Actual	Budget
	\$000	\$000	\$000
<b>Revenue</b>			
Crown .....	11,676	11,676	11,820
Other .....	48	48	48
Interest .....	55	55	40
<b>Total Revenue</b> .....	<b>11,779</b>	<b>11,779</b>	<b>11,908</b>
<b>Expenses</b>			
Personnel .....	8,110	8,110	8,160
Operating .....	2,907	2,907	3,005
Depreciation .....	550	550	560
Capital charge .....	139	139	125
<b>Total Expenses</b> .....	<b>11,706</b>	<b>11,706</b>	<b>11,850</b>
Profit on sale of physical assets .....	11	11	-
Other Expenses .....	321	321 <sup>1</sup>	-
Net Surplus/(Deficit) .....	(237)	(237)	58

<sup>1</sup> Technical adjustment for employees' retiring leave.

**STATEMENT OF ESTIMATED FINANCIAL POSITION  
AS AT 30 JUNE 2000 AND FORECAST FINANCIAL POSITION  
AS AT 30 JUNE 2002**

	<b>Actual Financial Position as at 30 June 2000 \$000</b>	<b>Estimated Financial Position as at 30 June 2001 \$000</b>	<b>Forecast Financial Position as at 30 June 2002 \$000</b>
<b>Current Assets</b>			
Cash and bank balances .....	291	502	604
Short-term deposits with the Crown .....	900	–	–
Debtor-Crown .....	1,159	1,053	985
Prepayments .....	14	14	14
Debtors and receivables .....	2	2	2
Inventory .....	324	300	200
<b>Total Current Assets</b> .....	<b>2,690</b>	<b>1,871</b>	<b>1,805</b>
<b>Physical Assets</b> .....	<b>1,058</b>	<b>1,172</b>	<b>1,212</b>
<b>Total Assets</b> .....	<b>3,748</b>	<b>3,043</b>	<b>3,017</b>
<b>Current Liabilities</b>			
Payables and provisions .....	1,803	1,140	1,140
Provision for payment of surplus .....	132	84	58
Provision for employee entitlements .....	358	310	310
<b>Total Current Liabilities</b> .....	<b>2,293</b>	<b>1,534</b>	<b>1,508</b>
<b>Non-current liabilities</b> .....	<b>69</b>	<b>369</b>	<b>369</b>
<b>Total Liabilities</b> .....	<b>2,362</b>	<b>1,903</b>	<b>1,877</b>
<b>Taxpayers' Funds</b>			
General funds .....	1,386	1,140	1,140
<b>Total Taxpayers' Funds</b> .....	<b>1,386</b>	<b>1,140</b>	<b>1,140</b>
<b>Total Liabilities and Taxpayers' Funds</b> .....	<b>3,748</b>	<b>3,043</b>	<b>3,017</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2001

	2000/01		2001/02
	Budgeted	Estimated	Budget
	\$000	Actual	\$000
	\$000	\$000	\$000
<b>Cash Flows from Operating Activities</b>			
Cash provided from			
Supply of outputs to:			
Crown .....	11,782	11,782	11,888
Other .....	48	48	48
Interest .....	55	55	40
Cash disbursed to:			
Output expenses .....	(11,612)	(11,612)	(11,065)
Capital charge .....	(139)	(139)	(125)
Net Cash Flows from Operating Activities .....	134	134	786
<b>Cash Flows from Investing Activities</b>			
Cash provided from:			
Sale of physical assets .....	46	46	–
Cash disbursed to:			
Purchase of physical assets .....	(744)	(744)	(600)
Net Cash Flows from Investing Activities .....	(698)	(698)	(600)
<b>Cash Flows from Financing Activities</b>			
Cash provided from:			
Capital contribution .....	110	110	–
Cash disbursed to:			
Payment of surplus to the Crown .....	(132)	(132)	(84)
CPU – transfer settlement <sup>1</sup> .....	(103)	(103)	–
Net Cash Flows from Financing Activities .....	(125)	(206)	(84)
<b>Net Increase/(Decrease) in Cash Held .....</b>	<b>(689)</b>	<b>(689)</b>	<b>102</b>
<b>Opening Total Cash Balances at 1 July .....</b>	<b>1,191</b>	<b>1,191</b>	<b>502</b>
<b>Closing Total Cash Balances at 30 June .....</b>	<b>502</b>	<b>502</b>	<b>604</b>

<sup>1</sup> The Crime Prevention Unit was transferred to the Ministry of Justice at 31 October 2000.

**RECONCILIATION OF NET CASH FLOWS FROM OPERATING  
ACTIVITIES TO NET SURPLUS/(DEFICIT) IN THE OPERATING  
STATEMENT FOR THE YEAR ENDING 30 JUNE 2001(84)**

	2000/01		2001/02
	Budgeted	Estimated	Budget
	\$000	Actual \$000	\$000
Surplus/(Deficit) from Operating Statement .....	(237)	(237)	58
Add/(deduct) non-cash items			
Depreciation .....	550	550	560
Retirement leave .....	321	321	–
CPU transfer <sup>1</sup> .....	69	69	–
Movements in working capital items			
(Increase)/decrease in receivables and prepayments .....	–	–	–
(Increase)/decrease on debtor-Crown .....	106	106	68
(Increase)/decrease in inventories .....	24	24	100
(Decrease) in payables and provisions .....	(688)	(688)	–
Items classified as investing activities			
Net (gain)/loss on sale of physical assets .....	(11)	(11)	–
Net Cash Flows from Operating Activities .....	134	134	786

<sup>1</sup> The Crime Prevention Unit was transferred to the Ministry of Justice at 31 October 2000.

### STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS (EQUITY) AS AT 30 JUNE 2002

	<b>Estimated Position as at 30 June 2001 \$000</b>	<b>Forecast Position as at 30 June 2002 \$000</b>
Taxpayers' funds at start of period .....	1,386	1,140
Prior-period adjustments .....	–	–
Amended taxpayers' funds at start of period .....	1,386	1,140
Taxpayers' funds at end of period .....	1,140	1,140
Change in taxpayers' funds during the period.....	246	–
Less change in taxpayers' funds through		
contributions from owners .....	110	–
Less provision for retirement leave .....	(321)	–
Add change in taxpayers' funds through transfer .....	(35)	–
Change in taxpayers' funds .....	246	–

### FORECAST DETAILS OF FIXED ASSETS BY CATEGORY AS AT 30 JUNE 2002

	<b>30 June 2001</b>	<b>30 June 2002 Forecast Position</b>		
	<b>Estimated Actual Position \$000</b>	<b>Cost \$000</b>	<b>Accumulated Depreciation \$000</b>	<b>Net Book Value \$000</b>
Furniture and Fittings .....	536	978	392	586
Motor Vehicles .....	62	150	60	90
Plant and Equipment .....	574	3,513	2,977	536
<b>TOTAL</b> .....	1,172	4,641	3,429	1,212

**STATEMENT OF OBJECTIVES SPECIFYING THE FINANCIAL  
PERFORMANCE FORECAST FOR THE DEPARTMENT  
FOR THE YEAR ENDING 30 JUNE 2002**

	Unit	2000/01 Budgeted	2001/002 Estimated Actual	2001/002 Budget
<b>Operating Results</b>				
Revenue: interest .....	\$000	55	55	40
Output expenses .....	\$000	11,706	11,706	11,850
Profit on sale of assets .....	\$000	11	11	-
Operating surplus before capital charge ...	\$000	212	212	183
Net surplus (Deficit) .....	\$000	(237)	(237)	58
Other Expenses .....	\$000	321	321	-
<b>Working Capital</b>				
Net Current assets <sup>1</sup> .....	\$000	337	337	297
Current ratio <sup>2</sup> .....	%	122	122	120
Liquid ratio .....	%	102	102	106
Average creditors outstanding .....	days	50	50	50
<b>Resource Utilisation</b>				
Physical assets:				
Total physical assets at year end .....	\$000	1,172	1,172	1,212
Additions as % of physical assets .....	%	60	60	50
Taxpayers' funds:				
Level at year-end .....	\$000	1,140	1,140	1,140
<b>Forecast Net Cash Flows</b>				
Surplus/(deficit) operating activities .....	\$000	134	134	786
Surplus/(deficit) investing activities .....	\$000	(698)	(698)	(600)
Surplus/(deficit) financing activities .....	\$000	(22)	(22)	(84)
Net increase/(decrease) in cash held .....	\$000	(586)	(586)	102
<b>Human Resources</b>				
Staff turnover .....	%	20	22	20
Average length of service .....	years	5	5	5
Total staff .....	no.	124	113	120

The department aims to provide a work environment and conditions of employment that enable it to recruit and retain staff of the calibre (e.g. with the skills and experience) it requires.

<sup>1</sup> Current assets minus current liabilities

<sup>2</sup> Current assets as a proportion of current liabilities

## **STATEMENT OF SIGNIFICANT UNDERLYING ASSUMPTIONS<sup>3</sup>**

These statements have been compiled on the basis of Government policies and the department's purchase agreement with the Prime Minister at the time the statements were finalised.

These forecast financial statements comply with generally accepted accounting practice. The measurement base applied is historical cost adjusted for revaluations of assets. Revaluations are made to reflect the forecast service potential or economic benefit to be obtained through the control of assets.

The accrual basis of accounting has been used for the preparation of these financial statements.

These statements have been prepared on a going-concern basis.

## **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Measurement Base***

The measurement base adopted is that of historical cost.

### ***Specific Accounting Policies***

#### ***Goods and services tax***

The Statement of Unappropriated Expenditure and Statements of Departmental and Non-Departmental Expenditure and Appropriations are inclusive of GST. All other statements are GST exclusive. The Statement of Financial Position is also exclusive of GST, except for Creditors and Payables and Debtors and Receivables which are GST inclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and receivables (as appropriate).

#### ***Fixed assets***

All fixed assets have been valued on historical cost basis except for Crown assets which are included at insurance indemnity value. All individual assets or groups of assets are capitalised if their historical cost is \$2,000 or greater.

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<sup>3</sup> This statement is required for each department by section 34A(4) of the Public Finance Act 1989 as amended by the Public Finance Amendment Act 1994.

Gains and losses arising from the sale or disposal of assets have been included in the Statement of Financial Performance.

### *Depreciation of assets*

All fixed assets other than land have been depreciated on a straight line basis that reflects the decline in service potential of the asset during the reporting period. Specific rates of depreciation used for the various classes of fixed assets are as follows:

Fixtures and fittings	10%
IT equipment	33%
Office equipment	20%
Furniture	20%
Motor vehicles	25%
Kitchen equipment, e.g. domestic appliances	20%
Major plant and machinery	10%
Minor plant and machinery	20%
Ground improvements	14%

### *Taxation*

The department is exempt from the payment of income tax in terms of the Income Tax Act 1976. Accordingly, no charge for income tax has been provided for.

### *Financial Instruments*

The department is party to financial arrangements in the form of bank accounts, accounts receivable, accounts payable and accruals as part of its everyday operations. These are reflected in the Statement of Financial Position at their fair value. Revenue and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance in arriving at the operating surplus.

### *Cost Allocation*

Direct costs are expenses incurred from activities in producing outputs. These costs are charged directly to the related output classes. Direct costs represent 90 percent of total departmental appropriation for output costs.

Indirect costs are expenses incurred by the corporate services unit and the office of the chief executive. Indirect costs are allocated to each output class in proportion to the level of appropriation in relation to the total vote. Indirect costs represent 10 percent of total departmental appropriation for output costs.

***Leases***

The department leases office premises and photocopiers. As all risks and ownership are retained by the lessor, these leases are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred.

***Provision for Employee Entitlements***

Provision is made in respect of the department's liabilities for annual, retirement and long service leave. Annual leave have been calculated on an actual entitlement basis at current rates of pay while other provisions have been calculated on an actuarial basis, based on the present value of expected future entitlements.

***Commitments***

Future payments are disclosed as commitments at the points where a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contract are not disclosed.

***Contingent Liabilities***

Contingent liabilities are disclosed at the point at which the contingency is evident.

***Changes In Accounting Policies***

There have been no changes in accounting policies, including cost allocation accounting policies. All policies have been applied on bases consistent with those used in the previous period.