



MANAAKITIA Ā TĀTOU TAMARIKI

**Children's  
Commissioner**



# Statement of Performance Expectations



FOR THE FINANCIAL YEAR  
**ENDING 30 JUNE 2019**



# Statement of Performance Expectations for the Office of the Children's Commissioner

For the financial year ending 30 June 2019

Presented to the House of Representative pursuant to  
Section 149L(3) of the Crown Entities Act 2004



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# Statement of Responsibility

*The Children's Commissioner is an Independent Crown entity established under the Children's Commissioner Act 2003, operating pursuant to the Crown Entities Act 2004 and represents the 1.1 million people in Aotearoa under the age of 18.*

Our primary responsibilities are to advocate for the interests, rights and wellbeing of children and young people, monitor the services provided under the Oranga Tamariki Act 1989 and develop means of consulting with children. We also advocate for the implementation of the United Nations Convention on the Rights of the Child.

This Statement of Performance Expectations (SPE) is complemented by our Statement of Intent 2017-2021 (SOI), which describes our strategic intentions and outlines the overall direction and priorities of the Office of the Children's Commissioner.

I accept responsibility for the preparation of the SPE, which details our annual performance measures and prospective financial statements. It includes the assumptions on which the financial statements are based, and information on the reportable class of outputs I intend to supply in the financial year. The prospective financial statements have been prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP) and the Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). As a Tier 2 entity with expenditure under \$30m, under PBE IPSAS we will apply the reduced disclosure requirements for reporting.

Due to the consultation on options for Strengthening Independent Oversight of Children's Issues and the Oranga Tamariki System due to be completed this year, and the possible impact on the Office, I may need to prepare a new SPE to update and republish the prospective financial statements.

The prospective financial statements have been prepared for the purpose of presenting our intentions in Parliament, and should not be relied upon by any other party for any alternative purpose without my express written permission. I am of the opinion that these financial statements fairly reflect the expected financial position and operations of the Children's Commissioner.

I have authorised the issue of the Statement of Performance Expectations on this day, 29 June 2018.



Judge Andrew Becroft

**Children's Commissioner | Te Kaikōmihana mō ngā Tamariki o Aotearoa**

He aha te mea nui o te ao?

Māku e kī atu, he tamariki, he taiohi, he rangatahi.

What matters most on this earth?

I proclaim, it is the child, the juvenile, it is the youth.

# Overview & Purpose

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## REPORTABLE CLASS OF OUTPUTS

This Office of the Children's Commissioner (the Office) proposes to supply and deliver on outputs purchased by the Minister for Social Development through the following two outputs:

- 1) Development, Monitoring and Investigations,
- 2) Strategy, Rights and Advice.

The Children's Commissioner activities are primarily funded by the Crown through Vote Social Development, non-departmental output expense – Children's Commissioner. Minor funding is received from interest earned on investments. On occasion, one-off funding is received from other agencies for a specific project. Deficits will be funded through prior year surpluses.

## OUR VISION

New Zealand is a place where all children thrive.

## WHY DO WE HAVE A CHILDREN'S COMMISSIONER?

Children under the age of 18 are a core part of our society. However, they are not included in our democratic process; they have no vote and often no voice in major decisions that impact them.

It is the role of the Children's Commissioner to be their voice: to encourage organisations to take more child-centred approaches, to advocate for improving their well-being, and to raise awareness of issues which directly or indirectly affect children or where children are not getting a fair go.

## WE MONITOR HOW WELL NEW ZEALAND CHILDREN ARE DOING

The Office of the Children's Commissioner monitors how well all children are doing. We use the following broad categories based on the United Nations Convention on the Rights of the Child as a framework. These are summarised as follows:

- **Protection** of children from all forms of cruelty, abuse and neglect;
- **Provision** of all services and supports for life, survival and development of children;
- **Participation** in decisions that affect children, and having their voices and views heard;
- **Promotion** of children's best interests and well-being, and ensuring all their rights are upheld.

For children in care and in the youth justice system, we have an added legislative mandate to monitor the United Nations Convention on the Rights of the Child elements to greater depth. We use all our monitoring to identify areas of concern, provide advice to agencies, and advocate for better outcomes for all children.

## THE COMMISSIONER'S TOP PRIORITIES



### 1. Improved systems, services and supports for mokopuna Māori and their whānau

We see all mokopuna Māori within the context of their whānau, hapū and iwi. We advocate for services and policies to reduce inequalities and improve outcomes for mokopuna Māori.

We respect mātauranga Māori, and see it as an integral part of improving systems, services and supports.

Our focus areas:

- Hear the voices and learn from the experiences of mokopuna Māori
- Understand the way whānau work collectively so we can better advocate for their hopes and the aspirations of mokopuna Māori
- Work effectively with whānau, hapū, iwi and communities and influence others to build positive relationships with them.



### 3. Enhanced child wellbeing

We encourage all organisations to take a child-centred approach to enhance the wellbeing of all children. This means considering the best interests of children in the context of their family, whānau, hapū, iwi and wider family group. We promote children's rights, including their right to participate in decisions that affect them.

Our focus areas:

- Encourage government agencies and community groups to prioritise child rights, interests and wellbeing, and to take children's voices into account
- Providing input and advice, underpinned by the rights of all children, on developing the government's Child Wellbeing Strategy
- Advocate for agencies to use child impact assessment tools in policy development
- Providing systemic advocacy and advice to improve the outcomes of all children. We also give advice on how to engage with children.



### 2. Work with Oranga Tamariki to transform the care and protection and youth justice systems

We advocate for systemic changes that support children and young people to remain within their families, whānau, hapū, iwi and wider family group, including the phased closure of the national care and protection residences.

Our focus areas:

- Encourage Oranga Tamariki to build respectful and positive relationships with whānau, hapū and iwi Māori, as tangata whenua, and support and resource them to care successfully for their own children and young people
- Encourage Oranga Tamariki to develop and tailor more community-based care options to meet the needs of children and young people who require specialist or custodial care
- Stop the use of police cells for more than 24 hours for young people after their first court appearance.



### 4. Access to education for all

We want all children to be able to exercise their right to full-time education that supports them to develop to their full potential. We raise awareness of the experiences of children and young people and how education can be improved, especially for children not currently well served by the system.

Our focus areas:

- Listen to children and take account of their views at all levels of education
- Improve education systems, services and supports for mokopuna Māori
- Improve responses to and prevention of bullying
- Improve support for children with neuro-disabilities and other learning difficulties
- Reduce suspensions and exclusions from school, and support a pilot appeal mechanism for reviewing board decisions
- Ensure children in care of Oranga Tamariki have equitable and stable access to education.

## WHAT WE DO

We provide authoritative, independent advice on the wellbeing of children and young people and provide a voice for their views and best interests.

We review and perform the design and development of the strategies, policies and practices of Oranga Tamariki, the New Zealand Government's statutory child protection agency. We review samples of cases, visit Oranga Tamariki sites and residences and talk to children, young people, their families and whānau and other stakeholders. This results in feedback to Oranga Tamariki on areas of good practice and areas for improvement.

We advocate for better child well-being in New Zealand as independent experts on the wellbeing of children and young people.

We inform others using our expertise and advice to raise awareness of issues, identify constructive solutions based on best practice and evidence and influence others to prioritise, invest in and improve their services for and to children and young people.

In addition to our focus on vulnerable children, we respond to calls for submissions, select committee undertakings and stakeholder requests.

## FUNCTIONS

Our main functions include:

- encouraging the development within Oranga Tamariki, of policies and services that are designed to promote the wellbeing of children and young people;
- monitoring and investigating the actions of Oranga Tamariki and other agencies providing care services under the Oranga Tamariki Act 1989 and Children's and Young People's Well-being Act 1989;
- monitoring Oranga Tamariki residences as a National Preventive Mechanism in respect of the Optional Protocol to the United Nations Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT);
- systemic advocacy and investigation of issues compromising the interests, rights and well-being of children and young people;
- raising awareness and understanding of the United Nations Convention on the Rights of the Child and advancing and monitoring its application by the State;
- developing mechanisms for hearing and sharing children's voices and perspectives;
- ensuring the voices of children and young people are included in our work and directly inform our monitoring findings and the advice we provide;
- demonstrating best-practice in listening to children and using their views in decision-making;
- providing child-centred advice to Select Committees, Ministers, government and non-government organisations;
- maintaining a 'Child Rights and Advice' telephone line;
- member of and providing advice to the Advisory Committee on Assisted Reproductive Technology (ACART);
- raising awareness of children's interests among New Zealanders generally.

## Appropriation Assessment of Performance

Assessment of Performance	2017/18		2018/19
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of key deliverables agreed with the Minister for Social Development in the Children's Commissioner's Statement of Performance Expectations completed to agreed standards will be no less than	85%	100%	90%

# Output One: Development, Monitoring & Investigations

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## WHAT IS INTENDED TO BE ACHIEVED?

Through our monitoring activities we aim to support Oranga Tamariki to deliver a quality and child focused statutory social work service.

Our monitoring framework takes a broad and systemic approach, and has a strong focus on capturing the voices and service experiences of children and young people. Over this year we will ensure that our framework and our monitoring activity support the transformation process and identify best practice and issues that need to be addressed in order for the changes arising from the establishment of Oranga Tamariki to be implemented effectively. We will do this by:

- undertaking performance reviews of all Oranga Tamariki residences to assess how well they are positioned to implement the changes and improve the outcomes for children and young people in care;
- undertaking three thematic reviews across a range of Oranga Tamariki sites or business units and/or Section 396 care provider services. The topics of the reviews will be determined after an assessment on what area of focus would result in the best strategic opportunity to support and improve outcomes for children and young people in the care of Oranga Tamariki or approved care providers;
- reviewing Oranga Tamariki residences under the Optional Protocol to the Convention on Torture;
- investigating the quality of Oranga Tamariki's case management of individual cases brought to the notice of the Commissioner;
- reviewing s47 reports<sup>1</sup>;
- helping to build capability within Oranga Tamariki and/or contracted care providers to deliver excellent services for children and young people in care by highlighting areas for service improvements;
- robustly and systematically obtaining the views of children and young people in care or custody or involved with other Oranga Tamariki services;
- increasing transparency of the monitoring work through publishing an annual aggregated public report on our monitoring activity;
- providing professional advice and assistance, as requested, to inform the policy and legislative work to transform Oranga Tamariki's services.

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<sup>1</sup> Under section 47 of the Oranga Tamariki Act 1989, reports must be provided to the Commissioner when a child or young person is released from custody under section 39, 40, 42 and 45(a) before being required to be brought before the court.

## EXPECTED REVENUE AND FORECAST EXPENSES

Output 1: Development, Monitoring & Investigations	2018/19 \$000
Crown Revenue	1,744
Other Revenue	133
Expense	1,893
<b>Surplus/(deficit)<sup>2</sup></b>	<b>(16)</b>

## OUTPUTS

Performance measures and standards	2017/18	2018/19
The number of monitoring visits to Oranga Tamariki residences	18	12-18
Findings from all monitoring visits will be reported to Oranga Tamariki within 3 months	100%	100%
The number of thematic reviews covering four or more Oranga Tamariki sites or business units, or Section 396 care provider sites will be at least	2	3
The percentage of the OCC monitoring of Oranga Tamariki and subsequent reporting that complies with agreed standards and processes established by the Memorandum of Understanding between OCC and Oranga Tamariki will be no less than	100%	100%
Produce a thematic aggregated public report	1	1

<sup>2</sup> Deficits funded by retained equity

## IMPACTS

We will achieve impact when Oranga Tamariki acts on our advice and recommendations. They will act on our advice if it is seen as credible and outlines practical ways to improve outcomes for children within their operational constraints.

Our recommendations for improving Oranga Tamariki systems and services are responded to	2017/18	2018/19
Percentage of monitoring report recommendations accepted by Oranga Tamariki – Ministry for Children and/or contracted care providers as evidenced and in line with the provisions of the Oranga Tamariki Act 1989 and Oranga Tamariki – Ministry for Children policies and practices will be no less than <sup>3</sup>	90%	90% <sup>4</sup>
Percentage of monitoring report recommendations to Oranga Tamariki and/or contracted care providers that are followed by actions will be no less than	100%	100%
Oranga Tamariki and contracted care providers experiencing our monitoring services who rate their overall satisfaction with OCC’s approach as ‘satisfied’ or ‘very satisfied’ will be no less than	80%	80%

## OUTCOMES

In addition to measuring our own outputs and impacts, we will also monitor children’s progress toward achieving good outcomes. Our monitoring activity identifies required improvements in the care being provided by Oranga Tamariki and other approved care providers to children and young people in the care and protection and youth justice systems. Our reports assist Oranga Tamariki and other contracted care providers to improve so that they are more effective at supporting these children, their families and whānau and break the cycle of abuse and neglect and youth offending.

<sup>3</sup> Appropriations Performance Measure

<sup>4</sup> The measure will be evidenced in the minutes of meetings held between OCC and Oranga Tamariki to confirm which monitoring recommendations are to be accepted

## Output Two: Strategy, Rights and Advice

### WHAT IS INTENDED TO BE ACHIEVED?

We aim to improve child wellbeing and outcomes of children and young people by influencing others. To have impact, our advice must be seen as credible and be valued by our stakeholders. Activities we undertake include:

- providing advice to agencies on child-centred policy, legislation and services for children;
- influencing others to take action or to advocate for children and young people based on our advice;
- gathering and sharing the voices, views and opinions of children and young people;
- raising awareness of issues and needs of children;
- producing an annual Child Poverty Monitor;
- providing advice and support to callers on our Child Rights Line (CRL);
- promoting progressive implementation by the State of the United Nations Convention on the Rights of the Child obligations.

### EXPECTED REVENUE AND FORECAST EXPENSES

Output 2: Strategy, Rights and Advice	2018/19 \$000
Crown Revenue	1,413
Other Revenue	148
Expense	1,574
<b>Surplus/(deficit)<sup>5</sup></b>	<b>(13)</b>

<sup>5</sup> Deficits funded by retained equity

## OUTPUTS

Performance measures and standards	2017/18	2018/19
Child-focused policy advice or submissions to Select Committees, Government departments and Ministers will be at least	6	4
Reports on Child & Youth Voices will be at least	-	2
Child Poverty Monitor released	Achieved	Achieved
Submissions, reports and advice produced within required timeframes will be no less than	100%	100%

## IMPACTS

We advocate for the needs of children to ensure they get the services, supports and resources they need to be kept safe and thrive. We do not provide any direct supports or services to children. We achieve impact by influencing agencies and government departments to consider the needs of children and young people in their policy advice and services. We also achieve impact by consulting with and supporting children to have a voice in matters that impact them, and then incorporating their views in decision-making.

Advice is valued and sought by stakeholders and is used to shape policy and legislation for children and young people	2017/18	2018/19
The percentage of specified stakeholders <sup>6</sup> that agree that the Office's advocacy activities contribute to improving the wellbeing of children and young people will be no less than <sup>7</sup>	80%	80% <sup>8</sup>
Examples of impact achieved by advocacy activities will be at least	2	2

<sup>6</sup> Specified stakeholders will be listed in the Memorandum of Understanding between the Office and the Minister for Social Development, but subject to change if new work is taken on

<sup>7</sup> Appropriations Performance Measure

<sup>8</sup> The measure will be evidenced by the results from our annual stakeholder survey of specified stakeholders

## Forecast Financial Statements

### STATEMENT OF FORECAST COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE 2019

	2017/18 Budget \$000	2017/18 Est. Actual \$000	2018/19 Budget \$000
<b>REVENUE</b>			
Revenue from the Crown	2,657	2,657	3,157
Other revenue	68	96	261
Interest	20	31	20
<b>Total revenue</b>	<b>2,745</b>	<b>2,784</b>	<b>3,438</b>
<b>EXPENSES</b>			
Personnel	2,505	2,498	2,751
Operating	468	466	619
Projects	83	105	77
Depreciation	8	6	20
<b>Total expenses</b>	<b>3,064</b>	<b>3,075</b>	<b>3,467</b>
<b>Surplus/(deficit)</b>	<b>(319)</b>	<b>(291)</b>	<b>(29)</b>
Other comprehensive revenue and expense	0	0	0
<b>Total comprehensive revenue and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>

In the 2017/18 financial year the Office will have spent \$3.075m, which is made up of spending our Crown funding of \$2.657m (an increase of \$500k from the previous year), \$127k of other revenue and interest we had received, as well as \$291k of our reserves. We agreed that there was a requirement to spend a significant part of our reserves. Until we did so we would find it difficult to seek further funding increases the Office required.

In the 2018/19 financial year we will be spending \$3.467m, made up of \$3.157m of Crown funding and \$281k of other revenue and interest and also a further \$29k of our reserves. This will enable the Office to continue with the same number of resources from last year to meet our increased performance measures as well as the increased business as usual performance.

STATEMENT OF FORECAST FINANCIAL POSITION FOR THE YEAR ENDING  
30 JUNE 2019

	2017/18 Budget \$000	2017/18 Est. Actual \$000	2018/19 Budget \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	157	408	374
Receivables	3	1	1
Investments	500	250	250
Prepayments	21	16	17
GST receivable	12	17	5
<i>Total current assets</i>	693	692	647
<b>Non-current assets</b>			
Property, plant and equipment	8	9	9
<i>Total non-current assets</i>	8	9	9
<b>Total assets</b>	<b>701</b>	<b>701</b>	<b>656</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	52	61	45
Employee entitlements	128	119	119
Revenue received in Advance	40	-	-
Accruals	30	35	35
Lease Inducement	16	14	14
<i>Total current liabilities</i>	266	229	213
<b>Non-current liabilities</b>			
Employee entitlements	-	-	-
<i>Total non-current liabilities</i>	-	-	-
<b>Total liabilities</b>	<b>266</b>	<b>229</b>	<b>213</b>
<b>Working Capital</b>	<b>427</b>	<b>463</b>	<b>434</b>
<b>Net Assets</b>	<b>435</b>	<b>472</b>	<b>443</b>

## STATEMENT OF FORECAST CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2019

	2017/18 Budget \$000	2017/18 Est. Actual \$000	2018/19 Budget \$000
Balance as at 1 July	754	763	472
Surplus/(deficit)	(319)	(291)	(29)
<b>Balance as at 30 June</b>	<b>435</b>	<b>472</b>	<b>443</b>

## STATEMENT OF FORECAST CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2019

	2017/18 Budget \$000	2017/18 Est. Actual \$000	2018/19 Budget \$000
<b>Cash flows from operating activities</b>			
Receipts from the Crown	2,657	2,657	3,157
Other income received	68	58	262
Interest received	20	31	20
Goods and services tax (net)	2	1	12
Payments to suppliers	(606)	(595)	(714)
Payments to employees	(2,505)	(2,512)	(2,751)
<b>Net cash flows from operating activities</b>	<b>(364)</b>	<b>(360)</b>	<b>(14)</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of property, plant and equipment	0	0	0
Receipts from maturity of investments	0	250	0
Purchase of property, plant and equipment	0	0	(20)
Acquisition of investments	0	0	0
<b>Net cash flows from investing activities</b>	<b>0</b>	<b>250</b>	<b>(20)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(364)</b>	<b>(110)</b>	<b>(34)</b>
Cash and cash equivalents at the beginning of the year	521	518	408
<b>Cash and cash equivalents at the end of the year</b>	<b>157</b>	<b>408</b>	<b>374</b>

# STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDING 30 JUNE 2019

## REPORTING ENTITY

The Children's Commissioner is a Crown Entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the Commissioner's ultimate parent is the New Zealand Crown.

The Children's Commissioner was first established on 1 November 1989 under the Children, Young Persons and their Families Act 1989 (now the Oranga Tamariki Act), but his functions were then mandated by the Children's Commissioner Act 2003. Its primary objective is to ensure that the interests and rights of every child and young person are recognised and each enjoys safety, good health and education, economic and sociocultural wellbeing and opportunities to actively participate in matters that affect them.

Accordingly the Children's Commissioner has designated itself as a public benefit entity for the purposes of International Public Sector Accounting Standards (IPSAS).

The forecast financial statements for the Children's Commissioner are for the year ending 30 June 2019 and approved in June 2018.

## BASIS OF PREPARATION

### Purpose

The forecast financial statements of the Children's Commissioner have been prepared to promote public accountability by providing a base against which its actual performance can later be assessed. The information in these statements may not be appropriate for purposes other than that described.

### Statement of compliance

The financial statements of the Children's Commissioner have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand

Generally Accepted Accounting Practice (NZ GAAP). These forecast financial statements are the second set of prospective financial statements presented in accordance with public benefit entity (PBE) accounting standards with reduced disclosing requirements, as appropriate for public benefit entities of the size of the Children's Commissioner.

The adoption of these PBE accounting standards has not materially affected financial disclosures in the prospective financial statements or the comprehensive financial information provided.

### Measurement base

The forecast financial statements have been prepared on a historical cost basis.

### Functional and presentation currency

The forecast financial statements are presented in New Zealand dollars and all values rounded to the nearest thousand dollars (\$000). The functional currency of the Children's Commissioner is New Zealand dollars.

## Basis for assumptions, risks and uncertainties

In preparing these forecast financial statements, the Children's Commissioner has made estimates and assumptions concerning the future.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The forecast financial statements have been prepared on a going concern basis. The estimates and assumptions used are consistent with the strategic direction outlined in the Children's Commissioners' Statement of

Intent. They also reflect Crown Estimates and existing contractual obligations.

Subsequent actual results achieved for the period may vary from the information presented, and variances may be material.

### **SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies, which materially affect the measurement of comprehensive income and expense and financial position, have been applied consistently.

#### **Revenue**

Revenue is measured at the fair value of consideration received or receivable.

The Children's Commissioner is primarily funded by the Crown for the purposes and objectives specified in its accountability documents.

Revenue for services (Crown and other parties) is recognised when it is earned and is reported in the statement of comprehensive income in the period to which it relates.

#### **Interest**

Interest income is recognised using the effective interest method.

#### **Operating leases**

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Children's Commissioner are classified as "operating leases". Lease payments under an operating lease are expensed as incurred in the Statement of Financial Performance. The Children's Commissioner leases office premises and photocopiers only.

#### **Finance leases**

The Children's Commissioner does not enter into finance leases.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with domestic

banks, other short-term, highly liquid investments with original maturities of three months or less.

#### **Debtors and other receivables**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

#### **Investments**

At each balance sheet date the Children's Commissioner assesses whether there is objective evidence that an investment is impaired.

#### **Bank deposits**

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method.

#### **Property, plant and equipment**

Property, plant and equipment asset classes consist of furniture, office equipment and computer equipment. Property, plant and equipment are shown at historical cost or valuation, less accumulated depreciation and any accumulated impairment losses.

#### **Additions**

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Children's Commissioner and the cost of the item can be measured reliably. Individual assets or groups of assets are capitalised if their costs are greater than \$1,000 (excluding GST).

#### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on

disposals are included in the statement of comprehensive income and expense.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Children's Commissioner 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 financial performance as they are incurred.

### Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Office furniture and equipment	5 years	20%
Computer equipment	3 – 5 years	20 – 33%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end. It is important to note that the Office leases all of its computer equipment from the Ministry of Social Development.

### Intangible assets

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software is capitalised if its cost is greater than \$2,000 (excluding GST).

Costs that are directly associated with the development of software for internal use by the Children's Commissioner are recognised as an intangible asset. Direct costs include the

software development, employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the maintenance of the Children's Commissioner web-site are recognised as an expense when incurred.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- acquired computer software: 3 years, 33%
- developed computer software: 4 years, 25%

### Impairment of non-financial assets

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

### Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## Employee entitlements

### Short-term employee entitlements

Employee entitlements that the Children's Commissioner expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave and long-service leave earned, but not yet taken at balance date. Long-Service leave is calculated using Treasury actuarial guidelines.

### Defined contribution schemes

Obligations for contributions to Kiwisaver, less the Crown employer subsidy, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive income as incurred.

## Provisions

The Children's Commissioner recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

### Restructuring

A provision for restructuring is recognised when the Children's Commissioner has approved a detailed formal plan for the restructuring which has either been

announced publicly to those affected, or for which implementation has already commenced.

## Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

## Income tax

The Children's Commissioner is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

## Budget figures

The budget figures are approved by the Children's Commissioner for the beginning of the financial year. The budget figures have been prepared in accordance with PBE accounting standards, using accounting policies that are consistent with those adopted by the Children's Commissioner for the preparation of the financial statements.

## Crown Revenue

Crown Revenue is \$3.157 million for the 2018/19 financial year.

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## STATEMENT OF SIGNIFICANT UNDERLYING ASSUMPTIONS

- (i) Assumptions underlying the forecast financial statements include:
  - that government funding does not change over the period covered by this statement
  - there is a risk that these events and the associated income and expenditure may not occur
- (ii) All figures are GST exclusive
- (iii) Financial year end is 30 June.



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**MANAAKITIA Ā TĀTOU TAMARIKI**

**Children's  
Commissioner**