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2018–19

Annual Report

Office of the Children's Commissioner

MANAAKITIA Ā TĀTOU TAMARIKI
Children's Commissioner

Annual Report for the year ended 30 June 2019

Presented to the House of Representatives pursuant to Section 150(3) of the Crown Entities Act 2004

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Contents

Foreword to the Minister for Social Development

Pursuant to the provisions of Section 150 and 151(3) of the Crown Entities Act 2004, I submit my Annual Report, incorporating the Financial Statements. The report covers the period from 1 July 2018 to 30 June 2019. I am satisfied that the Financial Statements fairly reflect the financial position and operations of the Children's Commissioner for the reporting period.

Andrew Becroft

Judge Andrew Becroft
Children's Commissioner
31 October 2019

Introductory Statement from the Children's Commissioner

Maiea te reo o ngā mokopuna, maiea te whakaaro o ngā tamariki, maiea te tūruapō o te tamaiti.

Fulfill the voices, thoughts and visions of our children and young people.

This year has been one of the busiest I have experienced in my time as Children's Commissioner, which I am pleased has been extended until the end of June 2021.

I am pleased that the outcome of the new monitoring, investigations and complaints function in respect of Oranga Tamariki has been confirmed. The Office is heavily involved with the establishment and structure of the Independent Children's Monitor (ICM). It is appreciated that the Ministry of Social Development (MSD) has agreed to fund the costs for our time and involvement in the establishment of the ICM. This will go some way towards helping us backfill for our staff time to continue with our usual pressing responsibilties.

However, my involvement, and that of my staff, in the development of the ICM has been significantly more than anticipated. We are also conscious that everyone in government is working under considerable time pressure. I believe this presents a risk to the quality of the result. We are all keenly aware of the importance of getting the new organisation properly established. This work is a priority for the Office.

We are also operating in an environment of considerable cost pressures. I do not believe that I will be able to fully discharge my statutory functions or deliver on my identified priorities in 2020/21 within my current resourcing.

This is due to inadequate baseline funding which has not increased since 2009/10, and the addition of significant new responsibilities.

Even so, the Office has continued to deliver on our mandate to advocate for children and young people and stand up for them when their rights aren't respected.

We championed the rights of children and young people in the media, made 15 submissions on child-centred legislation and policy changes, and gave over 100 presentations throughout Aotearoa New Zealand.

95% of our nearly 400 stakeholders agree our advocacy helped improve the wellbeing of children and young people.

What we achieved

Way back in 2012, we published our first *Solutions to Child Poverty in New Zealand* report. I am very pleased that our ongoing fight to reduce child poverty has resulted in New Zealand's first Child Poverty Reduction Act 2018, based on the suggested draft Bill in our report.

We also successfully advocated for a ban on smoking in cars carrying children leading to the government changing the law.

We also published the *What makes a Good Life?* report - the voices of over 6,000 children and young people who told us:

- accept us for who we are and who we want to be

- life is really hard for some of us
- to help us, help our whānau and support crew
- we all deserve more than just the basics, and
- how you support us matters just as much as what you do.

These voices are the foundation of the government's Child and Youth Wellbeing Strategy.

We also:

- interviewed 146 children and young people in custodial care
- completed 3 thematic reviews
- completed 13 monitoring visits to Oranga Tamariki residences
- published 2 State of Care reports
- helped 368 people who called our 0800 224 453 child rights advice line
- responded to hundreds of emails and letters
- heard the voices and learned from the experiences of thousands of children and young people, and
- worked with over 130 schools and community groups.

Our plans for the future

Over the next year, I want to see my commitment to appointing an Assistant Māori Commissioner for Children realised. I consider the need to provide authentic Māori leadership with the mana of the Children's Commissioner to be urgent, for three reasons:

1. It is crucial that the leadership structure of the Office contains and presents a clear Māori voice. Firstly, as a general principle, I believe that all 21st century public institutions in New Zealand should operate in ways that give practical effect to Te Tiriti o Waitangi.

2. Secondly, tamariki and rangatahi Māori are disproportionately overrepresented in care and protection, and so are in greater need of advocacy and support for their welfare, rights and interests.

3. Finally, Oranga Tamariki is now required, by way of section 7AA of the Oranga Tamariki Act 1989, to advocate for and prioritise whānau, hapū and iwi. It is therefore appropriate that I ensure my staff includes a leader who can support me and my Māori staff in encouraging Oranga Tamariki to discharge this duty, and to ensure a specific additional culturally appropriate focus on all tamariki and rangatahi Māori.

In addition, I will continue to support the campaign for the voting age to be lowered to 16, and fight to change the law so young people can't be remanded into Police custody.

I will continue to hold the government to account for enhanced child wellbeing and measurable child poverty reduction, and fight to ensure the UN Children's Convention is written into more laws.

A critical project for the Office over the coming year is the thematic review on what needs to change to support pēpē Māori (0 – 3 months) to remain in the care of their whānau in situations where Oranga Tamariki has been notified of care and protection concerns. Part one of our review will be published in early 2020.

I would like to thank the small and dedicated staff of the Office (who box above their weight) for their continued energy and commitment on behalf of all Aotearoa New Zealand's 1.123 million children and young people.

Ngā mihi,

Judge Andrew Becroft
Children's Commissioner
Te Kaikomihana mō ngā Tamariki

Photo: Hawke's Bay Today

About the Office of the Children's Commissioner

The Children's Commissioner is an Independent Crown entity established under the Children's Commissioner Act 2003 and represents the 1.123 million children and young people in Aotearoa New Zealand under the age of 18. This group, without a vote and often a voice, constitutes 23% of our population. Our vision is to make Aotearoa New Zealand a place where all children thrive.

It is the role of the Office of the Children's Commissioner (OCC) to be the voice of our children and young people: to encourage government and organisations to take more child-centred approaches, to advocate for improving their wellbeing, and to raise awareness of issues which affect children.

Generally, we can say that most of our children and young people – about 70% – are doing well, some exceptionally. A further 20% of our children and young people face one or more challenges and need some extra support. The remaining 10% of our children and young people face multiple challenges that significantly impair their lives now and will impair them in their future.

This 70-20-10 assessment is broad, but nonetheless, it holds across a range of indicators including poverty, health, education, care and protection, justice, disability as well as indicators of resilience.

We monitor how well all children are doing, using categories based on the Children's Convention: protection, provision, participation and promotion. For children and young people in the care of Oranga Tamariki or the youth justice system, we have an added legislative mandate to monitor these rights in greater depth.

What our stakeholders told us

We asked our stakeholders for their views on how we are contributing to better outcomes for New Zealand children. This year, 378 stakeholders responded to our general survey[1] and 76 stakeholders responded to a specific survey on our monitoring activities.

Some comments about the impact of our work included:

"Continue with excellent way of working alongside all persons within Residence – very positive."

"I always have found your visits helpful and I always feel listened to."

"Greater awareness of complexity of child poverty."

"Continued advocacy for the place of children and young people's voice has results in change in the way consultation has been done about things like NCEA. Without OCC I suspect that voice would not have been heard so strongly."

"Keep child and youth on the agenda and front of mind, a independent voice that is for children and young people and activating the voices of children and young people themselves where decision making happens. Give free and frank advise to issues that impacts the health and wellbeing of children and young people. The Commissioner also stands in the gap for children and young people and stewards a particular action and response needed. Advocates for better accountability."

Organisational health and capability

Staff are our most valuable asset and we work to ensure a positive and supportive organisational culture. We are committed to providing equal opportunities and OCC is a member of the Equal Employment Opportunities Trust.

Leadership, accountability and culture

All our work is guided by our tikanga framework: aroha, pono, tika and mātauranga.

Te Rōpū has continued to grow and further support their vision of an inclusive office environment, where all

1 SurveyMonkey

staff members feel comfortable participating in Māori practices that adhere to Te Ati Awa tikanga and OCC kawa. Te Rōpū meets regularly to provide advice and support to the Office. OCC aspires to lead by example and demonstrate to other organisations how they can shape their practice to better respect Tangata Whēnua, and support staff to learn Te Ao Māori practice.

Recruitment, selection and induction

When a vacancy exists, we focus on ensuring we find the best skilled candidate for the position. We have an induction process to help staff become familiar with our strategies, structure, people, systems, policies and procedures, and to ensure they understand and can meet the requirements of their role.

Employee development, promotion and exit

We have formal annual performance and personal development agreements with all staff, and support staff development. We have a very effective management structure to ensure our planning and coaching support to our staff is effective and integrated with our competency framework. We also have weekly te reo Māori classes for all staff.

Remuneration, recognition and conditions

We have a capability and performance system to recognise and support performance and development, and remuneration that is measured against market data.

Flexibility and work design

We offer flexible work arrangements that balance personal obligations with the needs of staff, and a child-friendly work environment. We also support staff who need school holiday care for their children by providing a care subsidy.

Harassment and bullying prevention

We support and promote the Public Sector Code of Conduct and have our own Code of Conduct which rejects discrimination, harassment, bullying or intimidation based on religious or ethical beliefs. We also have a policy that addresses these issues and sets out how unacceptable behaviour will be dealt with. We have had no reported instances of harassment or bullying during 2018/19.

Ongoing review/renewal of programmes/policies

Our policies and procedures are reviewed on a yearly basis and policies are adjusted on an ongoing basis in line with revised legislation.

Safe and healthy environment

We provide a safe working environment that supports staff health and wellbeing and we maintain a hazard register. We have staff trained in first aid, a business continuity plan, emergency food and water, first aid and civil defence supplies, and are located in a building that is code-compliant under section 95 of the Building Act 2004.

Our staff

As at 30 June 2019, we had 30 employees (14 permanent, 15 fixed-term and 1 part-time contractor) totaling 24.4 FTEs, not including the Commissioner.

Gender	**2019**	**%**	**2018**
Female	25	83%	18
Male	5	17%	5
Ethnicity			
Māori	9	31%	4
Pacific Island	2	7%	1
Asian	-	-	-
Pakeha/European	19	62%	18
Age profile	Average age is 44 years		
Disability profile	There is one employee with a disability		

Effective governance

We have continued to ensure efficient and effective operation that delivers value for money by maintaining a small core staff and contracting out specialist functions when required.

Our *Statement of Intent 2017-2021* further refines our strategic outcomes framework focusing on our priorities and a work plan to support implementation.

The *Statement of Performance Expectations 2019/20* was completed and published on our website on 30 June and tabled in Parliament on 16 July 2019.

Commitment to Te Tiriti o Waitangi

Te Tiriti o Waitangi continues to be central to the work of the Office. This is demonstrated through our tikanga framework.

Our commitment has also been demonstrated through weekly te Reo Māori lessons, pōwhiri or mihi whakatau to welcome new staff and poroaki to farewell staff.

Our monitoring team has focused on continuously developing and extending their cultural capability, to ensure effective engagement and interaction with mokopuna Māori and whānau, Māori staff within Oranga Tamariki sites and residences, and iwi and Māori service providers across the communities we visit. A key aspect has been the monitoring team's participation in cultural supervision, so we can continuously strengthen our influence for mokopuna Māori, who represent more than 65% of children in care of Oranga Tamariki.

Risks

We monitored the risks identified in our *Statement of Intent*.

Consultation and reporting to the responsible Minister

The Memorandum of Understanding for the year ending 30 June 2019 with the responsible Minister was signed on 30 June 2018. We met regularly with the Minister and provided briefings on issues relating to children, provided quarterly reports, and worked on a 'no surprises' basis.

PART 1

Statement of Performance

The Estimates of Appropriations

The Children's Commissioner is funded through Vote Social Development Development – Non-Departmental Appropriations – Non-Departmental Output Expense – Children's Commissioner (M63).

This appropriation is intended to achieve an improvement in the wellbeing of children through the provision of independent advocacy for the interests of children, and independent monitoring, advice and assurance to the Ministers about the services delivered to children under the Oranga Tamariki Act 1989 and Children's and Young People's Well-being Act 1989.

Summary of expenditure against the appropriation

	2018/19 Actual $000	2018/19 Budget $000	2017/18 Actual $000
Total appropriation	3,157	3,157	2,657
Children's Commissioner portion of appropriation (Crown Revenue)	3,157	3,157	2,657
Children's Commissioner expenditure against appropriation	3,246	3,422	2,985
Net surplus/(deficit)	**(89)**	**(265)**	**(328)**

Performance against the appropriation

Performance measures and standards	Budget Standard	2018/19 Actual	2017/18 Actual	Achievement
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	90%	100%	100%	**Achieved**
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	90%	100%	100%	**Achieved**
The percentage of specified stakeholders[2] that agree that the Office's advocacy activities contribute to improving the wellbeing of children and young people will be no less than	80%	95%	97%	**Achieved**

[2] Specified stakeholders are listed in the MOU with the Minister for Social Development. The result is based on SurveyMonkey result.

Development, Monitoring and Investigations

What we achieved

Through our monitoring activities, we supported Oranga Tamariki to deliver a quality and child-focused statutory social work service.

We have a strong focus on capturing the voices and experiences of children and young people. Our reports assist Oranga Tamariki and other contracted care providers to improve so they are more effective at supporting children, families and whānau to break the cycle of abuse, neglect and youth offending and promote the safety and wellbeing of children and young people involved in the statutory system.

We published two reports in our *State of Care* series.

The first report, *Maiea te Tūruapō: Fulfilling the Vision*, released October 2018, brought together 21 experiences that young people in state care, living in community-based group homes, told us were important for them and their whānau. This report has informed the design of new Oranga Tamariki remand homes, the phased closure of the Whakatakapokai residence in South Auckland and the establishment of the new 'hub and spoke' Central Residence Service in Auckland. This new, open home-like facility is a significant step forward, with the ability to provide short periods of secure care if required and that the spokes are community-based, family-like group home environments.

The second report, *Supporting young people on remand to live successfully in the community*, released May 2019, focused on the quality of practice provided by Oranga Tamariki to young people, and their whānau, appearing in the Youth Court in respect of remand decisions. This report gives pride of place to the voices of young people and their experiences in the youth justice system.

We supported Oranga Tamariki to prepare for Section 7AA of the Oranga Tamariki Act 1989, which came into force 1 July 2019.

Using our developmental mandate, we gave independent advice on what was needed to ensure readiness for implementing Section 7AA. Our recommendations were accepted by Oranga Tamariki and have informed the content and focus for the Ministry's internal work programme.

We have provided advice into legislation and policy development for the Independent Children's Monitor.

Alongside our Strategy, Rights and Advice team and the Children's Commissioner, we have supported the policy work for the new Independent Children's Monitoring system. We expect to provide considerable monitoring advice into the development of the new system through the next financial year.

We provided oversight in Oranga Tamariki's Hawkes Bay case review.

The Children's Commissioner agreed with the Chief Executive of Oranga Tamariki, their Chief Social Worker, and with Ngāti Kahungungu, that we will provide independent oversight of the planning, design, analysis and formulation of the findings of this case review. This role began in June 2019 and is being undertaken by an experienced senior Māori monitoring advisor. We are not directly involved in carrying out the review fieldwork, nor do we have responsibility for the nature or quality of the findings.

Over this year, other activities we have done include:

- performance reviews of all Oranga Tamariki residences
- three thematic reviews across a range of Oranga Tamariki sites or business units and/or Section 396 care provider services

  1. The first was a project to support Oranga Tamariki plan their implementation of the new Section 7AA, Duties of the Chief Executive in relation to Treaty of Waitangi. In accordance with our developmental advice, we have been encouraged to see that action has already been taken to establish and implement a 7AA project – coordinated across business units – with a clear scope, sufficient resources and timely monitoring and reporting processes.

  2. The second review focused on the system's response to children who offend. While the report is not yet complete, it has been encouraging to see the immediate impacts of our fieldwork interviews for mobilising fresh thinking and proactive action on behalf of children in this cohort and their whānau. It has been heartening to see new collaborative relationships being forged between Oranga Tamariki, Police and other stakeholders and child-centred commitments being made.

  3. The third focused on young people who have been on supervision with residence orders, (or have recently been on) supervision order, assessing the quality of their transition back to their families and communities.

- five Oranga Tamariki residences reviewed under OPCAT
- investigating the quality of management of individual Oranga Tamariki cases brought to the notice of the Children's Commissioner
- helping 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
- gathering the views of 146 children and young people in care or custody or involved with other Oranga Tamariki services, and
- providing professional advice and assistance to inform the policy and legislative work to transform Oranga Tamariki's services.

Financial performance of Development, Monitoring and Investigations

2017/18 Actual $000		2018/19 Actual $000	2018/19 Budget $000
1,458	Revenue	1,742	1,744
17	Other Revenue	187	133
1,644	Expense	1,806	1,893
(169)	**Net surplus/(deficit)**	**123**	**(16)**

Performance measures

Performance measures and standards	Budget standard	2018/19 Actual	2017/18 Actual	Achievement/ Comments
The number of monitoring visits to Oranga Tamariki residences	12-18	13[3]	18	**Achieved**
Findings from all monitoring visits will be reported to Oranga Tamariki within 3 months	100%	100%	100%	**Achieved**
The number of thematic reviews across a minimum of four Oranga Tamariki service delivery sites, supervised group homes and/or contracted care providers services will be at least	3	3	2	**Achieved**
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%	100%	**Achieved**
Produce a thematic aggregate public report	1	2	1	**Achieved**
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%	100%	**Achieved**
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[4]	80%	82%	100%	**Achieved**

Other Deliverables Achieved

Deliverable	2018/19 Actual
S47[5] Reports reviewed and responded to	12
Monitoring of Corrections Mother & Babies Units	1

[3] This year we had decreased the number of visits to be able to do 1 extra Thematic Review (across 4 or more sites/residences).

[4] The result is based on Survey Monkey result.

[5] 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.

Strategy, Rights and Advice

What we achieved

We improved child wellbeing and outcomes for children and young people by influencing others through giving credible and valued advice.

New Zealand should be a place where all children and young people thrive, where families can focus on loving each other, learning, developing, participating in their communities and planning for the future.

We helped bring about action to reduce child poverty.

In December 2018, we released the annual Child Poverty Monitor, focused on four measures – health, housing, education, and food insecurity – that illustrate the unfair and unequal impacts of poverty on children's daily lives. Soon after, the Child Poverty Reduction Act was adopted in Parliament, requiring government to set long-term targets for reducing child poverty, and report on them annually. It was great to see the indexation of benefits in the Wellbeing Budget 2019. These achievements were the culmination of work by many in the children's sector over many years, including this Office. This major law change included an obligation to consult children and young people to inform a wellbeing strategy.

We heard from more than 6000 children and young people about what makes a good life.

In partnership with the Department of Prime Minister and Cabinet (DPMC) and Oranga Tamariki, we engaged with more than 6000 children and young people across Aotearoa. From the children and young people we met in person, we heard five key messages:

- accept us for who we are and who we want to be
- life is really hard for some of us
- to help us, help our whānau and our support crew
- we all deserve more than just the basics, and
- how you support us matters just as much as what you do.

We published the report from this engagement, *What Makes a Good Life: Children and young people's views on wellbeing*, in February 2019. We have since presented on our findings to more than 30 different audiences and have seen community groups apply the insights in their own local settings. We were pleased to see the views of the children and young people will be reflected in the Child and Youth Wellbeing Strategy when it will be released in August 2019.

We influenced others to put children at the centre of their decisions.

Our core work is advocating for change that upholds the rights of children and young people. We do this through feedback on policy, formal submissions, publishing reports, presentations, or sitting on government advisory panels or working groups.

Some highlights from this year include:

- legislation introduced to ban smoking in cars where children are present
- a child-centred approach to the division of family property in the Law Commission's review of the Property Relationships Act (our Commissioner sat on an advisory group for this project)
- two submissions made on the 2014 Family Court reforms
- the Advisory Committee on Assisted Reproductive Technologies engaged with young people for the first time on the topic of posthumous reproduction
- published *Getting It Right: Are We Listening?*, a report which focuses on how well the government is implementing the United Nations Convention on the Rights of the Child (written in collaboration with the Children's Convention Monitoring Group), and

- published *Rights: Now!* - a resource that introduces children and their teachers to children's rights and the United Nations Convention on the Rights of the Child (Children's Convention).

We provided free, independent advice through our Child Rights Advisory Service.

We responded to 368 enquiries this year. Most of the enquiries related to care and protection and Family Court. Another area of concern we heard was education, such as Board of Trustees complaints, misuse of stand-downs and exclusions, special education support and bullying incidents. We sometimes get calls about legal matters, but we do not offer formal legal advice. As well as these areas, we respond to hundreds of general inquiries from the public.

Child Rights Advisory Service

Nature of enquiry	2018/19	2017/18	2016/17	2015/16
Care & Protection & Family Court	247	230	317	**270**
Education	69	76	102	**105**
Health	6	6	7	**14**
Legal	39	24	79	**91**
General Issues	7	2	6	**34**
Total	**368**	**338**	**511**	**514**

Financial performance of Strategy, Rights and Advice

2017/18 Actual $000		2018/19 Actual $000	2018/19 Budget $000
1,199	Revenue	1,415	1,413
110	Other Revenue	287	148
1,426	Expense	1,549	1,574
(117)	**Net surplus/(deficit)**	**153**	**(13)**

Performance measures

Performance measures and standards	Budget standard	2018/19 Actual	2017/18 Actual	Achievement/ Comments
Child-focused policy advice or submissions to Select Committees, Government departments and Ministers will be at least	4	15[5]	10	**Achieved**
Reports on Child & Youth Voices will be at least	2	2	New	**Achieved**
Child Poverty Monitor released	Achieved	Achieved	Achieved	**Achieved**
Submissions, reports and advice produced within required timeframes will be no less than	100%	100%	100%	**Achieved**
Examples of impact achieved by advocacy activities will be at least	2	3*	2	**Achieved**

We gave child-focused policy advice or submissions on the following:

- Third Universal Periodic Review of New Zealand's Human Rights Performance to the UN
- Free-to-air television time bands - a tool to protect children and young people to the Broadcasting Standards Council
- Reforming our welfare system to better support children and their families to the Welfare Expert Advisory Group
- Briefing on Mai World: children and young people's voices to Minister Martin
- Review of the 2014 Family Court Reforms (MoJ)
- Disability and Learning Support Action Plan (MoE)
- Child-centred changes to the welfare system (for the Welfare Expert Advisory Group)
- Child and Youth Wellbeing Strategy (DPMC)
- Strategic Plan for Early Learning
- 2019 Charter & Annual Plan of Aho o te Kura Pounamu, the Correspondence School
- Family Court Reform Review
- The use of DNA in Criminal Investigations
- Tomorrows Schools taskforce Review Report
- Health and Disability System Review, and
- Department of Internal Affairs review of commercial on-demand online video classification.

[5] This is a demand-driven measure and difficult to foresee. There was a higher demand on OCC to do submissions, and since we had more staff this year, we were able to do more.

*Examples of impact achieved by advocacy activities

Example 1:

In October, the National Education and Learning Priorities Bill passed – including a requirement that children be consulted by the Minister before developing the Statement of National Education and Learning Priorities. This was one of the main points in the OCC's submission and the Children's Commissioner's presentation to the select committee. Many comments pointed to our *Education Matters to Me* reports and speeches by the Commissioner as influencing this legislation and direction.

Example 2:

The Child Poverty Reduction Bill was passed into law in December. The Prime Minister has publicly noted the contribution of OCC in the concept and development of this legislation. Successive Children's Commissioners have been working towards this, particularly since the 2012 Expert Advisory Group's report on *Solutions to Child Poverty in New Zealand*. Our advice was sought throughout the process, and our suggestions shaped the Bill, including having a holistic wellbeing strategy and having children and young people's views considered.

Example 3:

The Children's Commissioner was instrumental in the recent decision of the New Zealand Police to consider a one-year trial where they won't pursue young drivers. This is evidence of the impact of the Office's advocacy on this issue. We have been working for over a year monitoring Independent Police Conduct Authority activity, preparing and circulating a one-page position statement and having discussions with key sector leaders on this topic. The communications of the Children's Commissioner with justice sector leaders and in the media was particularly powerful, leveraging off his change in position from what he had previously believed as a Judge.

Statement of Responsibility

PART 2

Statement of Responsibility

I am responsible for the preparation of the Children's Commissioner financial statements and statement of performance, and the judgments made in them.

I am responsible for any end-of-year performance information provided by the Children's Commissioner under section 19A of the Public Finance Act 1989.

I have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the Children's Commissioner for the year ended 30 June 2019.

Judge Andrew Becroft
Children's Commissioner
31 October 2019

Financial Statements

PART 3

Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2019

	Notes	Actual 2019 $000	Budget 2019 $000	Actual 2018 $000
Revenue				
Revenue from the Crown		3,157	3,157	2,657
Other revenue	2	474	281	127
Total revenue		**3,631**	**3,438**	**2,784**
Expenses				
Personnel costs	3	2,733	2,751	2,487
Operating costs	4	468	619	456
Projects costs	5	133	77	121
Depreciation	9	21	20	**6**
Total expenses		**3,355**	**3,467**	**3,070**
Surplus/(deficit)		**276**	**(29)**	**(286)**
Other comprehensive revenue and expense		0	0	0
Total comprehensive revenue and expense		**276**	**(29)**	**(286)**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2019

	Notes	Actual 2019 $000	Budget 2019 $000	Actual 2018 $000
Assets				
Current assets				
Cash and cash equivalents	6	708	374	489
Receivables	7	103	1	2
Investments	8	250	250	250
Prepayments		2	17	7
GST receivable		16	5	26
Total current assets		1,079	647	774
Non-current assets				
Property, plant, and equipment	9	16	9	10
Total non-current assets		16	9	10
Total assets		**1,095**	**656**	**784**
Liabilities				
Current liabilities				
Payables	10	132	45	102
Employee entitlements	11	133	119	120
Revenue received in advance	10	10	-	10
Accruals		46	35	51
Lease inducement		11	14	14
Total current liabilities		332	213	297
Non-current liabilities				
Employee entitlements	11	10	-	10
Total non-current liabilities		10	-	10
Total liabilities		**342**	**213**	**307**
Net Assets		**753**	**443**	**477**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the Year Ended 30 June 2019

	Actual 2019 $000	Budget 2019 $000	Actual 2018 $000
Balance as at 1 July	477	472	763
Surplus/(deficit)	276	(29)	(286)
Balance as at 30 June	**753**	**443**	**477**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Year Ended 30 June 2019

	Notes	Actual 2019 $000	Budget 2019 $000	Actual 2018 $000
Cash flows from operating activities				
Receipts from the Crown		3,157	3,157	2,657
Interest received		28	20	31
Receipts from other revenue		345	262	73
Payments to suppliers		(574)	(714)	(664)
Payments to employees		(2,720)	(2,751)	(2,367)
GST (net)		9	12	(8)
Net cash flow from operating activities		245	(14)	(278)
Cash flows from investing activities				
Receipts from sale or maturity of investments		0	0	250
Acquisition of investments		0	0	0
Acquisition of property, plant and equipment		(26)	(20)	(1)
Net cash flow from investing activities		(26)	(20)	249
Net increase/(decrease) in cash & cash equivalents		**219**	**(34)**	**(29)**
Cash and cash equivalents at the beginning of the year		489	408	518
Cash and cash equivalents at the end of the year	**6**	**708**	**374**	**489**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Notes Index

1 Statement of Accounting Policies

Reporting Entity

The Children's Commissioner is an Independent Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing the Children's Commissioners' operations includes the Crown Entities Act 2004 and the Children's Commissioner Act 2003. The Children's Commissioners' 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, but whose 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 socio-cultural wellbeing and opportunities to actively participate in matters that affect them.

The Children's Commissioner has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for the Children's Commissioner are for the year ended 30 June 2019 and were approved by the Children's Commissioner on 31 October 2019.

Basis of Preparation

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

Statement of compliance

The financial statements 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 generally accepted accounting practice in New Zealand (NZ GAAP).

The Children's Commissioner is a Tier 2 entity and the financial statements have been prepared in accordance with PBE Standards.

These financial statements comply with PBE Standards Reduced Disclosure Regime.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000), except for related party transactions in Note 13, which are rounded to the nearest dollar.

Standard early adoption

In line with the Financial Statements of the Government, the Children's Commissioner has elected to early adopt PBE IFRS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. Information about the adoption of PBE IFRS 9 is provided in Note 17.

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate and are highlighted with a blue background.

Significant accounting policies that do not relate to a specific note are outlined below.

Goods and services tax

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, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the 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 a net 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 provision has been made for income tax.

Budget figures

The budget figures are derived from the statement of performance expectations as approved by the Children's Commissioner at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Children's Commissioner in preparing these financial statements.

Cost allocation

The Children's Commissioner has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be attributed to a specific output in an economically feasible manner.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Children's Commissioner has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property, plant, and equipment – refer to Note 9;
- Retirement and long service leave – refer to Note 11.

These significant estimates and assumptions are highlighted in the relevant note with a red background.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Other grants received – refer to Note 2;
- Grant expenditure – refer to Note 5;
- Lease classification – refer to Note 4.

These significant estimates and assumptions are highlighted in the relevant note with a red background.

2 Revenue

Accounting policy

The specific accounting policies for significant revenue items are explained below.

Funding from the crown

The Children's Commissioner is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Children's Commissioner meeting the objectives specified in its founding legislation and the scope of the relevant appropriation of the funder.

The Children's Commissioner considers that there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Other grants received

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

Donated assets

Where a physical asset is gifted to or acquired by the Children's Commissioner for nil consideration or at a subsidised cost, the asset is recognised at fair value. The difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received;
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition, and age.

Interest revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Provision of services

Services provided to third parties on commercial terms are recognised as revenue in proportion to the stage of completion at balance date.

Breakdown of other revenue and further information

	Actual 2019 $000	Actual 2018 $000
Interest revenue	28	31
JR McKenzie Trust*	37	42
Te Whānau Aroha	-	39
Other revenue**	306	10
Salary recovered***	103	5
Total other revenue	**474**	**127**

*Grant Agreement between the Children's Commissioner and the JR McKenzie Trust to produce and disseminate a snapshot with key facts and messages around child poverty in New Zealand.

**Revenue of $10,000 from Superu to support a learning series on international best practice in measuring child, family and whanau poverty, donated furniture from Superu after their disestablishment amounting to $26,000, revenue from DPMC for conducting the Child Wellbeing Strategy Project on their behalf amounting to $70,000, and a $200,000 donation by the Ministry of Justice as a contribution to the Commissioner's salary.

***Salary recovered from the Ministry of Health for the attendance of a staff member on the ACART Advisory Group, a staff member on the Te Uepū panel with the Ministry of Justice and work progressed with the Ministry of Social Development on the implementation of the Independent Children's Monitor (ICM).

3 Personnel Costs

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

	Actual 2019 $000	Actual 2018 $000
Salaries and wages	2,597	2,374
Other personnel costs	58	45
Defined contribution plan employer contributions	65	57
Increase/(decrease) in employee entitlements	13	11
Total personnel costs	**2,733**	**2,487**

Employee remuneration

	Actual 2019 $000	Actual 2018 $000
Total remuneration paid or payable that is or exceeds $100,000:		
$110,000 – 119,999	1	3
$120,000 – 129,999	1	-
$130,000 – 139,999	-	1
$140,000 – 149,999	1	2
$150,000 – 159,999	2	1
$160,000 – 169,999	1	-
Total employees	**6**	**7**

During the year ended 30 June 2019, no (2018: Nil) employees received compensation and other benefits in relation to cessation (2018: Nil).

Commissioner's total remuneration

	Actual 2019	Actual 2018
Children's Commissioner	272,000	262,920

Judge Becroft is effectively seconded to the role and part of the total remuneration disclosed for 2019 is invoiced by the Ministry of Justice in terms of the remuneration determination for the Children's Commissioner.

Since the Children's Commissioner is a corporation sole member, there are no other Board or committee members.

No indemnity has been provided to the Children's Commissioner or any employee.

The Office of the Children's Commissioner has Management Liability and Public Indemnity Insurance.

4 Other Expenses

Accounting policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses and further information

	Actual 2019 $000	Actual 2018 $000
Accountancy fees	22	22
Accounting software fees	1	1
Fees to auditor		
• fees to Audit NZ for audit of financial statements	25	25
Consumables & other expenses	55	48
Consultant fees	4	20
Information Systems	73	71
Power & Heating	10	4
Printing & Stationery	4	5
Publication expenses	22	12
Rent, rates and insurance	128	119
Telecommunication	12	12
Travel and accommodation	95	100
Website expenses	18	17
Total operating costs	**469**	**456**

Breakdown of operating lease commitments and further information

	Actual 2019 $000	Actual 2018 $000
Not later than one year	111	111
Later than one year and not later than five years	270	381
Later than five years	-	-
Total	**381**	**492**

There are no other operating leases and no restrictions are placed on the Children's Commissioner by any of its leasing arrangements.

5 Project Costs

	Actual 2019 $000	Actual 2018 $000
Giving2Kids	0	7
Monitoring & Investigations	0	2
Poverty Measures Partnership	30	42
Voices Project	24	27
Weaving Strengths	1	10
Te Whānau Aroha (YACS)	0	33
Swedish Delegation	10	0
Child Wellbeing	68	0
Total project costs	**133**	**121**

6 Cash and Cash Equivalents

Accounting policy

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.

Breakdown of cash and cash equivalents and further information

	Actual 2019 $000	Actual 2018 $000
Cash at bank and on hand	708	489
Total cash and cash equivalents	**708**	**489**

7 Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Children's Commissioner applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Previous accounting policy for impairment of receivables

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Breakdown of receivables

	Actual 2019 $000	Actual 2018 $000
Receivables	102	1
Accruals	1	1
Total receivables	**103**	**2**

8 Investments

Accounting policy

Bank term deposits

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Breakdown of investments and further information

	Actual 2019 $000	Actual 2018 $000
Current portion		
Term deposits	250	250
Total current portion	250	250
Total investments	**250**	**250**

9 Property, Plant, and Equipment

Accounting policy

Property, plant and equipment consists of five asset classes, which are measured as follows:

- Land, at fair value
- Buildings, at fair value less accumulated depreciation and impairment losses
- Leasehold improvements, at cost less accumulated depreciation and impairment losses
- Furniture and office equipment, at cost less accumulated depreciation and impairment losses, and
- Motor vehicles, at cost less accumulated depreciation and 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.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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 expensed in the surplus or deficit as they are incurred.

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 reported net in the surplus or deficit. When revalued assets are sold, the amounts included in the revaluation reserves in respect of those assets are transferred to the accumulated surplus/(deficit) within equity.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, 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 property, plant, and equipment have been estimated as follows:

Furniture and office equipment	5 years	20%
Leasehold improvements	10 years	10%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shortest.

Impairment of property, plant, and equipment

The Children's Commissioner does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant, and equipment assets 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 service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell, and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Breakdown of property, plant, and equipment and further information

	Total 2019 $000
Cost or valuation	
Balance at 1 July 2017	56
Additions	0
Disposals	0
Balance at 30 June 2018	56
Balance at 1 July 2018	56
Additions	27
Disposals	0
Balance at 30 June 2019	**83**
Accumulated depreciation and impairment losses	
Balance at 1 July 2017	40
Depreciation expense	6
Eliminate on disposal	0
Balance at 30 June 2018	46
Balance at 1 July 2018	46
Depreciation expense	21
Eliminate on disposal	0
Balance at 30 June 2019	**67**
Carrying amounts	
At 1 July 2017	15
At 1 July 2018	10
Balance at 30 June 2019	**16**

10 Payables and Deferred Revenue

Accounting policy

Short-term payables are recorded at the amount payable.

Breakdown of payables and deferred revenue

	Actual 2019 $000	Actual 2018 $000
Payables and deferred revenue under exchange transactions		
Creditors	124	100
Income in advance	10	10
Credit Card	8	2
Payables and deferred revenue under non-exchange transactions		
Taxes payable (GST)	0	0
Grants received subject to conditions	0	0
Total payables	**142**	**112**

11 Employee Entitlements

Accounting policy

Short-term employee entitlements

Employee entitlements that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

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

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

Breakdown of employee entitlements and further information

	Actual 2019 $000	Actual 2018 $000
Current portion		
Accrued salaries and wages	49	37
Annual leave	84	83
Long service leave	0	0
Total current portion	133	120
Non-current portion		
Long service leave	10	10
Total non-current portion	10	10
Total employee entitlements	**143**	**130**

12 Contingencies

There were no contingent liabilities or assets as at 30 June 2019 (2018: Nil).

13 Related Party Transactions

Accounting policy

The Children's Commissioner is controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and condition no more or less favourable than those that it is reasonable to expect the Children's Commissioner would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies.

Related party transactions required to be disclosed

The Children's Commissioner didn't enter into transactions with other Crown related entities on non-commercial terms.

Key management personnel compensation

	Actual 2019	Actual 2018
Remuneration	885,462	$848,539
Full-time equivalent members	4.95	4.95
Total key management personnel remuneration	**885,462**	**$848,539**
Total full-time equivalent personnel	**4.95**	**4.95**

Actual and reasonable costs related to travel, hospitality and other expenses of $25,384 have been paid and is not part of the Commissioner's remuneration (2018: $27,876).

14 Financial Instruments

	Actual 2019 $000	Actual 2018 $000
Loans and receivables		
Cash and cash equivalents	708	489
Receivables	103	2
Investments - term deposits	250	250
Total loans and receivables	**1,061**	**741**
Financial liabilities measured at amortised cost		
Payables (excluding income in advance)	132	153
Total financial liabilities measured at amortised cost	**132**	**153**

15 Events After the Balance Date

There were no significant events after the balance date (2018: Nil).

16 Explanation of Major Variances Against Budget

Explanations for major variances from the Children's Commissioner's budgeted figures in the statement of performance expectations are as follows:

Statement of comprehensive revenue and expense

Other revenue

Other revenue was more than budgeted by $193k, mainly due to receiving $70k from DPMC to run the Child Wellbeing Project on their behalf, $6k more of donated furniture from Superu transferred to us in July, $10k from Superu for the series on international best practice in measuring child, family and whānau poverty and wellbeing. We also recovered $10k more for a staff member attending ACART, $6k recovered from the Ministry of Justice for a staff member on a Justice panel and $83k recovered from the Ministry of Social Development for staff working on the establishment of the Independent Children's Monitor. We also received $8k more interest this year compared to our budget.

Operating Expenditure

Operating expenditure was less than budgeted by $151k due mainly to less Rent ($114k) paid since we had not moved into the larger area of our premises from December 2018 due to timing of the Review outcome, less travel & accommodation costs of $14k, mainly for the Commissioner travelling less than expected, and $23k for other expenses (IT/consumables/communications/power & heating), some of which is now only being progressed in the next financial year.

Personnel expenditure

Personnel expenditure was less than budgeted by $18k due to staff changes and timing of the appointment of new staff.

Project expenditure

Project expenditure was more than budgeted by $56k and relates to the additional costs of $69k for the Child Wellbeing Strategy Project, $10k for the Swedish Delegation, an underspend of $7k for the CPM (which will be used in the next year) and an underspend for the Voices Project ($16k).

Statement of financial position

Net Assets

The increase in net assets compared to the budget is mainly due to a better than budgeted operational surplus, resulting in an improved cash and cash equivalent position when compared to budget.

17 Adoption of PBE IFRS 9 Financial Instruments

In accordance with the transitional provisions of PBE IFRS 9, the Children's Commissioner has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 July 2018.

Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- *Cash and Cash equivalent*
  This policy has been updated to explain that while cash and cash equivalents are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because there is minimal risk of credit losses.
- *Investments*
  This policy has been updated to explain that no loss allowance for expected credit losses has been recognised because the estimated 12 month expected loss allowance for credit losses is trivial.
- *Receivables*
  This policy has been updated to explain that while receivables at 30 June 2019 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because there is minimal risk of credit losses.
- *Financial liabilities*
  The measurement categories and carrying amounts for financial liabilities have not been changed between the closing 30 June 2018 and opening 1 July 2018 as a result of the transition to PBE IFRS 9.
- *Term deposits*
  This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

On the date of initial application of PBE IFRS 9, being 1 July 2018, the classification of financial instruments under PBE IPSAS 29 and PBE IFRS 9 is as follows:

	Measurement Category		Carrying Amount		
	Original PBE IPSAS 29 category	New PBE IFRS 9 category	Closing balance 30 June 2018 (PBE IPSAS 29) $000	Adoption of PBE IFRS 9 adjustment $000	Opening balance 1 July 2018 (PBE IFRS 9) $000
Cash at bank and on hand	Loans and receivables	Amortised cost	708	0	708
Receivables	Loans and receivables	Amortised cost	103	0	103
Term deposits	Loans and receivables	Amortised cost	250	0	250
Total financial assets			**1,061**	**0**	**1,061**

PART 4

Independent Auditor's Report

Audit New Zealand
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of the Office of the Children's Commissioner's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of the Office of the Children's Commissioner (the Office). The Auditor-General has appointed me, Jacques Coetzee, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of the Office on his behalf.

Opinion

We have audited:

- the financial statements of the Office on pages 19 to 34, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Office on pages 8 to 15.

In our opinion:

- the financial statements of the Office on pages 19 to 34:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2019; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information on pages 8 to 15:
    - presents fairly, in all material respects, the Office's performance for the year ended 30 June 2019, including:
        - for each class of reportable outputs:
            - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

        - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
- Complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Commissioner and our responsibilities relating to the financial statements and the performance information, we comment on the other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

Responsibilities of the Commissioner for the financial statements and the performance information

The Commissioner is responsible on behalf of the Office for preparing the financial statements and the performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Commissioner is responsible for such internal control as he determines is necessary to enable him to prepare the financial statements and the performance information that are free from material misstatement, whether due to fraud or error.

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

The Commissioner's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

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

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

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Office's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.

- We evaluate the appropriateness of the reported performance information within the Office's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Commissioner and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Commissioner is responsible for the other information. The other information comprises the information included on pages 1 to 34, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

Other than in our capacity as auditor, we have no relationship with, or interests, in the Office.

Jacques Coetzee
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

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