

ANNUAL REPORT

2012–2013

“Our role is to use evidence-based information to inform and influence policies, funding, planning and practice, to help improve the lives of New Zealanders and especially families and whānau.”

Annual Report

2012–2013

for the year ended 30 June 2013

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In accordance with section 151 of the Crown Entities Act 2004, we submit the Annual Report of the Families Commission for the year ended 30 June 2013.



Belinda Milnes
Chief Commissioner
31 October 2013



James Prescott
Commissioner
31 October 2013

Contents

[Chief Commissioner's review 2012–2013](#) 3

Part One: Our work 5

[Our role](#) 6

[Summary of our work](#) 6

[Our outcomes, impact and measures](#) 10

[Our operations](#) 15

A. Governance and management 15

B. Organisational health and capability 18

C. Good employer 19

Part Two: Accountability statements 21

[Statement of responsibility](#) 22

[Independent auditor's report](#) 23

[Statement of service performance](#) 26

[Financial statements](#) 29

[Notes to financial statements](#) 33



Chief Commissioner's review 2012–2013

The new Commission

The Families Commission has an exciting new mandate to act as a catalyst in New Zealand's social policy sector. Our objective is to encourage decision-makers to harness the power of social science to determine what works, especially for families and whānau.

Through legislation before Parliament, the Commission has a clear and unambiguous focus and direction. The organisation is positioned to be able to make a real difference.

Our role is to use evidence to influence research, policy development, funding and programme implementation decisions across the academic, government and community sectors.

Earlier this year we established the Social Policy Evaluation and Research Unit (SuPERU), to provide robust, expert, independent evaluation and monitoring of government and non-government programmes. SuPERU will also lift standards by providing support and best practice across government. In recognition of its leadership role as an impartial 'broker', much of its work will be commissioned on behalf of other agencies.

The Knowledge Centre remains the vehicle through which we bridge the divide between research, policy and delivery, and between academics and practitioners. The Centre translates and packages the evidence and knowledge to influence decisions and programme implementation in the government and community sectors.

New governance, management and expertise

I was appointed Chief Commissioner earlier this year, and since then we have welcomed several new Board members to drive our new focus: Professor Sir Peter Gluckman, Sir Wira Gardiner and Dr Parmjeet Parmar joined current members James Prescott and Robyn Scott. We are also fortunate to have Len Cook (who acted as Chief Executive), become an advisor to the Board and chair of our new Expert Advisory Group. I acknowledge the commitment and support of outgoing Chief Commissioner Carl Davidson,

Commissioner Christine Rankin, and Board Advisor Colleen Tuuta who left us during the year.

Clare Ward joined us as Chief Executive in June this year and is actively implementing our direction and stakeholder focus, supported by a new leadership team. I acknowledge the service and commitment of outgoing Chief Executive Paul Curry after seven years with the Commission, and 40 years of public service.

An independent Expert Advisory Group has been set up to peer review our work and ensure standards are of the highest quality.

The Whānau Reference Group and Ethnic Reference Group remain important touchstones and reflect the voices of their respective communities.

With this strong leadership and governance in place, our focus has switched to distilling and embedding the right strategy to drive the Commission's work.

New work

This Annual Report reflects the significant transition that is occurring within our mission, our leadership and work programme during the year.

Significant new work produced under our new mandate included:

The first annual *Families and Whānau Status Report – Towards measuring the wellbeing of families and whānau*, was developed. It is not a scorecard; rather it starts to build a platform to better measure and monitor wellbeing going forward. It gives some insights into future challenges for families and whānau which will help both central and local government, and community organisations, to build better lives for New Zealanders. The Commission is working with key experts and stakeholders to further develop and refine the frameworks and identify where more robust data is needed.

Preparatory work is well underway ahead of the management of the longitudinal study, *Growing Up in New Zealand*, transferring to the Families Commission. This was announced by the Minister of Social Development



as part of Budget 2013. This is New Zealand's largest and most diverse study, with a cohort of nearly 7,000 children born in Auckland and the Waikato in 2009 and 2010, and their families participating. Looking forward, it should provide unique and valuable data to government decision-makers especially in the education, health and local government sectors.

Other new work underway includes scoping evaluation of the Children's Action Plan; scoping evaluation of the Prime Minister's youth mental health initiatives; a review of effective parenting programmes, as well as the effectiveness of relationship education programmes in schools.

We continue to focus on areas of importance to improving outcomes for families and whānau.

Key work under our families and whānau mandate, released during the year included:

The *Pacific Families and Problem Debt* report released last year, which identifies the reasons behind debt, is being used to help agencies deliver more targeted approaches to financial literacy and numeracy training. Working with the Ministry for Pacific Island Affairs, the research provides information about finance lenders, student loan schemes, and church donations, all of which contribute to the high debt levels of some Pacific families.

We continue our strong commitment towards reducing family violence. We fund the research and information developed by the Family Violence Clearing House, co-host an annual event to inform and influence those working to prevent family violence, and are active members of the Government's Taskforce for Action on Violence Within Families. In addition, we fund the annual White Ribbon campaign to raise awareness of reducing men's violence against women.

The report, *Tūpuna – Ngā Kaitiaki Mōkōpuna: A resource for Māori grandparents*, released last year, highlights the important and unique role of grandparents within whānau, particularly in the transmission of language, culture, whānau, hapū and iwi histories.

During 2012–2013 our work programme has been realigned, consistent with our new mandate and strategic objectives. This has been a time of great change for the Commission, and I am pleased with the renewed commitment from all the staff to make a lasting and measurable difference to outcomes for families and whānau.

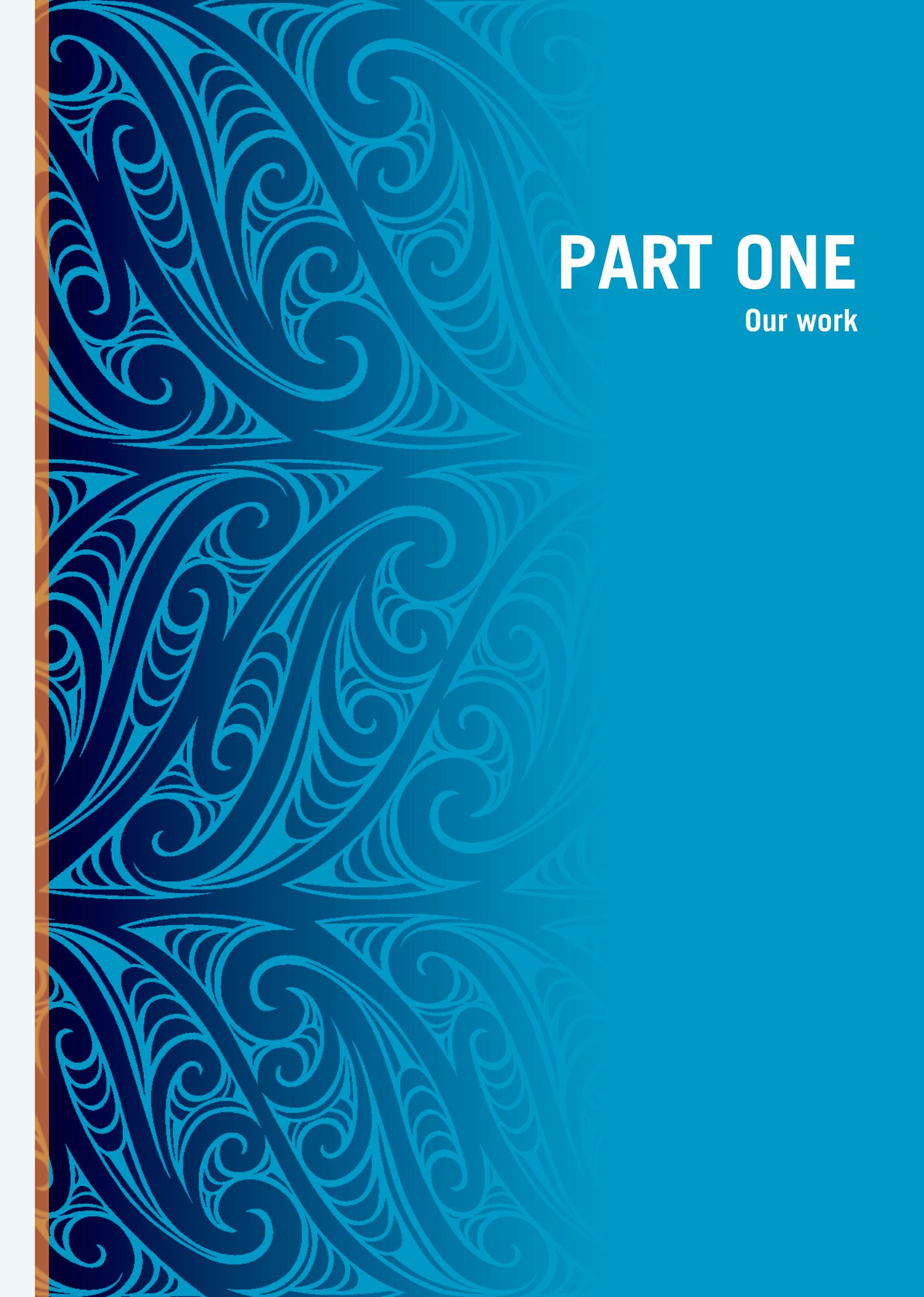
Looking ahead, we will move forward with increasing pace as the organisation dons the mantle of the new legislation and grows into its exciting new role.

Over the next year we will be working closely with partners and stakeholders to lead best practice and ensure our work is trusted, relevant, valued and used.

I am excited about the year ahead, and I look forward to reporting on the strong progress and significant value the Commission will have delivered, to influence social policy and make a difference for families and whānau.

Belinda Milnes
Chief Commissioner



The background of the page is a vibrant blue color. On the left side, there is a vertical orange stripe. The main area is filled with a complex, repeating pattern of swirling, organic shapes in various shades of blue, creating a sense of movement and depth. The text is positioned in the upper right quadrant of the page.

PART ONE

Our work



Our role

Our role is to create, synthesise and share research-based evidence to inform and influence social policies, funding, planning and practice, to help improve the lives of New Zealanders and especially families and whānau.

As a small Crown entity we have the agility, independence, system-wide perspective, as well as research and evaluation expertise, to work collaboratively across the wide range of stakeholders in the social policy sector to achieve this.

We are working with key stakeholders to influence social sector priorities, funding, processes and compliance through the use of evidence and best practice, to inform decisions and change behaviours.

We also work with organisations that produce research and evidence to grow the quality, relevance and quantity of the evidence base in priority areas, for use by social sector organisations.

We facilitate the use of evidence and best practices by social sector organisations. We promote what the evidence says and support its use by government and non-government organisations.

Through the Families and Whānau Status Report, we monitor and report on the impact of social, demographic and economic change on family and whānau strength and resilience.

We are a key part of a government-wide commitment to increasing evaluation capability and evidence-based decision-making across the public and private sectors.

Summary of our work

The Commission's work programme was realigned and amended during the year to reflect our new strategic direction and focus.

Our key work delivered during the financial year is summarised below:

Pacific families and problem debt

The *Pacific Families and Problem Debt* report is helping organisations understand the reasons for debt among some Pacific families so they can deliver more targeted financial literacy and numeracy training programmes.

The Commission worked with the Ministry for Pacific Island Affairs to develop the research for this report, which was released in South Auckland. It provides insight into the interaction of factors such as finance lenders, student loan schemes, and church donations, all of which contribute to the high debt levels of some Pacific families.

Families Commissioner James Prescott, says there is a significant imbalance between affordability and cultural practice which often carries with it the obligation to give money. He says this imbalance is leading to reoccurring and unaffordable debt levels for some Pacific families, and this is holding Pacific communities back.

Findings identified that a whole-of-family focus is required to resolve issues, and, to be effective, any intervention needs to recognise the critical role of Pacific women in managing the family finances.

The report highlights the influential role of the church in Pacific communities and its potential to take a lead in awareness-raising and encouraging families to take advantage of the support services available, and to live within their means.

The findings of the report have been widely reported throughout New Zealand, Australia and the Pacific.



Trends in teen births

The Commission analysed new information sources, from the National Maternity Collection and birth registrations, to identify trends in teen births to inform policies and practices that will improve outcomes for teen parents and their families.

Our Evidence Brief, together with our previous research on teenage pregnancy and parenting, provide a new and robust evidence-base being used by a range of government agencies and researchers.

Teen births are a social issue, as very early parenting (before age 18) is associated with the greatest risk of poor outcomes for children especially when combined with other risk factors. Early parenthood can also have far-reaching physical, social, economic and emotional consequences for both teenage parents and their children.

The rate of teenage childbearing in New Zealand is high by OECD standards. About 4,000 teenagers give birth each year with just over two-thirds of these births to 18 and 19 year olds. A second or subsequent birth during teen years is rare.

Teen pregnancy rates declined significantly between 1962 and 1985 and have remained fairly stable since, at about 6.5 percent of all births.

Teen births are more common in lower socio-economic communities. Gisborne and Northland have relatively high rates of teen childbearing.

Ethnicity is also a factor even after considering socio-economic information. Māori teenage women have significantly higher rates of teen parenthood. Māori make up 21 percent of the population aged 15–19 years.

The Commission has identified the following priority areas to prevent repeat teen pregnancy and to improve support for teenage parents:

- › relationship education and ongoing contraceptive advice for two years after the birth
- › intensive support for transition to further education, training and employment
- › culturally appropriate support for Māori teen parents
- › well-connected local networks focused specifically on helping teen parents
- › accessible support for teen fathers that engages them in parenting.

› **Disabled parents** were the focus of a substantial report released late last year which looked at their diversity, experiences and support needs. The findings have been used to inform the development of policies and practices by government and service providers, and by disabled parents themselves.

› **He Ara Whakamua** was a series of national wānanga to listen to whānau, and those who work with whānau, to research and explore the kaupapa of how to build pathways together to the future. The final report *What Works for Māori: What the people said* was published in late 2013.

› **Tūpuna – Ngā kaitiaki mokopuna**, a resource for Māori grandparents published in 2012, explores the significant role grandparents play in the lives of whānau. This includes providing support, sharing resources, nurturing mokopuna, and teaching te reo, whakapapa, history and tikanga. This resource has been shared within Māoridom to trigger discussions about the roles and responsibilities of Māori grandparents. It provides useful information to support Māori providers, Māori community workers, teachers and the many people who work with whānau. It also informs agencies, policy-makers and others about the particular issues faced by Māori grandparents and the need to include their voices in decision-making.



- › The Commission continued to play an active role in helping reduce **family violence**. We fund the work, including the development of family violence indicators by the New Zealand Family Violence Clearinghouse. Together we co-hosted a one day symposium on Intimate Partner Violence and Child Maltreatment which was well attended. The Commission is also an active member of the Taskforce for Action on Violence Within Families. The 2012 **White Ribbon campaign** to reduce men's violence towards women saw a record number of community events held. As signalled last year the Commission is considering future options and is currently working with the White Ribbon Committee about the future delivery of this campaign from early 2014.
- › A brief demographic profile of **New Zealand Families Today** was developed for the public. It presents a broad overview of the make-up of the New Zealand family and identifies trends over the past few decades including the increasing diversity of families.
- › The Commission has made a number of **submissions to Select Committees** and local government to ensure an evidence-based approach, especially about what works for families and whānau, is considered. In addition, the Commission organised seminars and workshops to share and disseminate information and influence decision-making within the social policy sector.

New work programme

Families and Whānau Status Report

The first annual *Families and Whānau Status Report* was prepared in 2012–13 and published in July 2013.

Understanding the changing picture of families and whānau in New Zealand is critical so decision-makers across central and local government, and in community organisations, can build better lives for New Zealanders.

The first part of the report provides a demographic overview of New Zealand, including changes in New Zealand's population structures, and identifies possible implications for future policy and practice. Three profiles were developed: what it's like to be a child growing up in New Zealand today; a New Zealand family today; and profiles of whānau since 1975.

Key policy implications include:

- › high rates of family mobility (ie changes of address, family formation and dissolution, internal and external migration) will have consequences on the capacity of families and whānau to access health, housing, education, and other services, compared to the past
- › the resource needs of families and whānau – for schools, housing, utilities and health services – will change in growing urban areas and in provincial and rural areas that are in decline
- › the growing generation gap will put pressure on parents, some of whom will need to care for their children, and their ageing parents
- › changes in family and whānau structures will impact on the tax base, housing, labour and child-care markets and on home ownership and work-life balance
- › increasing diversity within families and whānau is likely to require policy design, development and delivery that is flexible, and can respond to the range of drivers and support systems that exist within the population as a whole.

The second part of the report considers draft frameworks developed to measure wellbeing – one focuses on family wellbeing and the other on whānau wellbeing.

The Commission will work with experts and stakeholders to further refine and develop the frameworks for the next report, in June 2014. The report also identifies where further work or more robust data is needed and will provide insights into future challenges for the wellbeing of families and whānau. The 2014 report will include indicator reporting as well as indepth analyses of key areas of interest.



- › Budget 2013 announced that responsibility for managing New Zealand's largest and most diverse longitudinal study, **Growing Up in New Zealand**, transferred to the Families Commission at the end of 2013. The study is based at the University of Auckland's Centre for Longitudinal Research. The Commission has established robust governance structures and will focus on the recommendations made in the review led by UK expert, Professor Sir Mansel Aylward.
- › Work is underway on **Life-skills Education**, to evaluate school-based relationship programmes delivered to children in years 7–13. This information has been used to inform guidelines developed by the Ministry of Education. The Commission will now monitor and evaluate their implementation.
- › The Commission is scoping the evaluation of the **Prime Minister's Youth Mental Health Projects**, which comprises 22 initiatives aimed at improving the mental health and wellbeing of young people aged 12–19 years with, or at risk of developing, mild to moderate mental health issues. The initiatives are designed to help prevent mental health problems developing, and improve access to appropriate services if concerns are identified.
- › New work underway sees the Commission scoping the evaluation of the **Children's Action Plan**, which implements the Government's response to the 2012 White Paper for Vulnerable Children.
- › As part of the work for Vulnerable Children, the Commission is reviewing **effective parenting programmes**, to identify what works so that programmes, funding and delivery can be better targeted to meet needs. Work is also underway to determine what works for Māori and Pacific parents.

Provide sector leadership

The Families Commission will be a leader in best practice evaluation in New Zealand's social policy sector.

- › We are working with Aotearoa New Zealand Evaluation Association (ANZEA) to develop standards for evaluation across the social sector, in consultation with an Advisory Group of New Zealand experts. The Commission will draw on international guidelines and standards, and engage with government agencies and community organisations on the draft standards.
- › We have begun working with senior public sector social scientists to discuss establishing a Social Science Research Network, and will continue this work in the coming year.

Looking forward

The Families Commission 2013–14 Annual Report will reflect the impact of our strategy and outputs across the wider social policy sector.



Our outcomes, impacts and measures

This section reports our performance against the outcome and impact measures in our Statement of Intent 2012–15.

Our outcome and impact

The Commission's 2012–15 Statement of Intent was focused on contributing to the achievement of a single **outcome**:

- ▶ improved strength and resilience of New Zealand's families, whānau and their children.

As a small Crown agency, the Commission contributes to but is not responsible for achieving this outcome. The Commission's contribution is through its **impact**:

- ▶ informing and influencing policy, funding and service delivery agencies to strengthen families and improve quality family and whānau services.

Outcomes, impacts and measures



OUR OUTCOME

Improved strength and resilience of New Zealand's families, whānau and their children

OUR IMPACT

Informing and influencing policy, funding and service delivery agencies, to strengthen families and improve quality family and whānau services
See pages 10–15 for our impact measurement framework and our impact measures

OUTPUT 1: FAMILY AND WHĀNAU KNOWLEDGE BASE

KNOWLEDGE ACTIVATION

Resource brokerage
New Zealand Family Violence Clearinghouse
White Ribbon
Events and seminar series

FAMILY RESEARCH

Whānau Strategic Framework
Family Status Report
Submissions and policy advice
Families research

See pages 27–28 for our output measures

OUTPUT 2: SOCIAL POLICY EVALUATION AND RESEARCH

RESEARCH AND EVALUATION ADVICE

Research contracts
Evaluation design
Economic – ROI
Set standards – best practice monitoring and evaluation

Specialist social sector policy advice

OUR BRAIDED RIVER APPROACH



Achieving and measuring our impact

We seek to make a difference through engaging with and influencing decision makers, including funders, policy-makers and planners, in government agencies, research and services provider organisations.

We provide knowledge and evidence to influence. Our impact is achieved through our influence and reach, as well as the quality of the reports and other information we produce, and the presentations and events we hold.

The key measure of our success is the impact we have on influencing a variety of stakeholders as set out in the diagram below.

Knowing how we lead, debate and influence change



We measure our impact through the following indicators:

1. influence on organisations working with families and whānau
2. impact of knowledge products on stakeholders
3. impact on knowledge base on those who influence policy and practice
4. impact of knowledge transfer activities on public awareness.

Our performance in 2012–13

In this section we discuss our performance against the impact measures in our Statement of Intent 2012–15.

The section is split into two parts:

- › an overview of performance during the year
- › reporting against the impact measures in our Statement of Intent.



Performance during the year

The following summary provides more information about our work during the year and the impact that it has had.

Our most significant impacts include:

- ▶ The **Pacific Families and Problem Debt** report is increasing understanding of the reasons and motivations for debt among some Pacific families, enabling organisations to deliver more targeted financial literacy and numeracy training programmes. The work has been well received and widely reported in the media throughout New Zealand, Australia and the Pacific.
- ▶ Our first annual **Families and Whānau Status Report** informs decision-makers in central and local government, and community organisations, about the changing demographic picture of families and whānau in New Zealand. This information enables them to understand and better plan for the impacts of these changes.
- ▶ The Commission plays an active role in working to prevent family violence. We fund the White Ribbon Campaign as well as the work of the New Zealand Family Violence Clearinghouse. Together with the NZFVC we co-hosted a very successful, well attended, one day symposium on **Intimate Partner Violence and Child Maltreatment**, led by international expert, Professor Jeffrey Edleson. Professor Edleson was also interviewed in-depth on National Radio's Nine-to-Noon programme.
- ▶ Our **Evidence Brief: Trends in Teen Births**, together with our previous research on teenage pregnancy and parenting, identified priority areas to prevent repeat teen pregnancy and to improve support for teenage parents. This new and robust evidence-base is being used by a range of government agencies and researchers.
- ▶ We are evaluating **effective parenting programmes** to identify what works so that programmes, funding and delivery can be better targeted to meet needs. Work is also underway to determine what works for Māori and Pacific parents.

Performance against our impact measures

This Annual Report reflects the significant transition that is occurring within the Families Commission in 2013–2014, including changes in leadership, strategy, focus, amended work programmes and outputs, as well as developing relationships with new stakeholders.

In this document we are reporting against a model and work programme that we have increasingly moved away from during 2013. This means that the measures identified and put in place in mid-2012 no longer entirely reflect our strategic direction and work priorities. As a result, some targets have not been met because we have focused on delivering our new work programme. This is reflected in both our impact assessment and in our lower-than-forecast expenditure

1. Influence on organisations working with families and whānau

Measure: The percentage of a sample of organisations engaged with that agree that the Commission's knowledge and/or advice has impacted on the way they work or decisions taken (i.e. percentage of decision-making organisations influenced by the Commission).

2010/11 Actual	2011/12 Actual	Measure	2012/13 Target	2012/13 Actual
83%	83%	Influenced organisations	85%	59%

In 2012/13 we have refocused the Commission's annual stakeholder survey to better measure and evaluate our influence and impact on key stakeholders across the family and whānau sector, as well as our new focus on the social policy sector.



In the past the Commission only surveyed organisations working with families and whānau that we had worked with, to assess whether knowledge and/or advice given impacted positively on the way they work, or on their decision-making.

This year the survey was broadened to include a wider set of stakeholders related to our new social policy research and evaluation role. This means that the 2012/13 survey results are not directly comparable with those in 2011/12. The target for 2012/13 was also set based on historical performance based on feedback from a narrower range of more established stakeholders.

This year stakeholders were asked two questions. The first was to rate if the Commission’s information and services impacted positively on their decision-making. Over half agreed (58 percent agreed or strongly agreed). Secondly, stakeholders were asked whether the Commission’s information and services contributed to the wellbeing of families and whānau in New Zealand. Around half agreed (51 percent agreed or strongly agreed).

These figures are significantly lower than in 2011/12 and the target for 2012/13. As noted above, this is partly due to the inclusion of a wider range of stakeholders in the 2012/13 survey. It also reflects significant change taking place within the Commission during 2012/13 including the development of new relationships with different stakeholders.

2. Impact of knowledge products on stakeholders

Measure: The number of Commission publications distributed and downloaded.

2010/11 Actual	2011/12 Actual	Measure	2012/13 Target	2012/13 Actual
3,132	9,057	Print and CD	2,500	1,960
8,953	10,973	Downloads	10,000	10,049
12,085	20,030	Total distributed	12,500	12,009

Following amendments to the work programme, fewer publications were released than had been anticipated, and therefore fewer copies were distributed. This figure also reflects the increasing trend for publications to be downloaded from our website.

The 2013 Survey found that 65 percent agreed that the information and services were easy to access (which they mainly did through direct contact or the website).

Nearly 80 percent of respondents considered the Commissions services and/or information by the Commission to be either useful or very useful.

All respondents rated the information and services as good quality and agreed that they information and services were trustworthy, relevant and supported them in their work.



3. Impact of knowledge base on those who influence policy and practice

Measure: Number of Commission presentations at professional forums and audience numbers.

2010/11 Actual	2011/12 Actual	Measure	2012/13 Target	2012/13 Actual
29	18	Number of presentations	40	24

Fewer presentations were delivered than anticipated. This again reflects the significant change taking place within the Commission during 2012–13 including changes in leadership (at the Commissioner, Chief Executive and Director levels), strategy, focus, amended work programmes and outputs, as well as establishing different relationships with new stakeholders.

4. Impact of knowledge transfer activities on public awareness on those who influence policy and practice

Measure: The number of mentions of the Families Commission published online, in print, television and radio media.

2010/11 Actual	2011/12 Actual	Measure	2012/13 Target	2012/13 Actual
580	1,367	Media mentions	850	115

In 2013–14, the Commission will be taking a more strategic approach to its stakeholder and public communications and engagement, to fulfil its mandate to use research-based evidence to inform and influence social policies, funding, planning and practice, to help improve the lives of New Zealanders and especially families and whānau.

Our operations

A. Governance and management

The Families Commission is governed by a Board, made up of a Chief Commissioner and up to six Commissioners. Belinda Milnes is the Chief Commissioner (appointed in an interim capacity in November 2012, and appointed for a 2.5 year period from July 2013).

The Commissioners are:

Dr James Prescott	(appointed September 2010)
Robyn Scott	(appointed September 2010)
Professor Sir Peter Gluckman	(appointed November 2012)
Sir Wira Gardiner	(appointed May 2013)
Dr Parmjeet Parmar	(appointed May 2013)

During the year, Commissioner Christine Rankin concluded her term.



Board function and structure

Board role and responsibilities

The Crown Entities Act 2004 sets out the collective and individual duties of Board members.

The Board's role is to:

- › oversee governance and performance
- › set strategic direction and priorities
- › select and appoint a Chief Executive and monitor performance
- › approve annual work programme and budget
- › approve the key annual accountability documents (such as the Statement of Intent, Output Agreement and Annual Report to Parliament).

Board positions

Chief Commissioner

The Chief Commissioner holds a senior statutory position and in 2012–13 this was a part-time position.

The Chief Commissioner is responsible for:

- › leading, chairing and managing the Board
- › providing leadership and guidance to Commissioners
- › providing the public face of the Commission as its senior public appointment
- › working with and providing guidance to, the Chief Executive, on strategic matters, work programme priorities, public or media matters and any performance matters.

Commissioners

Commissioners are statutory positions, appointed on a part-time (up to half-time) basis. While new legislation changed the nature of these positions, with a focus on carrying out Board responsibilities in their capacity as Board members, during the 2012–13 year, Commissioners were also responsible for:

- › providing expertise, advice and input into issues and work the Commission is considering or undertaking
- › providing the public face of the Commission through engaging on a regular basis with the community at national, regional and local levels
- › undertaking elements of the annual work programme.



Board structure

Board meetings

The Board met monthly to discuss governance and strategic issues. Less formal meetings were also used as an opportunity for Commissioners to discuss strategic and project matters. Additionally, presentations to the Board from community leaders, researchers and others interested in families and whānau occurred.

Board subcommittees

Sub-committees of the Board were convened to deal with specific governance issues as follows:

Risk and Audit

This sub-committee provides independent assurance to the Board that the organisational systems, processes and operations were based on best practice. This sub-committee met once during the year – any other risk and audit matters were discussed by the full Board.

Recruitment

This sub-committee met for the purpose of measuring the performance of the Chief Executive and recruiting a new Chief Executive.

Research Ethics

This sub-committee provided the Board with an assurance that researchers whose work involved human participants would conduct their work with appropriate regard for ethical principles and cultural values and in accordance with the Treaty of Waitangi. It met once during the year.

Whānau Reference Group

This reference group assisted to identify issues and priorities for whānau. The reference group also provided strategic advice to ensure that the aspirations of Māori and whānau, especially as they related to whānau wellbeing, were addressed in our work programme. It met three times during the year.

Ethnic Reference Group

This reference group helped identify issues and priorities for ethnic families from national, regional and local perspectives. This was limited to the interests of families within the scope of our mandate. It met twice during the year.

Expert Advisory Group

This group provided academic peer review of work performed by the Commission and provided guidance to the Commission. The Chair of this group is an advisor to the Board and sits in on Board meetings. The panel was established in September 2012 and met twice during the financial year.



B. Organisational health and capability

In our 2012/13 Statement of Intent we set out a series of actions we would implement or maintain during the year across several areas of organisational health and capability. Our performance in delivering those actions is detailed below.

Key focus area	Indicator	Measure	Achieved or Not
People	Performance management processes are embedded and linked to the deliverables expected of the Commission	90% of performance plans are completed by 30 September and 95% of appraisals are completed by 31 July each year	Not achieved – due to organisational change
Kaupapa Māori pathways	Staff confidence in knowledge and understanding on the actions within the Whānau Strategic Framework is increasing	Staff survey to set a benchmark of staff understanding and engagement	We did not undertake the survey but we continued to offer te reo and tikanga programmes for staff
Relationships and partnerships	Key stakeholder relationships are established and actively managed demonstrating a level of influence required as being a 'centre of excellence'	Establish a social science research network	Achieved – first meeting held May 2013
		Stakeholder engagement survey completed	Achieved
Systems and processes	Information is easily accessible and being actively shared within the Commission in order to demonstrate that the Commission is credible in its ability to manage, analyse and disseminate knowledge to external parties	In 2012 a new information and communication technology infrastructure will be delivered by the Ministry of Social Development which will provide us with a cost effective solution that will meet our needs now and into the future	Achieved



C. Good employer

The Commission is committed to creating a positive organisational culture by ensuring the fair and proper treatment of staff in all aspects of their employment.

The Commission is committed to the principles of being a good employer and is a member of the EEO Trust. The Commission values equity and fairness and has policies and practices that promote values-driven practise.

In order to identify and best understand individual and group needs of all staff the Commission has completed an assessment of gender and ethnic workplace profile, and sick leave and flexible work.

Gender	2009/2010	2010/2011	2011/12	2012/13
Female	32	31	27	22
Male	10	11	11	8

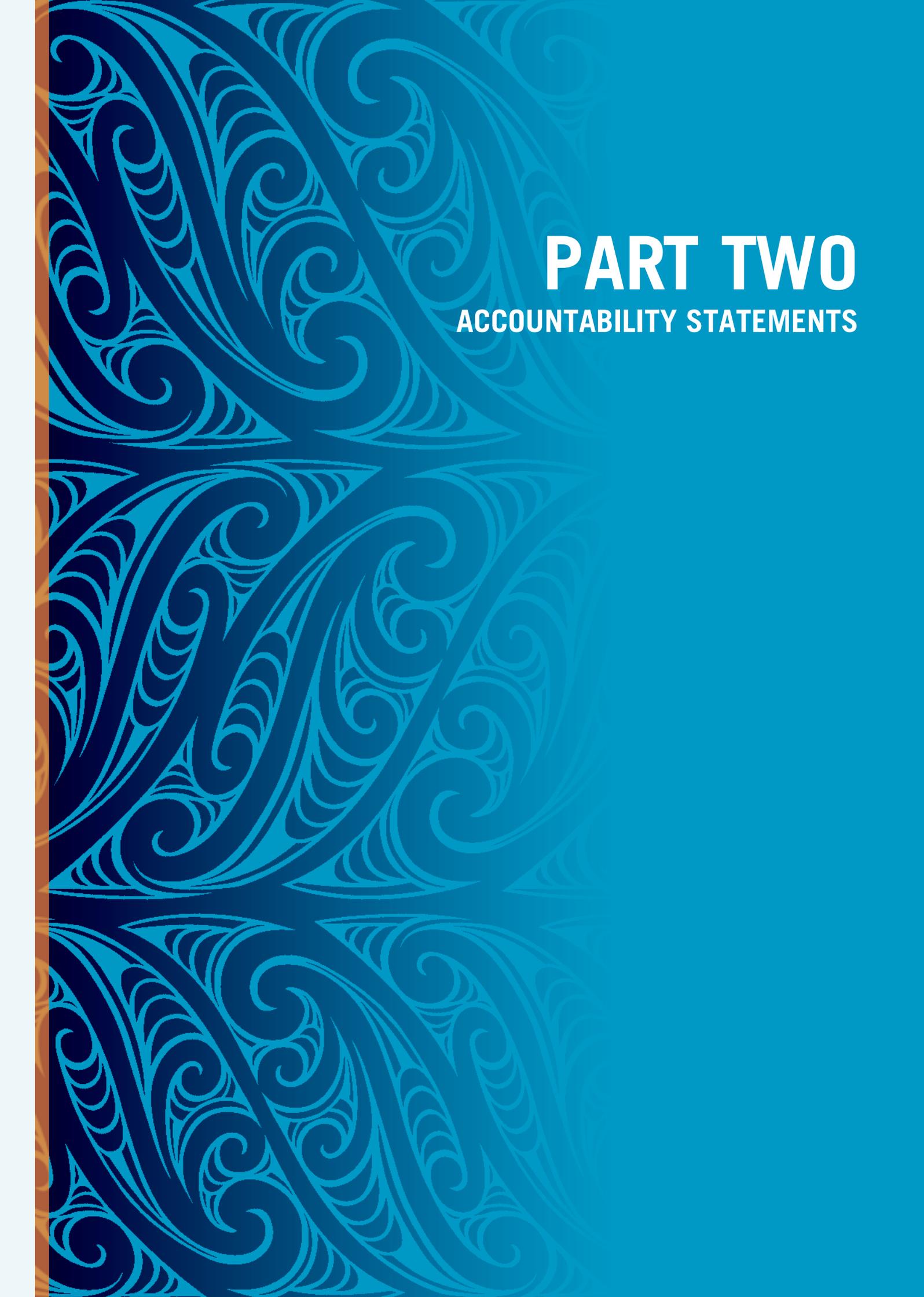
Ethnicity	2009/2010	2010/2011	2011/12	2012/13
Māori	6	6	5	4
Pacific Island	0	1	1	0
Asian	4	3	3	2
Pakeha/European	32	32	29	24

	2009/2010		2010/2011		2011/12		2012/13	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Management	5	1	5	0	6	0	3	1
Non-management	23	13	27	10	24	8	22	4

Average sick leave taken per staff member has remained low at an average of 4.3 days (2012: 2.6 days).

The Commission has formal policies, practices/programmes in place for these elements:

- › leadership, accountability and culture
- › recruitment, selection and induction
- › employee development, promotion and exit
- › flexibility and work design
- › remuneration, recognition and conditions
- › harassment and bullying prevention
- › safe and healthy environment.



PART TWO

ACCOUNTABILITY STATEMENTS



Statement of Responsibility

The Board is responsible for the preparation of the Families Commission's financial statements and statement of service performance, and the judgements used in them.

The Board of the Families Commission has 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 the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Families Commission for the year ended 30 June 2013.

Signed on behalf of the Board:

A handwritten signature in blue ink, appearing to read 'Belinda Milnes'.

Belinda Milnes
Chief Commissioner
31 October 2013

A handwritten signature in blue ink, appearing to read 'James Prescott'.

James Prescott
Commissioner
31 October 2013



Independent Auditor's Report

To the readers of the Families Commission's financial statements and non-financial performance information for the year ended 30 June 2013

The Auditor-General is the auditor of the Families Commission (the Commission). The Auditor-General has appointed me, J R Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the Commission on her behalf.

We have audited:

- › the financial statements of the Commission on pages 29 to 50, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- › the non-financial performance information of the Commission that comprises the statement of service performance on pages 26 to 28 and the report about outcomes on pages 10 to 15.

Opinion

In our opinion:

- › the financial statements of the Commission on pages 29 to 50:
 - comply with generally accepted accounting practice in New Zealand
 - fairly reflect the Commission's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date.
- › the non-financial performance information of the Commission on pages 10 to 15 and 26 to 28:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Commission's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
 - its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 31 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Commissioners and our responsibilities, and we explain our independence.



Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material mis-statement.

Material mis-statements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material mis-statements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material mis-statement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Commission's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control 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 Commission's internal control.

An audit also involves evaluating:

- › the appropriateness of accounting policies used and whether they have been consistently applied;
- › the reasonableness of the significant accounting estimates and judgements made by the Commissioners;
- › the appropriateness of the reported non-financial performance information within the Commission's framework for reporting performance;
- › the adequacy of all disclosures in the financial statements and non-financial performance information; and
- › the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Commissioners

The Commissioners are responsible for preparing financial statements and non-financial performance information that:

- › comply with generally accepted accounting practice in New Zealand;
- › fairly reflect the Commission's financial position, financial performance and cash flows; and
- › fairly reflect its service performance and outcomes.

The Commissioners are also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material mis-statement, whether due to fraud or error. The Commissioners are also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Commissioners' responsibilities arise from the Crown Entities Act 2004 and the Families Commission Act 2003.



Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, we also carried out an assurance review of the Commission's sensitive expenditure policies and a retrospective review of a procurement decision, both of which are compatible with our independence requirements. Other than the audit and these assignments we have no relationship with or interests in the Commission.

A handwritten signature in blue ink, appearing to read 'J R Smaill', written over a light blue horizontal line.

J R Smaill
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



Statement of Service Performance

This section reports actual performance for the year ending 30 June 2013 against the performance standards set out in the 2012–2015 Statement of Intent.

The Commission's outputs are appropriated through Vote: Social Development, non-departmental output expense – Families Commission.

Output expenditure to 30 June 2013

Output	2012/13 Actual \$000	SOI Budget \$000	Variance \$000	2011/12 Actual \$000
Families and whānau knowledge base				
Revenue	3,997	3,819	178	4,836
Expenditure	4,131	3,819	312	4,967
Net surplus/(deficit)	(134)	0	(134)	(131)
Social policy evaluation and research				
Revenue	3,762	3,550	212	3,710
Expenditure	3,458	3,550	(92)	3,068
Net surplus/(deficit)	304	0	304	642
Total Surplus/(Deficit)	170	0	170	511



Performance Measures and Standards to 30 June 2013

Output: Family and whānau knowledge base

Performance measures and standards	2012/13 Actual	SOI Standard	2011/12 Actual
Reports, submissions and other publications published	11	9	33
Status of Families and Whānau Report	Standard not achieved Published July 2013	Report published in June 2013	Not applicable
Family violence statistics report	Standard not achieved The report was completed but was not published until October 2013	Report prepared and published by 30 June 2013	Standard not achieved The report was not published by 30 June 2012
New Zealand Family Violence Clearinghouse	Standard achieved		Standard achieved
Percentage of time website available on 24/7 basis	96%	96%	95+%
Website usage (views)	36,249	16,000	Not applicable
White Ribbon 2012	Standard achieved		Standard achieved
Reported events held	Over 237 reported events	Over 140 reported events	190 reported events
Website usage (views)	Website views 86,000	Over 70,000 views	Not applicable
Published reports or research briefs formally peer reviewed (by at least one external expert and one internal expert in the field of study and comments incorporated into the final report where appropriate)	Standard achieved 100%	100%	100%

Output: Social policy evaluation and research¹

Performance measures and standards	2012/13 Actual	SOI Standard	2011/12 Actual
Advisory services	Standard achieved	Monthly and on request	Not applicable
Policy, practice and evaluation guides	Standard not achieved – work is in progress to compile evaluation guidelines for use across government.	2 per sector ¹	Not applicable
Better practice resources	Standard not achieved	2 per sector ¹	Not applicable
Online resource centre hub established	Standard not achieved. Plans for an online resource hub have been deferred pending full scoping of the social science research database signalled in new legislation.	30 June 2013	Not applicable
Resource centre content published online	Standard achieved – 7 resources published on-line.	4 new per sector ¹	Not applicable
Social service research reports published	Standard achieved – 4 social service research reports published.	2	5

¹ The Commission will deliver guides and best practice resources, however they will be cross-sectoral rather than sector specific as indicated in the Statement of Intent forecast.



Financial Statements

Statement of comprehensive income for the year ended 30 June 2013

	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Income				
Revenue from Crown	2	7,124	7,124	8,124
Interest income		102	60	79
Other revenue	3	533	185	343
Total income		7,759	7,369	8,546
Expenditure				
Commissioners' fees	19	183	196	215
Personnel expenses	4	4,369	3,758	4,453
Other expenses	5	2,988	3,321	3,297
Depreciation and amortisation expense	8, 9	49	94	70
Total expenditure		7,589	7,369	8,035
Total comprehensive income		170	0	511

Explanations of significant variances against budget are detailed in note 25.

The accompanying notes form part of these financial statements.



Statement of financial position as at 30 June 2013

	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Assets				
<i>Current assets:</i>				
– Cash and cash equivalents	6	1,782	830	1,605
– Debtors and other receivables	7	86	70	265
– Prepayments		13	0	30
Total current assets		1,881	900	1,900
<i>Non-current assets:</i>				
– Property, plant and equipment	8	152	165	92
– Intangible assets	9	5	131	0
Total non-current assets		157	296	92
Total assets		2,038	1,196	1,992
Liabilities				
<i>Current liabilities:</i>				
– Creditors and other payables	10	635	646	656
– Employee entitlements	11	206	300	309
Total current liabilities		841	946	965
Total liabilities		841	946	965
Net assets		1,197	250	1,027
Equity				
General funds	13	1,197	250	1,027
Total equity		1,197	250	1,027

Explanations of significant variances against budget are detailed in note 25.

The accompanying notes form part of these financial statements.



Statement of changes in equity for the year ended 30 June 2013

	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Balance at 1 July		1,027	250	516
Amounts recognised directly in equity:				
Total comprehensive income		170	0	511
Balance at 30 June	13	1,197	250	1,027

Explanations of significant variances against budget are detailed in note 25.

The accompanying notes form part of these financial statements.



Statement of cash flows for the year ended 30 June 2013

	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Cash flows from operating activities				
Receipts from the Crown		7,124	7,124	8,124
Interest received		102	60	79
Receipts from other revenue		498	185	399
Payments to suppliers		(3,043)	(3,500)	(3,684)
Payments to employees		(4,364)	(3,700)	(4,413)
Goods and services tax (net)		(26)	(69)	(17)
Net cash flow from operating activities	14	291	100	488
Cash flows from investing activities				
Purchase of property plant and equipment		(109)	(40)	0
Purchase of intangible assets		(5)	(60)	0
Net cash flow from investing activities		(114)	(100)	0
Net (decrease)/increase in cash and cash equivalents		177	0	488
Cash at the beginning of the year		1,605	830	1,117
Cash at the end of the year	6	1,782	830	1,605

Explanations of significant variances against budget are detailed in note 25.

The accompanying notes form part of these financial statements.



Notes to Financial Statements

1. Statement of accounting policies for the year ended 30 June 2013

Reporting entity

The Families Commission (the Commission) is a Crown entity as defined by the Crown Entities Act 2004 and domiciled in New Zealand. The Commission's ultimate parent is the New Zealand Crown.

The Commission's primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return. Accordingly, the Commission has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Reporting Standards (NZ IFRS).

The financial statements for the Commission are for the year ending 30 June 2013 and were approved by the Board on 31 October 2013.

Basis of preparation

Statement of compliance

The financial statements of the Commission 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).

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with NZ IFRS.

Measurement base

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Commission is New Zealand dollars (NZ\$).

Changes in accounting policies

There have been no changes in accounting policies. All accounting policies have been applied consistently with the previous year.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Commission, are:

- ▶ NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. The Commission has not yet assessed the effect of the new standard.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards framework the Commission is classified as a Tier 2 reporting entity and it will be required to apply the PBE Accounting Standards Reduced Disclosure Regime (PBE RDR). These standards are being developed by the XRB based on current international Public Sector Accounting Standards.



The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Commission expects to transition to the new standards in preparing its 30 June 2015 financial statements and is currently assessing the reporting implications of this new PBE RDR standard.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant accounting policies

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

Revenue

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

› Revenue from the Crown

The Commission is primarily funded through revenue from the Crown, which is restricted in its use for the purpose of the Commission meeting its objectives as specified in the Statement of Intent.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

› Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

› Rental income

Lease receipts under an operating sublease are recognised as revenue on a straight-line basis over the lease term.

› Other income

Funding received from other organisations is recognised as revenue upon entitlement.

› Recoverable administrative expenses

The Commission will be reimbursed by a sub-tenant for administrative expenses based on an agreed allocation methodology. This revenue will be recognised when the expense by the Commission is incurred.

› Vested asset

Where a physical asset is gifted to or acquired by the Commission for nil or nominal costs, the fair value of the assets received is recognised as income. Such assets are recognised as income when control of the asset is obtained.

Grant expenditure

Grants awarded by the Commission are discretionary in nature. The Commission has no obligation to award on receipt of the grant application and the grant is recognised as expenditure when approved by the Commission's Board and the approval has been communicated to the applicant.

Leases

› Finance leases

The Commission does not enter into finance leases.

› Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Commission are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the statement of comprehensive income over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with original maturities of three months or less.



Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Commission will not be able to collect amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

Investments

At each balance sheet date the Commission 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, less any provision for impairment. For bank deposits, impairment is established when there is objective evidence that the Commission will not be able to collect amounts due according to the original terms of the deposit.

› Equity investments

The Commission does not enter into equity investments.

Property, plant and equipment

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

Individual assets, or groups of assets, are capitalised if their costs are greater than \$2,000 (excluding GST). The value of an individual asset that is less than \$2,000 (excluding GST) and is part of a group of similar assets is capitalised. All are recorded at historical cost.

Initial cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition required for its intended use.

Fixed assets are written down immediately if any impairment in the value of the asset causes its recoverable amount to fall below its carrying value.

› Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the Commission and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

› 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. The Commission does not hold assets which are revaluable in nature.

› Subsequent costs

Costs incurred subsequent to the initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Commission and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

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 assets have been estimated as follows:

	Useful life	Depreciation rate
Leasehold improvements	4–5 years	20%–25%
Computer equipment	3 years	33%
Furniture	5 years	20%
Office equipment	5 years	20%



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

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year.

Intangible assets

› Software acquisition and development

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

Costs that are directly associated with the development of software for internal use by the Commission 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 development and maintenance of the Commission’s website are recognised as an expense when incurred.

› Amortisation

The carrying value of an 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 derecognised.

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:

	Useful life	Amortisation rate
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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset’s ability to generate net cash inflows and where the Commission would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset’s carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of comprehensive income.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.



Employee entitlements

› Short-term employee entitlements

Employee entitlements that the Commission 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 earned but not yet taken at balance date, and sick leave.

The Commission recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Commission anticipates it will be used by staff to cover future absences.

The Commission recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

› Defined contribution schemes

Obligations for contributions to KiwiSaver 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.

Equity

Equity is measured as the difference between total assets and total liabilities.

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, IRD, including 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 Commission is a public authority and consequently is exempt from payment of income tax. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures are derived from the Statement of Intent as approved by the Board for 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 Board in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements the Commission 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. There are no known significant risks within these estimates and assumptions that would cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



2. Revenue from the Crown

The Commission has been provided with funding from the Crown within Vote: Social Development, non-departmental Output Expense – Families Commission for specific purposes as set out in the Families Commission Act 2003 and the scope of relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2012: \$nil).

3. Other revenue

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
White Ribbon Day – other agency contribution	100	50	101
Rental income	185	135	134
Revenue from work commissioned by other agencies	140	0	0
Campaign for Action on Family Violence – other agency contribution	0	0	45
Other miscellaneous	108	0	63
Total other revenue	533	185	343

4. Personnel expenses

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Salaries and wages ²	4,082	3,397	4,098
Employer contributions to defined contribution plan	99	90	105
Increase/(decrease) in employee entitlements ³	(103)	(9)	60
Other	291	280	190
Total personnel expenses	4,369	3,758	4,453

Employers' contributions to defined contribution plans include contributions to KiwiSaver, State Sector Retirement Savings Scheme and Government Superannuation Fund. During the year ended 30 June 2013, 13 staff (2012: 3) received compensation and other benefits in relation to cessation totalling \$607,381 (2012: \$104,102).

² Includes accrued salaries and wages.

³ Change in annual leave entitlement only.



5. Other expenses

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Fees to auditor			
– Fees to Audit NZ for audit of financial statements	36	42	41
– Fees to Audit NZ for other professional services	15	0	0
Staff travel	59	55	232
Operating lease expense	427	427	423
Advertising	301	307	260
Consultancy	1,198	955	981
Other	952	1,535	1,360
Total other expenses	2,988	3,321	3,297

6. Cash and cash equivalents

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Cash on hand at bank	467	400	417
Cash equivalents – term deposits	1,315	430	1,188
Total cash and cash equivalents	1,782	830	1,605

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The weighted average effective interest rate for term deposits is 3.10% (2012: 3.24%).



7. Debtors and other receivables

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Debtors	14	17	219
Net debtors	14	17	219
GST receivable	69	50	43
Interest receivable	3	3	3
Total debtors and other receivables	86	70	265

The carrying value of debtors and other receivables approximates their fair value.

The carrying amount of receivables that would otherwise be past due, but not impaired, whose terms have been renegotiated in 2013 is \$nil (2012: \$nil).

As at 30 June 2013 and 2012, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
	Gross	Gross	Gross
Not past due	14	17	219

No provision or doubtful accounts have been required or made in 2013 and 2012.



8. Property, plant and equipment

	Leasehold improvements	Computer equipment	Furniture	Office equipment	Total
	\$000	\$000	\$000	\$000	\$000
Cost or valuation					
Balance at 1 July 2011	397	285	26	129	837
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Balance at 30 June 2012	397	285	26	129	837
Balance at 1 July 2012	397	285	26	129	837
Additions	86	0	0	29	115
Disposals	0	(261)	0	(42)	(303)
Balance at 30 June 2013	483	24	26	116	649
Accumulated depreciation and impairment losses					
Balance at 1 July 2011	309	271	23	88	691
Depreciation expense	26	8	1	19	54
Disposals	0	0	0	0	0
Balance at 30 June 2012	335	279	24	107	745
Balance at 1 July 2012	335	279	24	107	745
Depreciation expense	35	2	1	11	49
Disposals	0	(257)	0	(40)	(297)
Balance at 30 June 2013	370	24	25	78	497
Carrying amounts					
At 1 July 2011	88	14	3	41	146
At 30 June and 1 July 2012	62	6	2	22	92
At 30 June 2013	113	0	1	38	152

The Commission does not own land or buildings.



9. Intangible assets

	Acquired software	Internally generated software	Total
	\$000	\$000	\$000
Cost or valuation			
Balance at 1 July 2011	145	62	207
Additions	0	0	0
Disposals	0	0	0
Balance at 30 June 2012	145	62	207
Balance at 1 July 2012	145	62	207
Additions	5	0	5
Disposals	(23)	0	(23)
Balance at 30 June 2013	127	62	189
Accumulated depreciation and impairment losses			
Balance at 1 July 2011	145	46	191
Amortisation expense	0	16	16
Disposals	0	0	0
Balance at 30 June 2012	145	62	207
Balance at 1 July 2012	145	62	207
Amortisation expense	0	0	0
Disposals	(23)	0	(23)
Balance at 30 June 2013	122	62	184
Carrying amounts			
At 1 July 2011	0	16	16
At 30 June and 1 July 2012	0	0	0
At 30 June 2013	5	0	5

There are no restrictions over the title of the Commission's intangible assets, nor are any intangible assets pledged as security for liabilities.



10. Creditors and other payables

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Creditors	471	350	348
Income in advance	0	240	240
Accrual expenses	164	56	68
Total creditors and other payables	635	646	656

11. Employee entitlements

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Accrued salaries and wages	0	0	0
Annual leave	206	300	309
Total employee entitlements	206	300	309

The Commission does not have retirement or long service leave as an employee entitlement.

12. Provisions

No provisions were required for restructuring, lease make-good, onerous contract or ACC Partnership Programme (2012: \$nil).

13. Equity

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
General funds			
Balance at 1 July	1,027	250	516
Net surplus/(deficit)	170	0	511
General funds at 30 June	1,197	250	1,027

The Commission incurred no re-evaluations or cash flow hedging in 2013 (2012: \$nil).



14. Reconciliation of the net operating surplus to net cash flows from operating activities

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Net surplus/(deficit)	170	0	511
<i>Add non-cash items:</i>			
Depreciation and amortisation expense	49	94	70
Total non-cash items	49	94	70
<i>Add/(less) movements in working capital items:</i>			
(Incr)/Decr in debtors, other receivables and Prepayment	222	0	(22)
(Incr)/Decr in GST receivable	(26)	(9)	66
Incr/(Decr) in creditors and other payables	(21)	14	(76)
Incr/(Decr) in employee entitlements	(103)	1	(61)
Net cashflows from operating activities	291	100	488

15. Operating leases

Operating commitments

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2013 \$000	Actual 2012 \$000
Not later than one year	401	477
Later than one year and not later than five years	158	559
Later than five years	0	0
Total	559	1,036

The significant portion of the total non-cancellable operating lease expense relates to the lease of two floors in Wellington and one car park and part of one floor in Auckland. The lease in Wellington expires on 30 November 2014. The Auckland lease expires at the end of November 2013.



16. Sponsorship commitments

All sponsorship commitments made in 2012/13 were paid as at 30 June 2013.

17. Contingencies

Contingent liabilities

The Commission has no contingency liabilities related to legal actions or superannuation schemes (2012: \$nil).

Contingent assets

The Commission has no contingent assets (2012: \$nil).

18. Related party transactions and key management personnel compensation

All related party transactions have been entered into on an arm's length basis.

The Commission is a wholly-owned entity of the Crown.

Significant transactions with government-related entities

The Commission has been provided with funding from the Crown of \$7.124 million (2012 \$8.124 million) for specific purposes as set out in the Families Commission Act 2003, and the scope of relevant government appropriations.

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, the Commission is required to pay various taxes and levies (such as GST, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Families Commission is exempt from paying income tax.

The Families Commission also purchased goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2013 totalled \$0.252 million. These purchases included the purchase of information technology services and infrastructure from the Ministry of Social Development, electricity from Genesis, air travel from Air New Zealand, and postal services from New Zealand Post.

Key management personnel

The following transactions were entered into during the year with key management personnel:

- ▶ The Commission purchased research services of \$3,845 from Research New Zealand Limited, a company of which the previous Chief Commissioner is a director.

In addition, there was one family member of key management personnel employed on a casual contract basis by the Commission, providing assistance at the school holiday programme and events. The staff member did not report to their family member.



Key management personnel compensation

	Actual 2013 \$000	Actual 2012 \$000
Salaries and other short-term employee benefits	972	1,061
Termination benefits	90	0
Total key management personnel compensation	1,062	1,061

Key management personnel included the Chief Commissioner, five Commissioners, the Chief Executive and four senior managers: Director Social Policy Evaluation and Research, Director Centre for Family and Whānau Knowledge, Manager Corporate Support and Reporting and Director Kaupapa Māori Evaluation and Research.

19. Board member remuneration

The total value of remuneration paid or payable to each Board member during the financial year was:

	Actual \$ 2013	Actual \$ 2012
Davidson C (Chairperson in 2012)	51,150	102,687
Milnes B (Chairperson from 2013)	55,178	0
Fortuin G ⁴	0	13,277
Gardiner W	1,695	0
Gluckman P ⁵	4,520	0
Parmar P	2,260	0
Prescott J	32,770	44,635
Rankin C	22,600	31,357
Scott R	12,715	16,712
Workman K ⁶	0	6,497
Total board member remuneration	182,888	215,165

The Commission provided a deed of indemnity to Board members for certain activities undertaken in the performance of the Commission's functions. The Commission arranged Directors and Officers Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

⁴ Term ceased 14 August 2011.

⁵ No direct payments are made to Professor Sir Peter Gluckman. His office is reimbursed for the time he spends on Families Commission business.

⁶ Term ceased in August 2011.



Advisory committee member remuneration

The total value of remuneration paid or payable to advisory committee members was \$45,619 (2012: \$64,555).
The membership of the advisory committees follows:

Whānau Reference Group

Tawhiwhirangi Dame Iritana
Wano W
Love C
Rennie M
Greer B
Tuuta C
Vercoe T
Newson R
Reedy A

Ethics Committee

Kleinsman J
Cole S
Tupara H

Ethnic Reference Group

Awad A
Ip M
Mishra P
Campbell N
Raman V
Parmar P
Vu T
Fortuin G
Agunlejika T

Expert Advisory Group

Cook L
Fergusson D
Galvin V
Kushner S
Moewaka-Barnes H
Poulton R
Scobie G
Turner N

No Board members or committee members received compensation or other benefits in relation to cessation (2012: \$nil).



20. Employee remuneration

Annual salary paid, not including compensation or other benefits in relation to cessation	Actual 2013	Actual 2012
100,000 – 109,999	2	4
110,000 – 119,999	2	2
120,000 – 129,999	2	3
130,000 – 139,999	1	0
140,000 – 149,999	3	4
150,000 – 159,999	1	0
160,000 – 169,999	1	0
170,000 – 179,999	0	0
180,000 – 189,999	0	0
190,000 – 199,999	0	1
Total employees	12	14

21. Events after balance sheet date

There were no significant events after the balance sheet date.



22. Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 Standard's 39 categories are as follows:

	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Loans and receivables			
Cash and cash equivalents (note 6)	1,782	830	1,605
Debtors and other receivables (note 7)	86	70	265
Total loans and receivables	1,868	900	1,870
Financial liabilities measured at amortised cost			
Creditors and other payables (note 10)	635	646	656
Total financial liabilities measured at amortised cost	635	646	656

23. Financial instrument risks

Market risk

› Fair value interest rate risk

Fair value interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Commission's exposure at fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest.

› Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flow from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the Commission to cash flow interest rate risk.

The Commission's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Commission currently has no variable interest rate investments. The Commission's policy is to not engage in borrowings.

› Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Commission does not purchase significant goods or services overseas and does not hold balances in foreign currencies and therefore has no exposure to currency risk.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Commission, causing the Commission to incur a loss.

Due to the timing of its cash inflows and outflows, the Commission invests surplus cash with registered banks. The Commission's investment policy limits the amount of credit exposure to any one institution.

The Commission has processes in place to review the credit quality of customers prior to the granting of credit.

The Commission's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note 6) and net debtors (note 7). There is no term deposit over three months. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.



The Commission has no significant concentrations of credit risk, as it has no credit customers and only invests funds with registered banks with specified Standard and Poor's credit ratings.

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate amount of committed credit facilities, and the ability to close out market positions. The Commission aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, the Commission maintains a target level of investments that must mature within specified timeframes.

The Commission had a credit card facility of \$9,000 as at 30 June 2013 (2012: \$12,000).

The table below analyses the Commission's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 3 months
2012	\$000
Creditors and payables (note 10)	656
2013	
Creditors and payables (note 10)	635

24. Capital management

The Commission's capital is in its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The Commission is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Commission manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure the Commission effectively achieves its objectives and purpose, while remaining a going concern.

25. Explanation of significant variances against budget

Statement of comprehensive income

› Other revenue

Additional revenue was received for commissioned research and registration fees for a Family Violence Symposium held in June 2013. Rent was received from the Office of the Children's Commissioner for Auckland office and Wellington office, and a new tenant, the Network for Learning, for space in the Wellington office (refer note 3).

› Commissioners fees

Commissioners used less time than the Commission total commissioner days.

› Personnel expenses

Personnel expenses are higher than budgeted largely due to costs associated with redundancy payments for thirteen staff members (\$607,000). These costs were not anticipated at the time the Statement of Intent budgets were developed.

› Operating Expense

Under expenditure occurred primarily because some projects scheduled for completion in 2012/13 will be completed in 2013/14.

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