Annual Report
2014 - 2015

Office of the Children's Commissioner

Annual Report

2015

For the year ended 30 June 2015

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

Contents

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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 2014 to 30 June 2015. I am satisfied that the Financial Statements fairly reflect the financial position and operations of the Children's Commissioner for the reporting period.

Dr Russell Wills MB, ChB, Dip Obst, DCH, FRACP, MPH
Children's Commissioner

30 October 2015

FOREWORD FROM THE CHILDREN'S COMMISSIONER

As the nation's advocate for children, it has been heartening this year to see the groundswell of action on issues that affect them. There has been a strong focus on what New Zealand children need to thrive and a growing appreciation that we all have a part to play.

As I talked to people from all over New Zealand this year, there was a common thread of conversation; they all wanted to know what they could do for vulnerable kiwi children. This gives me great hope.

It means the work of my Office, and the many others advocating for children, is continuing to raise the profile of children's issues. In fact, momentum and public concern is growing and the 'hardship package' in Budget 2015 was a good example of this.

Awareness of an issue is a good and powerful thing. But what I find more promising is that people appreciate that Government alone is not responsible for improving the lives of these children; that we all need to step up.

We identified the need for some evidence-based guidance for those in the community wanting to 'do something'. So this year we created *Giving2Kids*, a web-based tool for not-for-profits, businesses and individuals who want to fill the gaps for children – and make a measureable difference in doing so.

The second annual *Child Poverty Monitor* also provided a platform for a national discussion about vulnerable children. The 2014 Monitor was well received and continues to be a reference point for media and others discussing the rates of child poverty in New Zealand. We will publish the 2015 Monitor this December.

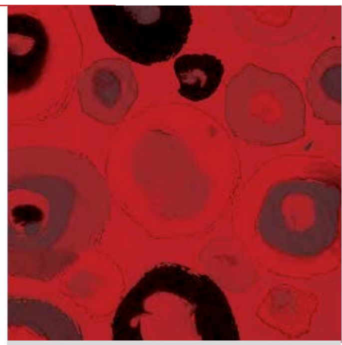
We continued our efforts this year to connect with the philanthropic and business sectors. We published *Choose Kids: why investing in children benefit all New Zealanders*, to make an economic argument for investing in children. We have spoken at conferences and events across the country to business groups, local government and the philanthropic sector.

Our new monitoring framework is now well in place and providing us with a rich source of information about how well children are doing in the care of Child, Youth and Family (CYF). This work, until recently a largely invisible part of what we do, came to the fore this year with the publication of the *State of Care* report.

I thank all those who have stepped up for children this year. It will take all of our efforts to see the significant change that many of our children urgently need. Thank you also to the tamariki, whānau, community organisations, business leaders and others who have shared their stories, listened to us or helped us make a difference for children.

My thanks also extend to my Deputy, Dr Justine Cornwall and my staff at the Office of the Children's Commissioner. They are a talented, courageous and focussed group of people who work hard for the tamariki of New Zealand.

This is the final year of my term as Commissioner. While we still have much to do, I am proud that our work has already contributed to real change for New Zealand's children.



Hei whakariterite te tau kotahi

Whakatōkia he mara kai

Hei whakariterite mo te ngahuru tau

Whakatōkia he rākau

Hei whakariterite mo nga rau kei tua

Poipoia nga tamariki

To plan for a year, plant a garden

To plan for a decade, plant trees

To plan for a future, nurture children

Highlights 2014 - 2015

What were we proud of this year?

Walking the talk - consistently ensuring that children were at the heart of our actions and decisions

Implementing and refining our new monitoring framework – being more systemic to achieve change for vulnerable children

Having all our monitoring recommendations accepted by Child, Youth and Family

Helping ensure the views of more diverse children were heard through our Children and Young People's Voices project

Receiving a positive response to our Giving2Kids project and hearing it was having impact on investment decisions

MANAAKITIA A TĀTOU TAMARIKI

Releasing the first State of Care report and bringing visibility to our monitoring work

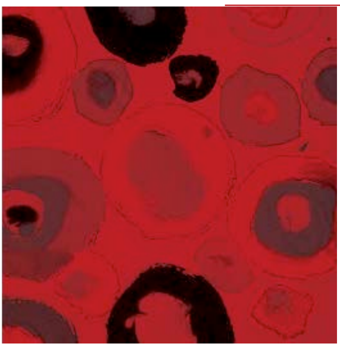
Giving children in care a voice and a platform to talk about their experiences via the State of Care report

Realising our Child Poverty Monitor was now a reference point for the sector and media when discussing rates of child poverty

Continuing to see child poverty on the nation's agenda - with a growing understanding that we all need to play a part - including the Budget 15 announcement

Working hard to manage our financial resources effectively

PART 1: THE YEAR IN REVIEW



The Children's Commissioner is an Independent Crown entity with a primary role to advocate for New Zealand children under the age of 18 years

Why do we have a Children's Commissioner?

Children (including young people under the age of 18) are a core part of our society, but they are not included in our democratic process – they have no vote and often no voice in major decisions that impact them. Children often have limited power or influence.

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

Our vision

New Zealand is a place where all children thrive.

Functions

Our main functions include:

> monitoring and assessing the actions of CYF and other services provided under the provisions of the Children, Young Persons, and their Families Act 1989 (CYP&F Act)
> monitoring CYF residences through announced and unannounced visits as a National Preventive Mechanism (NPM) in respect of the Optional Protocol to the United Nations Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT)
> systemic advocacy and investigation of issues compromising the interests, rights and wellbeing of children and young people
> raising awareness and understanding of the United Nations Convention on the Rights of the Child (UNCROC) and advancing and monitoring the application of UNCROC by the State.

Our priorities this year have been on:

> ensuring that children and young people in the care of CYF are receiving quality services that improve their outcomes and wellbeing
> advocating for the needs of vulnerable children at risk of poor outcomes to ensure they get the services, supports and resources they need to be kept safe and thrive.

What we do

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

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

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

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

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

Finally, but importantly, we collect the views of children and young people on a range of issues, and use their voices to influence policy and inform public debate.

Our Performance Measurement Framework

Our main priorities, the longer-term outcomes we are seeking, and the impacts we aim to make (set within the context of the Government's broader objective to deliver Better Public Services), are outlined in the diagram below.

Our Vision	**New Zealand is a place where all children thrive**	
Outcomes	Children and young people in the care of Child, Youth & Family (CYF) and those vulnerable to poor outcomes get the services, supports and resources they need to be kept safe and thrive	
	WIDE RANGE OF GOVERNMENT ACTIVITIES **(including cross Government and Non-government activity on the Better Public Service targets for vulnerable children and the Children's Action Plan)**	
	Monitoring & Investigations	**Individual and Systemic Advocacy**
Our Impacts	Our recommendations for improving CYF systems and services are agreed and implemented	Advice is valued and sought by stakeholders and is used to shape policy and legislation for vulnerable children
Our Outputs	CYF sites and residences are visited and assessed and quality reports with robust findings and recommendations are provided to CYF for action	Provision of child-focused policy advice or submissions to select committees, Government departments and Ministers Child Poverty Monitor produced Children's voices are collected and shared
What We Do	**Monitor** the quality of services provided to children under the CYP&F Act	**Advocate** for and **advise** on the rights and wellbeing of vulnerable children
Our Priorities	Children and Young People receiving statutory care services	Vulnerable children at risk of poor outcomes

Priority Outcome 1: Ensuring that children and young people in the care of Child, Youth and Family are receiving quality services that improve their outcomes and wellbeing

We are concerned about the safety of children, and want to support government and community responses that will reduce abuse, violence and neglect, and help build stronger families so that parents do better for their children

Monitoring of CYF

The aim of our monitoring of CYF is to ensure that children and young people involved with statutory services, particularly children in state care, are receiving quality services that improve their outcomes and wellbeing.

In late 2013 we refreshed our approach to monitoring CYF, and in 2014-15 we have fully embedded this new framework.

During the past year we visited 6 of the 9 residences[1] to check their compliance with New Zealand's international obligations under OPCAT and monitored the general quality of their services for young people in state care.

We made 1 single site[2] visit to a care and protection site to assess leadership, quality of social work practice, and the quality of partnerships and networks.

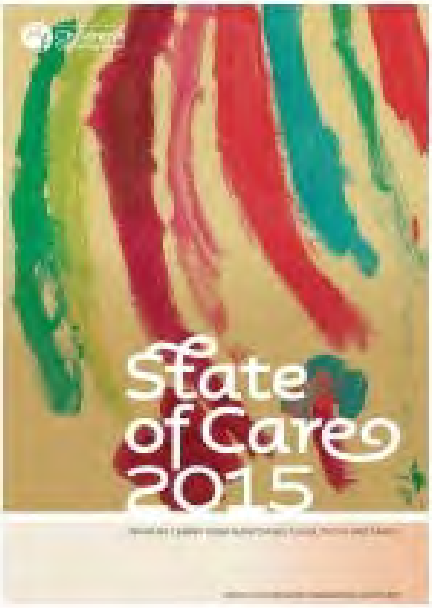
We visited 14 of the 58 CYF care and protection sites during a comprehensive two-part thematic review on the readiness of these sites to engage effectively with the new Children's Team environment.

We ran a day-long workshop with fifteen young people about their experience of the care system and ran three focus groups with children in the care system in Auckland as part of our site visit programme in March to May.

We surveyed 68 young people in CYF residences about their experiences in residential care and aggregated the findings to inform our reports and recommendations and engaged with a wide range of stakeholders who work in the care and protection system and understand the issues facing vulnerable children, their families and whānau.

Since implementing our new monitoring approach, we have seen positive changes in how our recommendations influence change within CYF. Our recommendations are leading to improvements in the quality of services that children and young people in care are receiving.

State of Care Report



With the current review of CYF underway and significant changes signaled for both CYF and the sector, we have sought to ensure that our monitoring activity has helped to focus on where change is needed.

We produced our first annual public report on our monitoring of CYF, the *State of Care* report, released in August 2015. The report aggregated the findings of our monitoring activities between January 2014 and June 2015. Along with our monitoring findings, it includes the voices and experiences of children in care, and what we know about the outcomes of children in care.

This brings a new focus to the needs of children in the care of CYF and increases the transparency of our monitoring activities.

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[1] Youth justice care residences for young people who have offended and who are at risk in the community; care and protection residences provide care for children and young people who need care and protection but cannot be safely placed at home or in their community

[2] CYF sites are the local offices from which statutory social work services are delivered

Priority Outcome 2: Advocating for the needs of vulnerable children to ensure they get the services, supports and resources they need to be kept safe and thrive

While the majority of New Zealand children enjoy a high quality of life and experience good outcomes, a significant proportion of our children need extra support and services to enable them to thrive

We want to help vulnerable children to get the extra support they need. We focused on the issues that make the biggest difference for these children, including their safety and access to adequate resources.

Vulnerable children are kept safe

To support more children being safe from abuse, violence and neglect, we provided input and advice to the secretariat of the Expert Advisory Panel (EAP)[3] on CYF on a range of issues related to the care and protection system.

The Commissioner is a member of the Children's Action Plan Expert Advisory Group and we provided advice on methods for collecting children's views and voices to the National Director of the Children's Action Plan to inform their feedback process.

Other activities that support safety of vulnerable children included making a submission on the book *To Train up a Child*, at the request of the Office of Film and Literature Classification Authority, to inform their classification decision, and providing input into the refresh of the cross-agency Youth Crime Action Plan.

The Commissioner was a keynote speaker at the ACCAN Conference and the Office's Monitoring staff delivered workshops at that conference.

[3] http://www.msd.govt.nz/about-msd-and-our-work/work-programmes/cyf-modernisation/

Vulnerable children have access to adequate resources

To ensure children have access to adequate resources to meet their basic needs, we built on our previous work on child poverty to fill a number of gaps in information and advice.

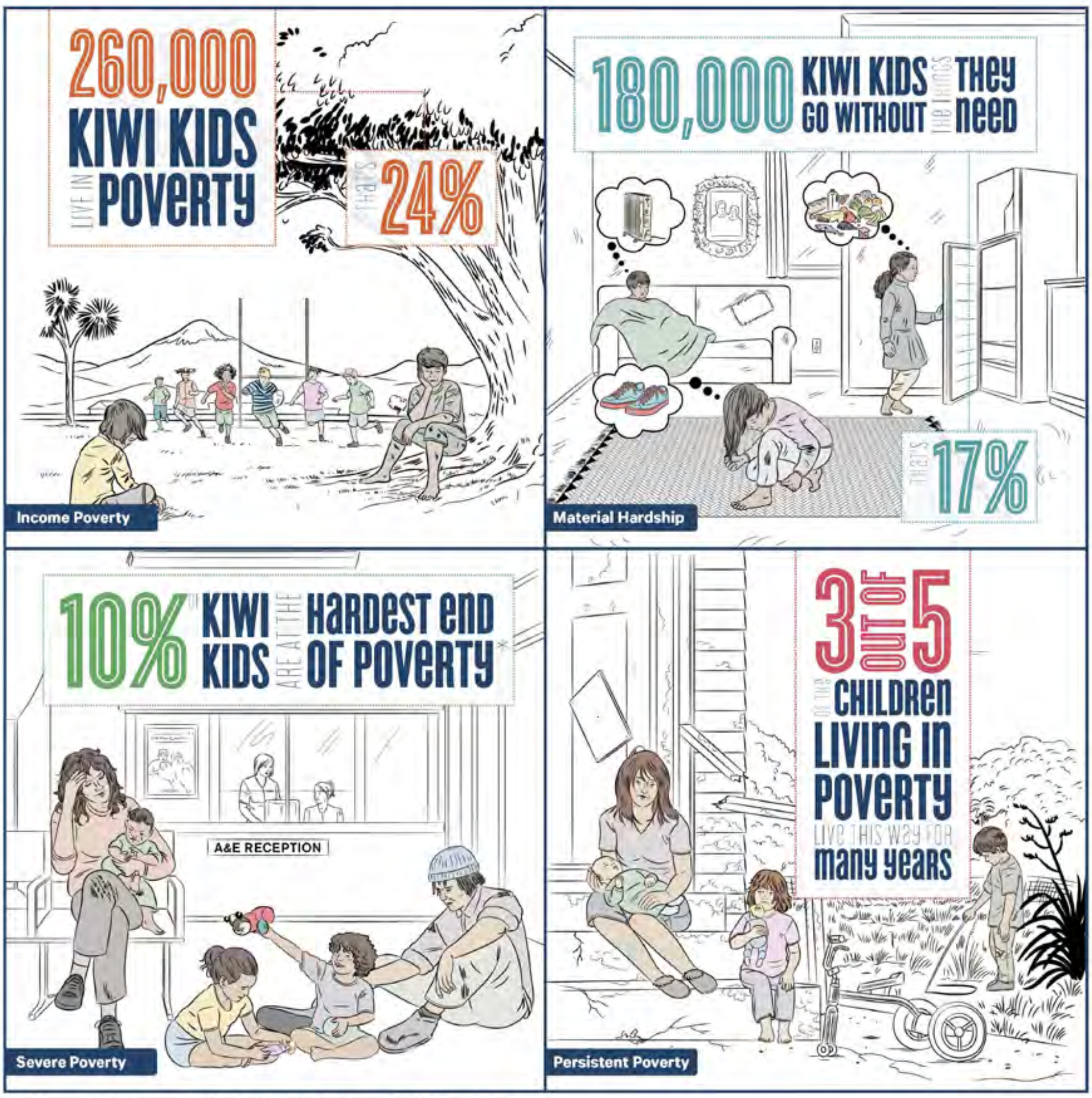
We published *Choose Kids: why investing in children benefits all New Zealanders*, focusing on the economic and productivity arguments for investing in vulnerable children. This was widely shared within the public service, business, philanthropy and local government.

We undertook a project to develop and share advice to business, philanthropic and community organisations on how they might best play their role in helping vulnerable children thrive. This culminated in the launch of our new webpage *Giving2Kids* (www.occ.org.nz/giving2kids/) at the national Philanthropy New Zealand conference. The site provides advice to businesses, charities and community organisations on how to make the most effective investments in children.

We released the second annual *Child Poverty Monitor* in December 2014, and this initiative will continue through to 2017. Information is web-based with infographics and key messages with a full technical report supporting the data. We made a number of improvements to the website, including adding extra resources. Social media presence on Facebook and twitter is used to promote the *Child Poverty Monitor*.

This has been an effective platform for sharing basic measures, and has been widely quoted by media and others, and used as a proxy for an official measure.

Other activities that support access to adequate resources for children include engaging with local government to encourage them to focus on vulnerable children in their districts, providing specific advice on how they could have greater impact for vulnerable children within their statutory functions. In response to the child hardship package in Budget 2015, we provided analysis of the impact in the media and for the Select Committee hearing. We also regularly engage and work with other academic, philanthropic and community organisations on their child poverty related-activities.



Data source – Child Poverty Monitor: 2014 Technical Report childpoverty.co.nz
*this is based on the most recent available data from 2012

Other Priority Outcome Achievements

We also focus on achieving against other statutory functions to support improved wellbeing of children

We are mandated to undertake a range of functions that will lead to the improved wellbeing of children, including: consulting with children; promoting children's rights and the implementation of UNCROC; and working with other agencies to promote child-centred approaches. Some of our achievements are reported here.

Consulting with Children

This year we reviewed how we engage with children and young people. This brought an end to the Young People's Advisory Group (YPAG) in December, as we re-designed and tested a new fit-for-purpose approach, the Children and Young People's Voices Project.

While YPAG provided an opportunity for in-depth input from a group of 12 young people, the Children and Young People's Voices Project will allow us to engage with many more and a diverse group of children in partnership with a network of primary, intermediate and secondary schools. Through the network of schools we will get children's views and feedback on topical issues.

In the test survey in May, we heard from 168 children on the kinds of activities they enjoy doing and the things that stop them from participating in these activities. As the Voices Project progresses, we would like to support others to use our network to collect the views and voices of children to input into their agencies' policy work.

We also developed a proposal for how the Minister could get the views and advice of young people to inform decisions on the modernisation of CYF and as a result are now coordinating a Youth Advisory Panel (YAP) on behalf of the Minister.

UNCROC

We have a statutory responsibility to support the progressive implementation of UNCROC.

UNCROC monitoring work has gathered momentum in 2014/15, with government's 5th periodic report to the UN Committee on the Rights of the Child in March 2015.

We facilitate an UNCROC Monitoring Group (UMG) comprised of representatives from civil society organisations and support them to engage with the agencies leading the government work programme.

We work to ensure that child rights underpin all our activities. We have chosen our priorities for vulnerable children's safety and access to resources to meet needs in key areas many New Zealand children are not experiencing good outcomes.

Working with other Agencies

As a small agency, much of our impact can be achieved when we work in collaboration with other agencies and organisations. The Office also continues to support policy priorities of Government to improve outcomes for children.

We have worked with many agencies in the past year on a range of topics, including:

> providing advice to Government agencies and submissions to Select Committees on taking a child-centred approach, considering child rights and improving child wellbeing e.g. submission to the Productivity Commission enquiry on *More Effective Social Services*; briefings to the EAP on Modernising CYF; submission on the Government's 5th Periodic Report on UNCROC.

> working alongside organisations to include child voices in their work

> providing advice on Children's Action Plan, Youth Crime Action Plan and the BPS targets

> partnering with the Privacy Commissioner to create guidelines on information sharing for professionals working with vulnerable children

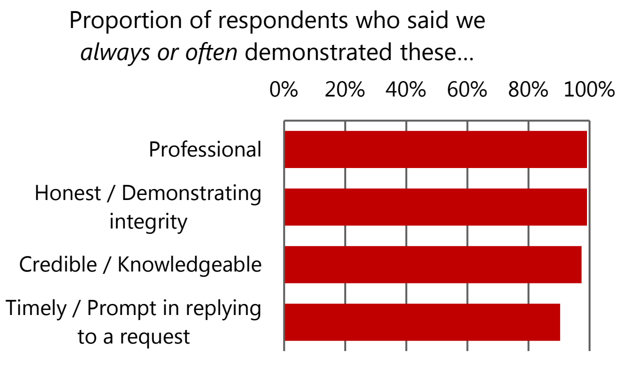
> contributing to work on the Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography
> participating on the Advisory Committee on Assisted Reproductive Technologies (ACART), and contributing a child rights perspective to the work of the Committee for the Minister of Health
> partnering with Philanthropy New Zealand to develop and share advice to business, philanthropic and community organisations on how to invest in improving outcomes for children to have the greatest impact. We have collaborated with Philanthropy New Zealand to provide advice to a major community trust on developing a child-centred strategy to giving in their region
> continuing our partnership with the JR McKenzie Trust and Otago University to produce the Child Poverty Monitor.

The Commissioner gave over 35 speeches on topics including child poverty, solutions to wicked problems, prevention of family violence in faith communities and the Children's Action Plan. The Deputy Commissioner gave 30 speeches on improving child wellbeing, as well as other staff presenting on this at 5 other events this year.

What our Stakeholders told us

The Office undertook a survey of stakeholders (Public Service, NGOs, Consultants, Businesses and Academics) asking for feedback on their overall satisfaction of the Office's reports, advice and professionalism of employees.

Demonstrating our key values



We are pleased to report that 99% of stakeholders were satisfied or very satisfied with the activities, submissions, reports and advice they receive or use from the Office of the Children's Commissioner.

Positive responses were received from 87 participants -100% for each question. Any opportunities for improvement were noted and are being acted upon. Some results and quotes from respondents follow.

"The office should be congratulated for its ability to not just talk about - but actually work in a consultative and collaborative manner - it is making a difference"

"The OCC significantly contributed to the now widespread awareness of child poverty and political commitment to do something about the issue"

"I think the Commissioner and his staff has been very successful in lifting the quality of debate in NZ around issues affecting children, and especially children living in poverty"

"Dr Wills in particular has raised the profile of children more than I've witnessed any other Commissioner"

"I really admire OCC's courage and high profile. For a small outfit you make a big mark!"

"The new monitoring framework was excellent. I enjoyed the conversations around them as they gave a great opportunity to reflect on how things were going on site"

"Approachability, professionalism, work in collaboration"

"The voices of children work that has been led and supported by the OCC has meant that children have had an opportunity to shape the public sector"

"I have complete trust in the OCC, their people and their information. For me they are the trusted, non-political go-to place for children's issues"

"Excellent research and data; Evidence based material; Helping to prioritise children"

PART 2: ORGANISATIONAL HEALTH AND CAPABILITY

The office is located in Wellington with 15 employees and the Children's Commissioner

Being a good employer

Staff are our most valuable asset and we work to ensure a positive and supportive organisational culture.

Good employer practices and Equal Opportunities

We are committed to providing equal opportunities and the Office is a member of the EEO Trust. All our work is guided by our tikanga framework: Aroha, Pono, Tika and Matauranga. Through regular communication, we ensure staff are engaged and well informed, and we have office-wide planning sessions to support a multidisciplinary approach to our work.

Organisational design

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.

Training and development

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. We completed the refreshment of our competency framework and this is now incorporated into all personal development plans.

Systems

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 the Office, and a child friendly work environment. We also support staff who need school holiday care for their children by providing a care subsidy.

Code of Conduct

We support and promote the Public Sector Code of Conduct and have our own code of Conduct which rejects discrimination, harassment, bullying or intimidation of 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 2014/15.

Health and safety

We provide a safe working environment that supports staff health and well-being and have a joint health and safety committee with SuPERU 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-complaint under section 95 of the Building Act 2004.

Our staff

As at 30 June 2015, we had 15 employees (13 permanent and 2 fixed-term) totaling 13.3 FTEs, not including the Commissioner.

Gender	2014/15	%	2013/14
Female	13	87%	13
Male	2	13%	4
Ethnicity			
Māori	2	13%	2
Pacific Island	0	0%	1
Asian	0	0%	0
Pakeha/European	13	87%	14
Age profile	Average age is 50 years		
Disability profile	There are no employees with a disability		

Effective governance

We have continued to ensure an efficient and effective operation that delivers value for money by maintaining a small core staff and contracting out specialist functions when required, and by working with SuPERU to explore efficiencies.

Our Statement of Intent 2014-18 further refines our strategic outcomes framework focusing on two priorities, and a work plan to support its implementation.

The Statement of Performance Expectations 2015/16 was completed and published on our website on 30 June, and will be tabled in Parliament on 24 July 2015.

Our corporate policies and procedures have been reviewed and updated as required.

Communications

Effective and engaging communications is a key activity and commitment of the Office. We continue to build on good existing relationships with media and other stakeholders, and have been focused on engagement with new audiences.

A significant communications activity was the development and promotion of the *Giving2Kids* project. Resource constraints meant this project required in-house communications support, including the creation of a new website section.

Communications support for other projects has also been significant, including the development and release of the second annual *Child Poverty Monitor* and the first *State of Care* report. These projects were successfully communicated to our stakeholders and received good coverage by the media, demonstrating the good relationships we have with these groups.

New audiences have been reached with the continued and growing emphasis on social media. The Office now has an active Twitter account (@occnz) and a strong following on Facebook. Presentations at conferences and other events have also reached new audiences, with a focus on sectors such as business, local government and religious organisations.

Media interest in the work of the Office, and its position on various child-related issues, continues to be strong. The Commissioner is frequently approached for comment by the media and has an excellent relationship with key media outlets and individual journalists.

Commitment to the Treaty of Waitangi

The Treaty of Waitangi continues to be central to the work of the Office and within our tikanga framework. This has been demonstrated through the practice of holding powhiri or mihi whakatau to welcome new staff and poroporoaki to farewell staff and through the practice of waiata.

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 CYF sites and residences and Iwi and Māori service providers across the communities we visit.

Within our Monitoring Framework, we have an evaluative rubric that informs all our monitoring assessments. The rubric has been extended during the past year, ensuring that cultural capability is woven through every monitoring assessment. When we are assessing the Quality of Social Work Practice, we include a specific sub-domain on Culturally Appropriate Practice. The *State of Care* report concluded that 'Cultural capability is not given sufficient priority' across CYF sites. This evidenced finding is aligned to the ample national and international evidence that access to culture and culturally appropriate social work practice are strong protective factors for children who come into contact with the child protection and youth justice systems.

Auckland Office

The Children's Commissioner issued a decision document on 23 June 2014 confirming the proposal to consolidate all staff positions in the Wellington office. Further consultation with the affected staff resulted in both staff members not accepting relocation to Wellington.

The Auckland satellite office was closed on the 19th of September 2014.

Risks

We monitored the risks identified in our Statement of Intent.

Consultation and reporting to the Responsible Minister

We signed a new Memorandum of Understanding with the responsible Minister on 22 June. We met regularly with the Minister and provided briefings on issues relating to children, provided quarterly reports, and worked on a 'no surprises' basis.

Our tikanga values:

Appropriation Funding

The Children's Commissioner is funded through Vote Social Development – Non Departmental Appropriations – Children's Commissioner.

This appropriation is intended to improve the wellbeing of children through the provision of independent advocacy for the interests of children, and independent monitoring, advice and assurance to Ministers about the services delivered to children under the Children, Young Persons, and Their Families Act 1989.

SUMMARY OF EXPENDITURE AGAINST THE APPROPRIATION

	2014/15 Actual $000	2014/15 Budget $000
Total appropriation	2,157	2,157
Children's Commissioner portion of appropriation (Crown Revenue)	2,157	2,157
Children's Commissioner expenditure against appropriation	2,125	2,315
Net surplus/(deficit)	**32**	**(158)**

PERFORMANCE AGAINST THE APPROPRIATION

Performance measures and standards	Budget standard	2014/15 Actual	2013/14 Actual	Achievement/Comments
Key deliverables agreed with the Minister for Social Development in the Children's Commissioner's Statement of Performance Expectations are completed within agreed timeframes[4]	Achieved	Not Achieved	New	**Not achieved.** We completed one large two-part thematic review covering 14 CYF sites and delivered 15 reports made up of 1 thematic review report and 14 separate site reports. The *State of Care* report was delayed to incorporate the findings from the Children's Team Thematic Review completed in June.

[4] Performance measure in the Vote Social Development Non-Departmental Appropriations for the Children's Commissioner (M63)

Monitoring and Investigations

What we achieved

Through our monitoring activities we supported CYF to deliver on its vision for a child-centred, high quality statutory social work service.

Taking an organisational development approach, with a strong focus on capturing the voices of children and young people and mobilising systemic change, we achieved the following:

> performance reviews of six residences assessing how well they are positioned to improve outcomes for children and young people in care - three of these were full reviews carried out under both our General Monitoring mandate and our NPM mandate under OPCAT, with the other three as unannounced visits carried out under our OPCAT mandate
> a substantial thematic review involving fourteen CYF sites in the eight locations where the new Children's Teams are being established was carried out in two parts, with the first visits in the latter half of 2014 and the second set in the first half of 2015, with a focus on the readiness of the sites to engage with the Children's Teams around their robustness of front end social work practice including intake decision making and site clarity on how their statutory threshold for intervention will work in the new Children's Team environment
> one single site review of a site with an existing Children's Team, identifying lessons learned and further opportunities for practice development that informed the wider thematic review for the new Children's Team sites
> mobilising positive developments in capability and system improvement across CYF residences and sites, through our reports and recommendations, all of which were accepted by CYF
> a strong focus on gathering and promoting the views and experiences of children and young people in state care living in residences and foster placements
> reviewing twelve Section 47 reports[5]
> increasing the transparency and systemic impact of our monitoring work through the publication of the Office's first annual aggregated public report.

Financial Performance of Monitoring

2013/14 Actual $000		2014/15 Actual $000	2014/15 Budget $000
1,252	Revenue	1,318	1,197
	Other Revenue	45	8
1,233	Expense	1,316	1,321
19	**Net surplus/(deficit)**	**47**	**(116)**

Comment

Revenue had increased due to increased personnel funding to deliver on the new monitoring framework, more interest earned and donations to the office. Expenditure was under budget in operating costs due to an office move resulting in decreased rent being paid, better service contracts negotiated and less travel undertaken.

[5] Under section 47 of the C YP&F 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.

Performance measures

Performance measures and standards	Budget standard	2014/15 Actual	2013/14 Actual	Achievement/Comments
The number of monitoring visits to CYF residences	6[6]	6	4	**Achieved**
Findings from all monitoring visits will be reported within 3 months	100%	65%	New	**Not achieved.** Our partial achievement of this measure resulted from the delivery of 14 additional reports as part of our thematic review on CYF site readiness to engage with the new Children's Teams. Instead of delivering only 1 thematic review report as per the measure in our SPE, we delivered 15 reports made up of 1 thematic review report and 14 separate site reports.
The number of monitoring visits to CYF single sites and associated reports will be at least	1	1	New	**Achieved**
The number of thematic[7] reviews that lead to reports that compare practice across 4-5 CYF sites (or residences) and provide examples of best practice will be no fewer than	2	1	New	**Not achieved.** Instead of two separate thematic reviews covering 8-10 sites, the Office agreed with the Minister to carry out one large two-part thematic review covering 14 CYF sites
The percentage of the OCC monitoring of CYF and subsequent reporting that complies with agreed standards and processes established by the Memorandum of Understanding between OCC and CYF will be no less than	100%	100%	100%	**Achieved**
Produce a thematic aggregate public report	30 June 2015	31 August 2015	New	**Not achieved.** The report was delayed until August 2015 in order to incorporate the findings from the Children's Team Thematic Review completed in June 2015

[6] The measure relating to monitoring CYF sites and residences are incorrectly reported in the Estimates as 10 site visits (8 visits to monitor CYF residences and 2 visits to CYF single sites and associated reports)

[7] Note this is a new output in 2014-15 so no comparative data available

Performance measures and standards	Budget standard	2014/15 Actual	2013/14 Actual	Achievement/Comments
Percentage of monitoring report recommendations responded to by Child, Youth and Family by 30 June 2015[8]	90%	100%	New	**Achieved**

Other deliverables achieved

Deliverable	2014/15 Actual
S47 Reports reviewed and responded to	12
Monitoring of Corrections Mother & Babies Units	1

[8] Performance measure in the Vote Social Development Non-Departmental Appropriations for the Children's Commissioner (M63)

OUTCOMES

In addition to measuring our own outputs and impacts, we also monitor children's progress toward achieving good outcomes. Our monitoring activity identifies improvements CYF needs to make for children and young people in the care and protection and youth justice systems to break the cycle of abuse and neglect and youth offending.

Child Youth and Family have the responsibility to monitor and report on outcomes for children in care and young people in youth justice residences. We will work with them on how they intend to measure what is being achieved for these children through the implementation of their new Tuituia Framework and the Gateway assessment process. With the current independent review of CYF we will continue to advocate for the agency to improve their collection and reporting of outcomes they are achieving for children in care.

Through our monitoring activity we indirectly support the Government's Better Public Service targets of a 25% reduction in Youth Crime by 2017 and reducing rates of substantiated child abuse, and we will track these targets.

Monitoring these outcomes is part of our scanning of the wider environment, and helps us identify where additional attention is needed. While we contribute to these the Better Public Service outcomes, we are clear that they are dependent on the actions of many other more significant players.

Outcomes Result

Improved process for assessing monitoring outcome

During the past year we implemented a new approach to reviewing the progress CYF sites and residences are making to implement our recommendations. Our new approach involves face-to-face or video conferences with responsible managers to discuss the actions they have implemented and the positive impact that has on children. An example was a recent recommendation we made after young people in a residence told us that they didn't feel safe on admission and/or throughout their time in residence. The residence manager took our recommendation to their Youth Council meeting and got feedback from the young people. This feedback prompted the residence manager and their management team to explore the quality of engagement by their staff with the young people and identified that training was required. The residence now sends a regular survey to the young people asking them to 'rate' the staff team and the results are discussed bi-monthly at the Youth Council. This is an excellent example of a residence taking action in response to our recommendations, resulting in an immediate reported improvement in the level of safety young people experience while in residence.

Better Public Service Targets: 25% reduction in Youth Crime by 2017

As at the end of June 2015 the published youth crime rate has reduced by 39% since June 2011.[9]

[9] https://www.ssc.govt.nz/bps-reducing-crime

Individual and Systemic Advocacy

What we achieved

We aimed to improve child wellbeing and outcomes of vulnerable children by influencing others. To have impact, our advice must be seen as credible and be valued by our stakeholders.

Activities we had undertaken include:

> providing advice to agencies on policy, legislation and services for vulnerable children
> influencing others to take action or to advocate for children based on our advice
> raising awareness of issues and needs of vulnerable children
> producing an annual Child Poverty Monitor
> providing advice and support to callers on our Child Rights Line (CRL)
> promoting progressive implementation by the State of UNCROC obligations.

Financial Performance of Advocacy

2013/14 Actual $000		2014/15 Actual $000	2014/15 Budget $000
1,019	Revenue	839	959
	Other Revenue	145	57
1,075	Expense	864	1,042
(56)	**Net surplus/(deficit)**	**120**	**(26)**

Comment

Additional revenue received was to establish and manage the Youth Advisory Panel for the Minister of Social Development, donations received, furniture donated, a grant from Philanthropy New Zealand to progress the Taranaki profile, as well as salary recovered for a seconded staff member.

Expenditure was under budget due to staff vacancies and salaries recovered off-set against personnel expenditure, an office move resulting in decreased rent being paid, better service contracts negotiated and less travel undertaken.

Performance Measures

Performance measures and standards	Budget standard	2014/15 Actual	2013/14 Actual	Achievement/Comments
Child-focused policy advice or submissions to Select Committees, Government departments and Ministers by 30 June 2015	10	15	14	**Achieved**
Child Poverty Monitor released by 31 December 2014	Achieved	Achieved	New	**Achieved**
Submissions, reports and advice produced within required timeframes where information is clear, accurate and accessible will be no less than	100%	100%	100%	**Achieved**
The percentage of government agencies, NGOs, and public users of advice that rate overall satisfaction of the Office of the Children's Commissioner's submissions, reports and advice as 'satisfied' or very satisfied' will be no less than[10]	70%	99%	New	**Achieved**
Examples of impact achieved by advocacy activities by 30 June 2015	3	3	New	**Achieved.** See examples below.

Example 1: Encouraging more action on addressing child poverty

The 2014 pre-election polls showed that child poverty was the most important issue for voters. Following the election the Prime Minister announced that child poverty was going to be addressed as a priority in the next parliamentary term and he wanted more advice on how to address this issue. In response, numerous agencies and media commentators pointed to the work of the Expert Advisory Group in 2012, noting good solutions already existed. The Child Poverty Monitor is also often cited as the source of evidence on the level of poverty.

Example 2: Approach to food in schools

Over the past 2 years we have released advice on a framework for food in schools programmes and guidelines for school food programmes. When food in schools emerged in the media in October 2014 (based on OIA releases), it was clear that Treasury endorsed our recommendations on food in schools in advice to the government. Additionally, a number of informed commentators referred to our work in this area and our expertise.

[10] Performance measure in the Vote Social Development Non-Departmental Appropriations for the Children's Commissioner (M63). Note that the budget standard for the measure was changed to 80% in the Supplementary Appropriations.

Example 3: Expertise in consulting with children

One of our core functions is to develop methods for consulting with children and supporting their views to be taken into account. Over the past year we have received an increasing number of requests by other organisations and agencies for advice on how to engage with children. This demonstrates we are seen as experts in this area. We were also asked to coordinate a Youth Advisory Panel on behalf of the Minister to ensure the voices of children are included in the review into CYF.

Outcomes

In addition to measuring our own outputs and impacts, we also monitored the following child poverty measures:

> Rate and number of NZ children living in income poverty
> Rate and number of NZ children experiencing material hardship.

Monitoring these outcomes and other government activity associated with the Better Public Service targets for increased participation in Early Childhood Education, immunisation and reduced incidences of rheumatic fever is part of our scanning of the wider environment. This scanning helps us identify where additional attention and advocacy activity is needed to achieve the best outcomes for children at risk of poorer outcomes. Our advocacy activity is focused on these areas and we strive to contribute to these outcomes, but we are aware that they are dependent on the actions of many other more significant players.

Outcomes	2014/15 Actual	2013/14 Actual
Rate and number of NZ children living in income poverty	260,000, or 24% of all children, are living in income poverty[11]	New
Rate and number of NZ children experiencing material hardship	180,000, or 17% of children, are living in material hardship[12]	New

[11] www.childpverty.co.nz

[12] www.childpverty.co.nz

INDIVIDUAL ADVOCACY

Many individuals contact the Office concerned about a specific child or children. They usually want help to better understand what processes to follow or to get information on the child's rights or entitlements. Through our Child's Rights Advisory service, we responded to 626 enquiries last year. Almost 40% of the enquiries were related to CYF, with legal and education concerns the next highest topic areas. Many of these enquiries require individual advocacy to support them to understand or resolve their issues with other agencies. Below is detailed information on our *Child Rights Line*.

Nature of enquiry	2014/15	2013/14	2012/13	2011/12
Child, Youth and Family	231	249	256	370
Education	114	87	111	159
Other	-	-	-	360
Health	30	25	20	18
Legal	145	93	60	4
Child well-being (non-statutory)	96	112	142	16
Media	10	9	9	1
Total	626	575	598	928

PART 4: STATEMENT OF RESPONSIBILITY

Statement of responsibility

In terms of Section 155 of the Crown Entities Act 2004, I, Russell Peter Wills, the Children's Commissioner:

> accept responsibility for the preparation of these financial statements and statement of performance, and the judgments made in them

> accept responsibility for the establishment and maintenance of internal controls, designed to provide reasonable assurances as to the integrity and reliability of financial reporting

> accept responsibility for any end-of-year performance information provided under section 19A of the Public Finance Act 1989, whether or not that information is included in the annual report

> submit that in my opinion these financial statements and statement of performance fairly reflects the financial position and operations of the Children's Commissioner for the year ended 30 June 2015.

Dr Russell Wills MB, ChB, Dip Obst, DCH, FRACP, MPH
Children's Commissioner

30 October 2015

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2015

	Notes	2014/15 Actual $000	2014/15 Budget $000	2013/14 Actual $000
REVENUE				
Revenue from the Crown	2	2,157	2,157	2,157
Interest		40	15	38
Other revenue	3	150	49	76
Total revenue		**2,347**	**2,221**	**2,271**
EXPENSES				
Personnel	4	1,766	1,811	1,742
Operating	5	288	414	425
Projects	6	121	136	138
Depreciation and amortisation expense	9	5	3	3
Total expenses		**2,180**	**2,364**	**2,308**
Surplus/(deficit)		**167**	**(143)**	**(37)**
Other comprehensive revenue and expense		0	0	0
Total comprehensive revenue and expense		**167**	**(143)**	**(37)**

Explanations of major variances against budget are provided in note 21.

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2015

	Notes	2014/15 Actual $000	2014/15 Budget $000	2013/14 Actual $000
ASSETS				
Current assets				
Cash and cash equivalents	7	460	359	455
Receivables	8	9	0	2
Investments	18	500	0	200
Prepayments		4	0	8
GST Receivable		19	0	16
Total current assets		992	359	681
Non-current assets				
Property, plant and equipment	9	33	7	10
Total non-current assets		33	7	10
Total assets		**1,025**	**366**	**691**
LIABILITIES				
Current liabilities				
Payables	10	185	100	87
Employee entitlements	11	94	56	74
Revenue received in Advance		25	0	0
Lease Inducement	14	24	0	0
Total current liabilities		328	156	161
Non-current liabilities				
Employee entitlements	11	8	8	8
Total non-current liabilities		8	8	8
Total liabilities		**336**	**164**	**169**
Tax Payers Equity		**689**	**202**	**522**

Explanations of major variances against budget are provided in note 21.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2015

	2014/15 Actual $000	2014/15 Budget $000	2013/14 Actual $000
Balance as at 1 July	522	345	559
Surplus/(deficit)	167	(143)	(37)
Balance as at 30 June	**689**	**202**	**522**

Explanations of major variances against budget are provided in note 21.

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2014/15 Actual $000	2014/15 Budget $000	2013/14 Actual $000
Cash flows from operating activities				
Receipts from the Crown		2,157	2,157	2,157
Interest received		40	15	38
Other income received		168	49	87
Goods and services tax (net)		12	0	12
Payments to suppliers		(299)	(550)	(585)
Payments to employees		(1,745)	(1,811)	(1,798)
Net cash flows from operating activities	12	**333**	**(140)**	**(89)**
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		0	0	0
Receipts from maturity of investments		0	0	367
Purchase of property, plant and equipment		(28)	0	(3)
Acquisition of investments		(300)	0	0
Net cash flows from investing activities		**(328)**	**0**	**364**
Net increase/(decrease) in cash & cash equivalents		**5**	**(140)**	**275**
Cash & cash equivalents at the beginning of the year		455	499	180
Cash & cash equivalents at the end of the year	7	**460**	**359**	**455**

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

Explanations of major variances against budget are provided in note 21.

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Statement of accounting policies

Reporting entity

The Children’s Commissioner is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. As such, 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 sociocultural well-being 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 2015 and were approved by the Children’s Commissioner on 30 October 2015.

Basis of preparation

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

Statement of compliance

The financial statements of the Children's Commissioner have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards with reduced disclosing requirements, as appropriate for public benefit entities of the size of the Children’s Commissioner.

These financial statements comply with PBE accounting standards.

These financial statements are the first set of financial statements presented in accordance with the new PBE accounting standards. The adoption of these PBE accounting standards has not materially affected financial disclosures in the prospective financial statements or the comprehensive financial information provided.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Children’s Commissioner has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Children's Commissioner will apply these updated standards in preparing its 30 June 2016 financial statements. The Children's Commissioner expects there will be minimal or no change in applying these updated accounting standards.

Summary of Significant Accounting Policies

Revenue

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 its accountability documents.

Revenue for services (Crown and other parties) is recognised at the point of entitlement and is reported in the statement of comprehensive revenue and expense in the period to which it relates.

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

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 subsidized cost, the asset is recognised at fair value and 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 uses assets, fair value is usually determined by reference to market information for assets for a similar type, condition, and age.

Donated services

Certain operations of the Children's Commissioner are reliant on services provided by volunteers. Volunteer services received are not recognised as revenue or expenditure by the Children's Commissioner.

Interest revenue

Interest revenue is recognised using the effective interest method.

Rental revenue

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

Sale of publications

Sales of publications are recognised when the product is sold to the customer.

Provision of services

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Children's Commissioner has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Grants Approval Committee and the approval has been communicated to the applicant. Grants awarded have no substantive conditions attached.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Leases

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.

Cash and cash equivalents

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

Receivables

Short-term receivables are recorded at face value, less any provision for impairment. A receivable is considered impaired when there is evidence that the Children's Commissioner will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Investments

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Equity investments

The Children's Commissioner designates equity investments at fair value through other comprehensive revenue and expense, which are initially measured at fair value plus transaction costs.

After initial recognition, these investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses that are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to the surplus or deficit.

A significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

Property, plant, and equipment

Property, plant, and equipment consist of the following asset classes: land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation.

All other assets classes are measured 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.

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 revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Children's Commissioner and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit 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 property, plant, and equipment have been estimated as follows:

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

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include 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 development and maintenance of the Children's Commissioner website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software	3 years	33.3%
Developed computer software	4 years	25%

Impairment of property, plant and equipment and intangible assets

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.

Non-cash-generating assets

Property, plant, and equipment and intangible assets held at cost 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 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 determined using an approach based on either a depreciated replacement cost approach, 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 amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Payables

Short-term payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders 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 to but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that 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 that it will be used by staff to cover those future absences.

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

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities 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.

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 surplus or deficit as incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has either been announced publicly to those affected, or for which implementation has already commenced.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

> contributed capital;
> accumulated surplus/(deficit);
> property revaluation reserves; and
> fair value through other comprehensive revenue and expense reserves.

Fair value through other comprehensive revenue and expense reserves

This reserve comprises the cumulative net change of financial assets classified as fair value through other comprehensive revenue and expense.

Goods and services tax

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, 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 PBE, 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 identified in an economically feasible manner with a specific output.

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 discussed below.

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the Children's Commissioner, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. The Children's Commissioner minimises the risk of this estimation uncertainty by:

> physical inspection of assets;
> asset replacement programs;
> review of second hand market prices for similar assets; and
> analysis of prior asset sales.

The Children’s Commissioner has not made significant changes to past assumptions concerning useful lives and residual values.

Retirement and long service leave

Note 11 provide an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

Critical judgements in applying accounting policies

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

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Children’s Commissioner.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

Grants received

The Children’s Commissioner must exercise judgement when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

2 Revenue from the Crown

The Children's Commissioner has been provided with funding from the Crown for specific purposes as set out in the Children's Commissioner Act 2003 and the government appropriations. Apart from these general restrictions, in 2015 there were no unfulfilled conditions or contingencies attached to government funding (2013/14: Nil).

3 Other Revenue

	2014/15 Actual $000	2013/14 Actual $000
Philanthropy New Zealand*	11	0
JR McKenzie Trust**	26	43
MoE PLINFO***	25	25
Youth Advisory Panel (YAP)****	5	0
Other revenue (donated equipment)	27	0
Other donations	7	0
Salary recovered	49	8
Total other revenue	**150**	**76**

* Partnership Agreement to produce a profile on "Child Wellbeing in Taranaki"

** 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

*** Grant Agreement with the Ministry of Education for the Parent's Legal Information Line (PLINFO)

**** Establishment and management of the YAP on behalf of the Minister for Social Development, to support the EAP on their review of CYF

4 Personnel costs

	2014/15 Actual $000	2013/14 Actual $000
Salaries and wages	1,684	1,678
Other personnel costs	19	
Defined contribution plan employer contributions	43	39
Increase/(decrease) in employee entitlements	20	25
Total personnel costs	**1,766**	**1,742**

Employer contributions to defined contribution plans include contributions to KiwiSaver and the State Sector Retirement Savings Scheme.

5 Operating Costs

	2014/15 Actual $000	2013/14 Actual $000
Accountancy fees	22	45
Accounting software fees	1	1
Fees to auditor		
- fees to Audit NZ for audit of financial statements	23	22
Consumables & other expenses	46	35
Consultant fees	2	33
Donations	0	1
Information Systems	48	58
Power & Heating	3	3
Printing & Stationery	2	2
Publication expenses	5	48
Rent, rates and insurance	90	123
Telecommunication expenses	10	6
Travel and accommodation	28	38
Website expenses	8	10
Total operating costs	**288**	**425**

6 Project Costs

	2014/15 Actual $000	2013/14 Actual $000
Advocacy	8	22
Child Poverty	0	4
Child Health	0	7
Monitoring and Investigations	41	28
Parent Legal Information Line (PLINFO)	28	20
Poverty Measures Partnership	17	24
Taranaki Profile	10	0
Young People's Advisory Group	17	33
Total project costs	**121**	**138**

7 CASH AND CASH EQUIVALENTS

	2014/15 Actual $000	2013/14 Actual $000
Cash at bank and on hand		
> Current Account	40	68
> Ready Access	420	387
Total cash and cash equivalents	**460**	**455**

8 RECEIVABLES

	2014/15 Actual $000	2013/14 Actual $000
Debtors and other receivables	4	0
Accruals	5	2
Total receivables	**9**	**2**

The ageing profile of receivables at year end is detailed below:

	2014/15 Actual $000	2013/14 Actual $000
Not past due	5	2
Past due 1-30 days		
Past due 31-60 days		
Past due 61-90 days	4	
Past due over 90 days		
Total receivables	**9**	**2**

All receivables greater than 30 days in age are considered to be past due.

The carrying amount of receivables reflects their fair value. No impairment was expensed in the reporting period (2013/14: Nil).

9 PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment are as follows:

	Furniture, office equipment and leasehold improvements $000	Computer equipment $000	2014/15 Total $000
Cost or Valuation			
Balance at 1 July 2013	28	9	37
Additions	3	0	3
Disposals	(3)	(9)	(12)
Balance at 30 June 2014	28	0	28
Balance at 1 July 2014	28	0	28
Additions	28	0	28
Disposals	0	0	0
Balance at 30 June 2015	**56**	**0**	**56**
Accumulated Depreciation and Impairment Losses			
Balance at 1 July 2013	18	9	27
Depreciation Expense	3	0	3
Eliminate on disposal	(3)	(9)	(12)
Balance at 30 June 2014	18	0	18
Balance at 1 July 2014	18	0	18
Depreciation Expense	5	0	5
Eliminate on Disposal	0	0	0
Balance at 30 June 2015	**23**	**0**	**23**
Carrying Amounts			
At 1 July 2013	10	0	10
At 1 July 2014	10	0	10
Balance at 30 June 2015	**33**	**0**	**33**

There are no restrictions over the title of OCCs property, plant and equipment assets, nor any property, plant and equipment assets pledged as security for liabilities.

10 PAYABLES

	2014/15 Actual $000	2013/14 Actual $000
Creditors	149	40
Credit Card	2	0
Accrued expenses	34	47
Total payables	**185**	**87**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates fair value.

11 EMPLOYEE ENTITLEMENTS

	2014/15 Actual $000	2013/14 Actual $000
Current portion		
Annual leave	81	68
Long service leave	0	0
Accrued salaries	13	6
Total current portion	94	74
Non-current portion		
Long service leave	8	8
Total non-current portion	8	8
Total employee entitlements	**102**	**82**

Accrued salaries include salaries and wages accrued up to balance date.

12 Reconciliation of the net surplus/ (deficit) to net cash flow from operating activities

	2014/15 Actual $000	2013/14 Actual $000
Net surplus/(deficit)	167	(37)
Add/(less) non-cash items		
Depreciation and amortisation expense	5	3
Add/(less) items classified as investing or financing activities		
(Gains)/losses on investing	0	0
(Gains)/losses on disposal of property, plant and equipment	0	0
Add/(less) movements in statement of financial position items		
(Increase)/decrease in receivables	(7)	12
(Increase)/decrease in prepayments	4	6
Increase/(decrease) in GST	(2)	12
Increase/(decrease) in employee entitlements – long service leave	0	(8)
Increase (decrease) in employee entitlements – annual leave	13	6
Increase/(decrease) in accruals	(13)	(7)
Increase/(decrease) in salary accruals	7	(55)
Increase/(decrease) in payables	110	(21)
Increase/(decrease) in lease inducement	24	0
Increase/(decrease) in revenue invoiced in advance	25	0
Net movements in working capital items	**161**	**(55)**
Net cash flow from operating activities	**333**	**(89)**

13 Contingencies

There were no contingent liabilities or assets as at 30 June 2015. (2013/2014: Nil)

14 Operating Commitments

	2014/15 Actual $000	2013/14 Actual $000
Operating lease commitments		
Not later than one year	77	41
Later than one year and not later than five years	306	0
Later than five years	185	0
Total	**568**	**41**

The prior lease term expired on 30 November 2014. The Office of the Children's Commission entered into a new lease arrangement from 8 December 2014.

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

15 Related party transactions

The Children's Commissioner is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship 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 and undertaken on the normal terms and conditions for such transactions.

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

	2014/15 Actual	2013/14 Actual
Remuneration	$695,372	$662,614
Full-time equivalent members	4.4	4.4
Total key management personnel remuneration	**$695,372**	**$662,614**
Total full time equivalent personnel	**4.4**	**4.4**

16 EMPLOYEE REMUNERATION

	2014/15 Actual	2013/14 Actual
Total remuneration paid or payable:		
$100,000 – 109,999	0	2
$110,000 – 119,999	1	2
$120,000 – 129,999	2	1
$130,000 – 139,999	1	0
$140,000 – 149,999	1	2
$150,000 – 159,999	0	0
$160,000 – 169,999	0	0
$170,000 – 179,999	1	1
Total employees	**6**	**8**

Actual and reasonable costs of $23,000 have been paid and are not part of the Commissioner's remuneration (2013/14: $31,000).

During the year ended 30 June 2015, 1 (2013/14: 1) employee received compensation and other benefits in relation to cessation totaling $15,706 (2013/14: $34,000).

17 EVENTS AFTER BALANCE DATE

There have been no significant events after the balance date.

18 FINANCIAL INSTRUMENTS

	2014/15 Actual $000	2013/14 Actual $000
Loans and receivables		
Cash and cash equivalents	460	455
Receivables	28	18
Investments - term deposits	500	200
Total loans and receivables	**988**	**673**
Financial liabilities measured at amortised cost		
Payables (excluding income in advance)	185	87
Total financial liabilities measured at amortised cost	**185**	**87**

19 FINANCIAL INSTRUMENT RISKS

The Children's Commissioner activities expose it to a variety of financial instrument risks, including market risks, credit risks and liquidity risks. The Children's Commissioner has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Fair value and interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Children's Commissioner exposure to 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 flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose the Children's Commissioner to cash flow interest rate risk.

The Children's Commissioner investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Children's Commissioner currently has no variable interest rate investments.

Currency risk

The Children's Commissioner does not have any significant exposure to currency risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Children's Commissioner, causing it to incur a loss.

Due to the timing of its cash inflows and outflows, the Children's Commissioner invests surplus cash with registered banks.

In the normal course of business, the Children's Commissioner is exposed to credit risk from cash and term deposits with banks, receivables, and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

The Children's Commissioner holds cash with Westpac. Westpac is part of the Crown Retail Deposit Guarantee Scheme and so all deposits up to $1 million held with Westpac are guaranteed by the Crown. The Children's Commissioner does not have any significant concentrations of credit risk and holds no collateral or other credit enhancements for financial instruments that give rise to credit risk. The Children's Commissioner has experienced no defaults of interest or principal payments for term deposits.

The Children's Commissioner has a credit card facility of $20,000 as at 30 June 2015 (2013/14: $20,000).

20 Capital management

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

The Children's Commissioner 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 Children's Commissioner has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

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

21 Explanation of major variances against budget

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

Statement of comprehensive revenue and expense

Interest and Other Revenue

Interest was higher than budgeted due to term investments which earned more interest. Other revenue was higher than budget primarily due to an increase in donations and donated furniture received, a grant from Philanthropy NZ, recovery of salary from the Human Rights Commission for a staff secondment and establishing and managing the YAP.

Personnel expenditure

Personnel expenses were lower than budget primarily due to the permanent appointment of a fixed-term employee as opposed to continuing to backfill the role, saving recruitment and hiring costs including further contractor level wages.

Operating and Project expenditure

Operating and project expenses were lower than budget primarily due to a general review by the Management team with a focus on reducing costs in all areas of operating expenses. New service contracts negotiated reduced costs in accounting services, information services and website costs. Moving offices reduced our rent and less travel was undertaken.

Statement of financial position

Fixed assets

The fixed asset variance results from assets donated by the Ministry of Business, Innovation and Employment.

Payables

Creditors were higher than budget primarily as a result of payables due to the Ministry of Social Development for IT services and payables due to SuPERU for the office relocation.

22 Adjustments arising on transition to the new PBE accounting standards

Reclassification adjustments

There have been no reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

Recognition and measurement adjustments

There have been no recognition and measurement adjustments resulting from the transition to the new PBE accounting standards.

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 2015

The Auditor-General is the auditor of Office of the Children's Commissioner (the Office). The Auditor-General has appointed me, Ajay Sharma, 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 her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Office on pages 26 to 49, that comprise the statement of financial position as at 30 June 2015, 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 that include accounting policies and other explanatory information; and
- the performance information of the Office on pages 16 to 24.

In our opinion:

- the financial statements of the Office:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015;
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards with reduced disclosure requirements.

- the performance information:
  - presents fairly, in all material respects, the Office's performance for the year ended 30 June 2015, including:
    - for each class of reportable outputs:
      - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
    - what has been achieved with the appropriation;
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 October 2015. 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 Commissioner and our responsibilities, and 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 the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements 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 the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Office's financial statements and performance information 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.

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 Commissioner;
- the appropriateness of the reported performance information within the Office's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

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

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

Responsibilities of the Commissioner

The Commissioner is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Office's financial position, financial performance and cash flows; and
- present fairly the Office's performance.

The Commissioner's responsibilities arise from the Crown Entities Act 2004, the Public Finance Act 1989 and the Children's Commissioner Act 2003.

The Commissioner is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Commissioner is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

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.

Other than the audit, we have no relationship with or interests in the Office.

Ajay Sharma
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Office of the Children's Commissioner
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