

Annual Report 2014

Children's Commissioner



MANAAKITIA A TĀTOU TAMARIKI

Children's
Commissioner

Annual Report

2014

For the year ended 30 June 2014

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

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FOREWORD TO THE MINISTER FOR SOCIAL DEVELOPMENT

Pursuant to the provision of Section 150(3) of the Crown Entities Act 2004, I submit my Annual Report, incorporating the Financial Statements. The report covers the period from 1 July 2013 to 30 June 2014. 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

FOREWORD FROM THE CHILDREN'S COMMISSIONER

It has been an exciting and productive year, with much to celebrate. There is growing recognition that improving the wellbeing of children is important for New Zealand's future. Our work over the year has added to this momentum and we are proud of that contribution.

As we reflect on the year, it is clear there has been a shift in the priorities of New Zealanders. There is increasing concern that not all our children are flourishing as they should. In a Roy Morgan poll early in 2014, poverty and inequity came out as the top concerns of voters, ahead of traditional issues like unemployment and education.

That tells me that New Zealanders care deeply about our children's wellbeing and want to see continued effort to ensure they thrive.

I am heartened that the work of the Expert Advisory Group on Solutions to Child Poverty is still providing a platform for discussion and solutions. We continue to champion the key recommendations from that report.

In response to demand, our work on child poverty has expanded to focus on the role of philanthropy and business. We have worked with Philanthropy NZ and others to help understand how to guide organisations to make smart investments in children.

The inaugural Child Poverty Monitor was launched in partnership with the JR McKenzie Trust and the University of Otago in December and was a resounding success. The Monitor set out to provide an annual report of where we are at with various measures of child poverty. It was welcomed by the sector and is now regularly cited by the media when referring to the rates of child poverty.

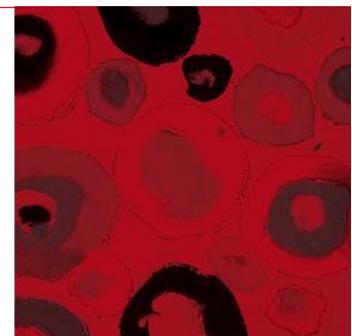
Our monitoring function is far less visible, but just as vital to the wellbeing of our most vulnerable children. We have worked hard to improve the way we monitor Child, Youth and Family over the last year, with the introduction of a more sophisticated monitoring framework that looks at issues from a systemic viewpoint. We have included a thematic review process in the new framework, where we explore a theme in a more in-depth and focussed manner.

I extend my thanks to all those who have worked alongside us this year. In particular I would like to acknowledge the hard work of our Young People's Advisory Group, who provide us with their valuable insights and keep us grounded. Thank you also to the tamariki, whānau, community organisations, business leaders and others who have helped us in our work.

Finally, a heartfelt thank you to the staff in my Office who are always focussed on what we're here for; improving the lives of tamariki and rangatahi across New Zealand.



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



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

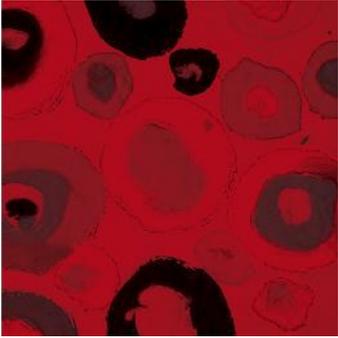
Poipoia nga tamariki

To plan for a year, plant a garden

To plan for a decade, plant trees

To plan for a future, nurture children

PART 1: THE YEAR IN REVIEW



The Children's Commissioner is the independent Crown entity whose role is to advocate for New Zealand children aged under 18 years. The Office has implemented new ways of working, further refined our focus and implemented all possible cost savings.

HIGHLIGHTS 2014

Embedded new business strategy

We build relationships and work collaboratively and constructively to influence policy and legislation early in the process

Launched new website

Our new website helps stakeholders to better understand the work we do and what we want to achieve

Improving performance

Implemented new monitoring function

We introduced a more sophisticated monitoring framework, looking at issues systemically so we can form a view across the system

Working smarter

We have reduced costs including:

- > All publications and resources are now online only
- > Travel via Jetstar and bus when possible

Increased our social media presence

We have built our social media audience. Facebook likes have grown to nearly 1500

Reached new audiences

- Presentation requests from organisations like Rotary NZ
- New working relationships with business and philanthropic organisations

Influencing and impacting

Released first Child Poverty Monitor

The Child Poverty Monitor was regularly referenced by media and stakeholders when talking about the number of children in poverty

Championed the Children's Action Plan

Connecting the health sector to engage with the CAP

Supported children to have a voice

YPAG members surveyed almost 700 children from schools across the country to find out what they needed to make school better for them. The findings provided valuable information for schools about the needs of the students.

Advised government agencies

YPAG provided feedback on MOE's bullying guidelines, the Families Commission's work on mental health, and submitted on the Vulnerable Children's Bill, Youth Mental Health Project and the Tobacco Plan Packaging Bill

Young people's voices

Food in schools guidelines

YPAG contributed to the creation of our Office's *Food in Schools Guidelines*, a resource to support schools to successfully implement food in schools programmes

Provided real world advice

YPAG provided real world advice and thoughts on subjects like student underachievement, teenage pregnancy, sexting and racism. Their views were heard by the Commissioner and contributed to his position on these issues.

OUR VISION

New Zealand is a place where all children thrive.

FUNCTIONS

Our main functions include:

- > monitoring and assessing services provided under the Children, Young Persons and their Families Act 1989 (CYPF Act)
- > advocating for the interests, rights and well-being of children
- > 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.

The Children's Commissioner set four strategic priorities for his term:

- > more children are safe and free from all forms of abuse and neglect
- > more children grow with access to adequate resources
- > more children grow up healthy
- > more children achieve their education potential.

WHAT WE DO

The Children's Commissioner reviews the strategies, policies and practices of Child, Youth and Family (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. The Children's Commissioner is designated under the Crimes of Torture Act 1989 as a National Preventive Mechanism with specific responsibility for monitoring the safety and treatment of children in residences, through both announced and unannounced visits to residences.

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

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

In addition to our focus on child poverty, education, health and safety issues, we also respond to calls for submissions, select committee undertakings, and stakeholder requests.

We support the Government's Better Public Service targets to improve outcomes for vulnerable children, and we are also actively involved in the work underway to implement the Children's Action Plan. We work across government agencies and alongside community and non-government sectors to achieve these goals.

Our Act requires us to raise awareness, advance implementation and monitor the application of UNCROC by the State. We do this in our core services and we promote implementation in legislation through Select Committee submissions. We also monitor UNCROC implementation through the coordination of a NGO group that tracks the State's progress on responding to the United Nation's specific recommendations to New Zealand.

The Office has established a range of activities aimed at improving the wellbeing of children. They include:

- > maintaining a 'Child Rights and Advice Line'
- > investigating individual complaints
- > supporting a Young Persons Advisory Group
- > providing child-centred advice to Select Committees, Ministers, Crown entities and local and non-government organisations
- > raising awareness of children's interests among New Zealanders generally.

Priority Outcome 1: More children are safe and free from all forms of abuse and neglect

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.

MEASURING OUR PROGRESS

Outcomes

More children are kept safe through community leaders playing their part in addressing family violence.	More children in contact with Statutory Services receive quality social work practice that ensures they are safe and re-victimisation is reduced.
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Actual 2013	Measure	Target 2014	Actual 2014
New in 2013/14 <i>Baseline: during 2011/12, 40 faith communities signed a Family Violence National Statement</i>	Proportion of faith communities proceeding to undertake family violence prevention activities	20 faith communities (e.g. 50 percent) to have further progressed family violence prevention initiatives	140 faith community leaders attended forums OCC hosted in July 2013. Subsequently we know that at least three further regional workshops (Hawkes Bay, Auckland and Upper Hutt) were held to progress work on their policies, practices and work within their communities, with approximately 150 participants attending these events.
98%	Number of our monitoring recommendations regarding child safety actioned by CYF	100 percent response by CYF to recommendations	97% (115 out of 119 recommendations)

KEY ACTIVITIES IN 2013/14

FAITH LEADERS

We worked with leaders representing most major and minor religious faiths across the country to understand their potential role in addressing family violence.

This past year our main advocacy activities have centered on supporting faith community leaders to grow their capability to address family violence, including hosting forums,

sharing resources, and celebrating good practice. Specifically, we:

- > facilitated opportunities for faith community leaders to grow their capability to address family violence by hosting two forums, one in Auckland on 1 July and one in Wellington on 3 July.
- > Published the online publication of Children on 25 March with articles spotlighting the actions some groups have undertaken to reduce family violence in their faith communities.

-
- > discussed the work with the Task Force on Family Violence, and identifying opportunities for Task Force and member agencies to work with Faith Leaders.

In addition, the Commissioner attended regional workshops for faith leaders in family violence intervention in Hastings and Upper Hutt, supported by the MSD *It's Not OK team*.

OTHER

We participated in a number of other activities to improve child safety. Some highlights include:

- > contributing to the activities on the Children Action Plan, particularly with advice on the Children's Teams
- > Providing advice and support to MSD and the Ministry of Justice on elements of the Youth Crime Action Plan
- > Making formal submissions on the Vulnerable Children's Bill and the Sentencing (Protection of Children) Bill.

The Commissioner has been a member of the Task Force on Family Violence, a White Ribbon Ambassador and on the CAP Expert Advisory Group.

MONITORING VISITS

The Office undertook four CYF residence monitoring visits to the Palmerston North CYF Youth Justice residence, Te au Rere o te Tonga, Te Puna wai o Tuhinapo, Epuni and the Christchurch CYF Youth Justice residence and the Christchurch CYF Care and Protection residence Te Oranga.

We also undertook two site visits to Rotorua Care and Protection and Rotorua Youth Justice and visited five sites as part of our first

thematic review (Invercargill, Napier, Tauranga, Waikato East and Pukekohe).

Under our refreshed monitoring framework, our monitoring plans and site based inquiries are more high level and strategic than had been the norm under our previous monitoring approach. Based on the evidence collected and our analysis of these findings, our recommendations are designed to get to the heart of the core systemic issues which if addressed, are most likely to lead to significant improvements in service quality and organisational performance. Our reports now result in fewer recommendations than were commonly included in previous reports but are designed to help CYF achieve a whole system shift rather than remedying small elements within the site or residence in ways that did not necessarily achieve lasting change.

The thematic review involved detailed planning and scoping to ensure our inquiry addressed the core issues pertaining to site leadership, social work practice and stakeholder relationships as these impacted on the effectiveness of the site's case management of Youth Specialist Services Programme care placements for young people with complex needs and significant behavioural issues.

Priority Outcome 2: More children grow up with access to adequate resources

Child poverty has consequences for health, education and productivity of New Zealanders, and there are more than a quarter of a million children living in poverty.

MEASURING OUR PROGRESS

Outcomes

Increased priority and action by government and community to address child poverty	More children in contact with Statutory Services have adequate resources to meet their needs
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Actual 2013	Measure	Target 2014	Actual 2014
New in 2013/14	Number of EAG recommendations being wholly or partially progressed by organisations to address elements of child poverty	10 percent of recommendations wholly or partially progressed	Government is now wholly or partially progressing 33% (26 of the 78) recommendations
New in 2013/14	Number of our monitoring recommendations regarding adequate resources actioned by CYF	100 percent response by CYF to recommendations	100% (2 recommendations)

KEY ACTIVITIES IN 2013/14

This has been a busy year for our work on child poverty. We have continued to advocate for the recommendations of the Commissioner's Expert Advisory Group (EAG), including producing guidelines for school food programmes and partnering to monitor child poverty. The Office looked for opportunities to involve local government, business, philanthropic and community organisations to all play a greater role in helping children get their needs met.

PROGRESSING THE EAG RECOMMENDATIONS

We held an EAG reunion meeting in August 2013, and in October 2013 released a paper from the EAG "Child Poverty in NZ: Building on progress to date".

Two other papers we undertook to give further consideration to the EAG recommendations included:

- > a report *Mitigating Poverty with Microcredit*, to share information on the benefits of microfinance and to highlight the Government's announcement that it will develop microfinance policy
- > a research brief on *Legislating to Reduce Child Poverty*, that explores the impacts child poverty legislation has had in the UK, and what lessons New Zealand can take from that approach.

We continue to support EAG members to champion the work, such as Jonathan Boston, with his book release *Child Poverty in New Zealand* in June.

SCHOOL FOOD GUIDELINES

Following the high interest in food in school programmes during the Expert Advisory Group work and with budget support for this activity, the Office began work on voluntary guidelines for schools on providing food in school efficiently and for best impact.

With support of an advisory group, *Guidelines for School Food Programmes* were released on 25 February and hosted on the Ministry of Education TKI website. The Ministry of Education also supported distribution of the Guidelines directly to all primary and secondary school principals.

We presented on how the education sector can help address child poverty, and specifically the School Food Guidelines, to ERO monitors in the Auckland region on 26 June.

THE CHILD POVERTY MONITOR

Following the EAG recommendation of regular reporting on child poverty, we were approached by the JR McKenzie Trust to consider how such work might be progressed outside of government agencies. This eventuated in a partnership between the Office, JR McKenzie Trust and Otago University to provide authoritative and accessible information on various elements of child poverty in New Zealand.

We released the first annual "Child Poverty Monitor" in December 2013, and this initiative will continue through to 2017.

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.

ENCOURAGING EVERYONE TO PLAY THEIR PART

We know that addressing child poverty needs everyone to work together to do their part. There are opportunities to generate greater impact by working across government, community, business and philanthropic sectors.

The office developed specific advice for local government to consider on how they could have greater impact on child poverty within their statutory functions.

The Office has continued to engage the business and philanthropic sector on actions they could take to support children living in poverty, and has drafted investment advice on how they can formulate their philanthropy strategies and target their philanthropy to have maximum impact for vulnerable children. We are entering a partnership with Philanthropy NZ to promote the uptake of this advice by their membership.

The Commissioner, Deputy Commissioner and staff presented on child poverty and improving child wellbeing at over 70 events this year.

On 5th December the New Zealand Medical Association awarded Dr Wills the NZMA Chairman's Award, the highest honour the NZMA can bestow. The Chairman's Award recognizes an individual who has made an outstanding contribution to the health of New Zealand.¹

¹ <https://www.nzma.org.nz/news-and-events/media-releases/childrens-commissioner-receives-nzma-chairs-award-2013>.

Priority Outcome 3: More children grow up healthy

Childhood is the critical period in life for laying the foundations for lifelong health and well-being.

MEASURING OUR PROGRESS

Outcomes

Actual 2013	Measure	Target 2014	Actual 2014
100%	DHBs undertake collaborative quality improvement initiatives for child and youth health services	More children in contact with Statutory Services are connected to health services as appropriate	
100%	Percentage of DHBs that participate in Compass	100 percent of DHBs participating in Compass activity	100%
New in 2013/14	Number of our monitoring recommendations regarding health services actioned by CYF	100 percent response by CYF to recommendations	100% (7 recommendations)

KEY ACTIVITIES IN 2013/14

CHILD AND YOUTH HEALTH COMPASS

Our main advocacy activities centred on our Child and Youth Health Compass project which aims to improve access and quality of child and youth health services delivered or funded by the 20 DHBs. DHBs assessed themselves against a good practice standard, and received individualised information on their status (leading, progressing or learning) across the 10 key areas as well as a set of resources that will help DHBs building on the processes and learnings already achieved in other DHBs. The Compass resources were made available on the HIRCC website on 5 December 2013.

The Commissioner has continued to discuss the Compass project and next steps with the Ministry of Health.

OTHER ACTIVITIES

The Office made submissions to the Health Select Committee for its *Inquiry into the*

improving child health outcomes and preventing child abuse with a focus from preconception until three years of age. We were pleased with the alignment from this report and our messages for supporting children out of poverty.

The Office also made a submission on the Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill and worked with Ministry of Health on a number of areas, including sitting on the BPS Rheumatic Fever Government Reference Group.

With the Commissioner's strong expertise in child health, he is often sought for advice. This includes attending workshops, meetings and participation in initiatives such as the Well Child Tamariki Ora Quality improvement Framework development and chairing the Paediatric Society of NZ Child Protection Special Interest Group study day.

Priority Outcome 4: More children achieve their education potential

Our efforts to ensure more children achieve their education potential need to be flexible to address the gaps and emerging issues in the current system.

MEASURING OUR PROGRESS

Outcomes

More parents, caregivers and organisations provide a positive learning environment for children	More children in contact with Statutory Services are connected to education services as appropriate
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Actual 2013	Measure	Target 2014	Actual 2014
New in 2013/14	Information made available to support parents and organisations (including schools) to improve the home learning environment is useful	To be determined	We focused this year on the importance of family and whānau for children's education success. We published a paper <i>Parents', Families and Whānau Contributions to Education Success</i> (July 2013), and made a submission to the Select Committee <i>Inquiry into engaging parents in the education of their children</i> (November 2013) and the Select Committee also requested further information from the Office to inform their deliberations.
New in 2013/14	Number of our monitoring recommendations regarding engagement with education actioned by CYF	100 percent response by CYF to recommendations	100% (7 recommendations)

KEY ACTIVITIES IN 2013/14

SCHOOL BULLYING GUIDELINES

We provided advice to the Ministry of Education on their School Bullying Guidelines and the Commissioner was a member of the advisory group for the Bullying Prevention and Response guidelines, and co-sponsored and attended the launch at Wellington High School in June. The launch received wide media coverage and the guidelines were sent to all 2,700 schools in New Zealand.

Other Priority Outcome Achievements

WORKING WITH OTHER AGENCIES

As we are a small agency, much of our impact can be achieved when we work in collaboration with other agencies and organizations.

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

- > child-centred information sharing guidelines
- > alcohol regulations regime from a child-centred perspective
- > family dispute resolution and child inclusive mediation services as part of the Family Court services
- > extended age threshold for alternative modes of evidence to all witnesses aged under 18
- > child-centred policies and services for local governments
- > advances in child protection
- > the Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography
- > child safety from accidents
- > including child voices in policy and programme development
- > including children in the NZ Constitution Conversation.

UNCROC

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

UNCROC monitoring work has gathered momentum in 2014, with government's report to the UN Committee on the Rights of the Child due in 2015.

We facilitate an UNCROC Monitoring Group (UMG) comprised of representatives from civil society organisations. The UMG includes Action for Children and Youth Aotearoa (ACYA), the organization tasked with writing the New Zealand shadow report to the UN.

In January we hosted government officials from a range of departments for a roundtable UNCROC Workshop (facilitated by MSD) to

discuss current UNCROC implementation status and identify priority areas for an MSD-led UNCROC Work Programme. We facilitate engagement between MSD and the UMG. Another way we support progressive implementation of UNCROC is by highlighting the areas policy and legislation could be improved to give consideration to UNCROC and in doing so, deliver better results for New Zealand children.

YPAG

The Children's Commissioner Young Persons Advisory Group (YPAG) is a group of 12 young people that provide a youth perspectives to selected policy and legislative undertakings and also show youth leadership on issues they identify with.

This past year they undertook work with their local schools to determine any unmet needs using surveys in a sample of schools. They captured the views of 644 other students across seven schools, analyzed the results and then shared the results with the schools to advocate for the needs of those children.

YPAG provided a youth perspective on:

- > the Ministry of Education's Cyberbullying Questions and Answers resource and their feedback shaped the content of the resource
- > the Office's submission on Smoke-free Environment's (tobacco) Plain Packaging Amendment Bill
- > the Families Commission's survey for young people that will evaluate mental health services for young people in New Zealand
- > the NZ Constitution Conversation
- > the Vulnerable Children's Bill.

YPAG have provided valuable advice on ways to strengthen youth participation and youth voices across the Office. Their term is due to end in December 2014 and they and other agencies helped shape the refreshed affordable and sustainable approach we will take in the future.

PART 2: ORGANISATIONAL HEALTH AND CAPABILITY

The office is located in a small office in Wellington with 15 employees and the Children's Commissioner and 2 employees based in Auckland

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 Maturanga. 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 development agreements with all staff, and support staff development. We have also implemented a new staffing structure, providing more effective management planning and coaching support to staff, and have begun a refresh of our competency framework.

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 needing

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 2013/14.

Health and safety

We provide a safe working environment that supports staff health and well-being. We have a joint health and safety committee with the Families Commission and maintain a hazard register. We have staff trained in first aid, a business continuity plan, emergency food and water, and 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 2014, we had 17 employees (14 permanent and 3 fixed-term) totaling 15.2 FTE, not including the Commissioner.

Gender	2014	%	2013
Female	13	82%	14
Male	4	18%	3
Ethnicity			
Māori	2	12%	2
Pacific Island	1	6%	1
Asian	0	0%	0
Pakeha/European	14	82%	13
Age profile			
	Average age is 48 years		
Disability profile			
	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 the Families Commission to explore efficiencies.

In 2013/14 we developed our Statement of Intent 2014-18, which further refines our strategic outcomes framework focusing on two priorities, and a work plan to support its implementation.

The Statement of Performance Expectations 2014/15 was completed and published on our website on 30 June, and will be tabled in Parliament on 30 July 2014.

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

COMMUNICATIONS

Effective communications continues to be a core focus of the Office. We are committed to good relationships with the media and regular communication with our stakeholders.

This year saw a new emphasis on engagement with stakeholders via social media. The Commissioner's Facebook page has attracted over 1300 'likes' and the Child Poverty Monitor twitter account has around 450 followers. The Office now aims to post on social media at least once a day to engage more with the audience. A strategy is being developed to ensure the Office is making best use of digital opportunities.

Throughout the year we developed and implemented strategic communications plans for key initiatives such as the launch of the first Child Poverty Monitor (CPM) and the release of the school food guidelines. The CPM continues to attract media and stakeholder attention.

We continued to comment in the media on a range of topics, most notably child poverty and child health, and to present at conferences and other events.

The website was refreshed after consultation with stakeholders and now provides a clearer picture of the work of the Office.

To reduce print costs and our environmental impact, we moved all our publications to online, and this included our journal *Children*.

RELATIONSHIPS

We continued to maintain excellent working relationships with key partners to increase our effectiveness and expand our influence, and to develop new strategic partnerships such as partnering with the JR McKenzie Trust and Otago University to produce the Child Poverty Monitor. We continue to review and refine our stakeholder plans to advocate for better outcomes for children.

COMMITMENT TO THE TREATY OF WAITANGI

The Treaty of Waitangi is central to the work of the Office and honouring the Treaty is one of the core values that drive our work. Our tikanga framework includes the concepts of aroha, tika, pono and matauranga and we continue to support staff to apply these concepts in their projects and mahi.

The monitoring team has focused on assessing the quality of services provided to Mokopuna Māori and whānau and meets with iwi and Māori service providers as part of every site visit. They also meet with Māori staff within Child, Youth and Family sites and residences and have advocated for all Grievance Panels to have a filled tangata whenua representative position.

For our staff, we have run a six week course in Te reo Māori and held a powhiri or mihi whakatau to welcome new staff and poroporoaki to farewell staff.

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 and to close the Auckland satellite office on 19 September 2014. However, there were further

consultations with the affected employees around relocation to Wellington which will be concluded in July 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 replacing the Output Agreement with the responsible Minister on 27 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.

PART 3: 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 service performance, and the judgements 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
- > submit that these financial statements and statement of service performance fairly reflects the Children's Commissioner's financial position, operations and cash flows for the year ended 30 June 2014.



Dr Russell Wills

Children's Commissioner

28 October 2014

OUTPUT CLASS

VOTE SOCIAL DEVELOPMENT

NON-DEPARTMENTAL OUTPUT EXPENSE: CHILDREN'S COMMISSIONER

DESCRIPTION

This non-departmental output expense is provided for services from the Children's Commissioner including the discharge of the Commissioner's duties under the Children, Young Persons and Their Families Act 1989 and the Children's Commissioner Act 2003 in order to contribute to the outcome of:

New Zealand is a place where children thrive

The outcomes and impacts we seek are:

Impacts	Contributing outcomes
> More children in contact with Statutory Services receive quality social work practice that ensures they are safe and re-victimisation is reduced.	> More children are free from all forms of abuse and neglect
> More children are kept safe through community leaders playing their part in addressing family violence.	
> More children in contact with Statutory Services have adequate resources to meet their needs	> More children grow up with access to adequate resources
> Increased priority and action by community, philanthropic, business and government to address child poverty	
> More children in contact with Statutory Services are connected to health services as appropriate	> More children grow up healthy
> DHBs undertake collaborative quality improvement initiatives for child and youth health services	
> More children in contact with Statutory Services are connected to education services as appropriate	> More children achieve their education potential
> More parents, caregivers and organisations provide a positive learning environment for children	

Performance measures and standards have been established to monitor the efficiency and effectiveness of managing the activities within our two output categories of: 'Monitoring' and 'Advocacy'.

Monitoring

DESCRIPTION

These monitoring outputs contribute to all four priority outcome areas as well as our statutory obligation to monitor and assess the performance of Child, Youth and Family:

- > more children grow up with access to adequate resources
- > more children grow up healthy
- > more children achieve their education potential
- > more children are safe and free from all forms of abuse and neglect.

REVIEW OF OUR MONITORING FUNCTION

A change in the Office, and one I am particularly proud of, is the work to enhance the Office's monitoring of Child, Youth and Family. The review of the new monitoring framework took place over the first six months of the financial year and impacted on achieving our output measures for the year. Our aim with the new approach is to leverage greater outcomes from our monitoring. Our new monitoring framework is more sophisticated and makes better use of existing data, takes a system approach to organisational performance, and puts children and young people's voices to the fore. This new approach also provides a foundation that supports my Office to become a more effective regulator as called for in the recent Broad Report. The briefing on future options for the monitoring function was prepared on 4 October 2013.

KEY DELIVERABLES AND PERFORMANCE MEASURES

Output	Performance measures	Budget Standard	Actual 2014	Actual 2013	Comments
Monitor Child, Youth and Family sites and residences and undertake thematic reviews	Child, Youth and Family site visits completed by 30 June 2014	10	7	15	Not achieved. The newly developed monitoring framework was applied to monitoring 7 CYF sites from April 2014, consisting of 2 residence visits to Rotorua Care and Protection and Rotorua Youth Justice and, as part of the thematic review on site case management of Youth Services placements we visited five care and protection sites in Waikato East, Pukekohe, Invercargill, Tauranga and Napier.
	Performance reports on Child, Youth and Family sites completed and delivered to the Deputy Chief Executive of the Ministry of Social Development responsible for Child, Youth and	10	1	11	Not Achieved. Drafts of the Rotorua C+P and YJ reports were drafted and sent to CYF in July 2014. The draft thematic review report relating to findings on the Youth Services care programme across 5 sites will go to CYF in October

Output	Performance measures	Budget Standard	Actual 2014	Actual 2013	Comments
	Family by 30 June 2014				2014.
	Child, Youth and Family residence visits completed by 30 June 2014. ²	9	4	9	Not Achieved. Visited Te au rere o te Tonga, Te Puna wai o Tuhinapo, Epuni and te Oranga.
	Performance reports on Child, Youth and Family residences completed and delivered to the Deputy Chief Executive of the Ministry of Social Development responsible for Child, Youth and Family by 30 June 2014. ³	9	2	9	Not Achieved. The two reports delivered were for Te au rere o te Tonga and Te Puna wai o Tuhinapo.
	One thematic review undertaken by 30 June 2014 (New Measure)	1	1	1	Achieved. This Youth Services (YSS) review involved visits to five CYF sites.
	Monitoring of Child, Youth and Family complies with agreed standards and processes established by the Memorandum of Understanding between the Children's Commissioner and Child, Youth and Family will be no less than 100% ⁴	100%	100%	75%	Achieved
	100% of timeframes for visits are in line with the monitoring framework and schedule of visits agreed with Child, Youth and Family	100%	100%	100%	Achieved
	Monitoring reports are reviewed by Deputy Commissioner	100%	100%	100% ⁵	Achieved

² Includes visits under the CYPF Act 1989 and as NPM

³ Includes reports under the CYPF Act 1989 and as NPM

⁴ Agreed standards are 1. Draft reports are sent to Child, Youth and Family within 20 working days of site/residence visit for factual feedback; and 2. The final report, with corrections incorporated, sent to the Deputy Chief Executive of Child, Youth and Family and the Minister for Social Development within 10 working days of receipt of feedback from Child, Youth and Family.

⁵ Reviewed by General Manager in 2013

FINANCIAL PERFORMANCE OF MONITORING

Actual 2013 \$000		Actual 2014 \$000	Budget 2014 \$000
1,087	Revenue	1,252	917
1,115	Expense	1,233	999
(28)	Net surplus/(deficit)	19	(82)

Comment

The monitoring output was under budget due to vacancies within the monitoring team during 2013-14.

Advocacy

DESCRIPTION

These advocacy outputs contribute to all four priority outcome areas as well as our statutory obligation to advocate for the interests, rights and wellbeing of children:

- > more children are safe and free from all forms of abuse and neglect
- > more children grow up with access to adequate resources
- > more children grow up healthy
- > more children achieve their education potential.

KEY DELIVERABLES AND PERFORMANCE MEASURES

Output	Performance measure	Budget Standard	Actual 2014	Actual 2013	Comments
Delivery on the work programme measures as identified in the output agreements between the Minister for Social Development and the Children's Commissioner	Implementation of the work programme will be no less than 100%	New measure	100%	New measure	Achieved
Facilitate opportunities for faith leaders to grow their capability to address family violence	Two forums with faith leaders held by 31 July 2013	2	2	New measure	Achieved. Forum in Auckland on 1 July and Wellington on 3 July 2013
	Publication and distribution of case studies by 31 March 2014	New measure	Achieved	New measure	Special edition of <i>Children Journal</i> released online 25 March 2014
Develop a strategy for advising, influencing and partnering with philanthropic and business sectors	Re-convene EAG to advise on strategy: One meeting of EAG by 31 August 2013	1	1	New measure	Achieved. Meeting held on 26 August 2013
	Share information and advice with business, community and philanthropic leaders: 10 meetings by 30 June 2014	10	14	New measure	Achieved

Output	Performance measure	Budget Standard	Actual 2014	Actual 2013	Comments
Develop a set of guidelines for schools on the effective implementation of school food programmes	Guidelines released publicly by 31 January 2014	31 January 2014	Achieved	New measure	Release delayed till 25 February (1 st School Term) to optimise impact. Electronically disseminated to all primary and secondary schools.
	Guidelines signed off by Development Group before release		Achieved	New measure	Consultation process, including final review by Development Group by 20 December 2013
Facilitate DHBs to participate in peer-to-peer mentoring quality improvement initiatives	Co-create delivery plan with DHBs and project partners: Delivery plan completed by 31 December 2013 with at least 75% DHBs participating	75%	100%	New measure	Achieved. DHBs participated in process, and identified as leaders and learners across 10 domains. Reports finalised in November 2013 and all materials on HIIRC website.
Prepare a report on the Compass project	Summary article completed by 30 June 2014		Achieved	New measure	With external journal and awaiting publication date.
Prepare a working paper on the current support for the home learning environment in NZ, and identify how it might be strengthened to deliver improved support for children	Working paper released publicly by 31 August 2013		Achieved	New measure	Working paper was released in July 2013
	Paper is peer-reviewed by external expert prior to release		Achieved	New measure	
Advocating for the interests, rights and well-being of children	10 child-focused policy advice or submissions to select committees, government departments and Ministers by 30 June 2014	10	14	11	Achieved
	100% of submissions, reports and advice	100%	100%	New measure	Achieved

Output	Performance measure	Budget Standard	Actual 2014	Actual 2013	Comments
	produced within required timeframes where the information is clear, accurate and accessible.				
Advocate for individuals on a case-by-case basis, via a toll-free Child Rights Line, to give advice and information on issues concerning children	900 – 1,100 calls via the Child Rights Line are responded to	900 – 1,100	575	598	Not achieved. This is consistent with the number of calls received last year. See additional information by enquiry type below.
	100 percent of Child Rights Line cases are independently reviewed by a Principal Advisor or Manager	100%	100%	100%	Achieved
Regular consultation with children will occur to ensure that the views of children are taken into account in the undertaking of the Children's Commissioners functions	Meetings of the Young Peoples Advisory Group (YPAG) convened during the year	4	3	4	Not achieved. The YPAG meeting scheduled for the 4 th quarter had to be postponed and was conducted during July 2014.

ADDITIONAL INFORMATION ON THE CHILD RIGHTS LINE

Nature of enquiry	2013/14	2012/13
Education	87	111
Other	-	-
Health	25	20
Legal	93	60
Child well-being	361	398
Media	9	9
Total	575	598

FINANCIAL PERFORMANCE OF ADVOCACY

Actual 2013 \$000		Actual 2014 \$000	Budget 2014 \$000
1,161	Revenue	1,019	1,271
1,376	Expense	1,075	1,427
(215)	Net surplus/(deficit)	(56)	(156)

Comment

Expenditure was over budget primarily due to unbudgeted costs for the Office's work on solutions to child poverty, but was offset by a grant from JR McKenzie Trust.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
INCOME				
Revenue from the Crown	2	2,157	2,157	2,157
Interest		38	30	36
Other revenue	3	76	1	55
<i>Total income</i>		2,271	2,188	2,248
EXPENDITURE				
Personnel costs	4	1,742	1,794	1,681
Operating costs	5	425	496	535
Depreciation and amortisation expense	9	3	5	10
Project costs	6	138	131	267
<i>Total expenditure</i>		2,308	2,426	2,493
Surplus/(deficit)		(37)	(238)	(245)
Total other comprehensive income		0	0	0
Total comprehensive income/(deficit)		(37)	(238)	(245)

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 2014

	Notes	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
ASSETS				
Current assets				
Cash and cash equivalents	7	455	72	180
Debtors and other receivables	8	2	623	13
Investments – short term deposit	18	200	0	567
Prepayments		8	0	14
GST Receivable		16	0	28
<i>Total current assets</i>		681	695	802
Non-current assets				
Property, plant and equipment	9	10	14	10
<i>Total non-current assets</i>		10	14	10
Total assets		691	709	812
LIABILITIES				
Current liabilities				
Creditors and other payables	10	93	185	175
Employee Entitlements	11	68	70	66
Revenue received in Advance		0	0	0
GST payable		0	0	0
<i>Total current liabilities</i>		161	255	241
Non-current liabilities				
Employee entitlements	11	8	12	12
<i>Total non-current liabilities</i>		8	12	12
Total liabilities		169	267	253
Tax Payers Equity		522	442	559
TOTAL FUNDS EMPLOYED		691	709	812

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 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Balance as at 1 July	559	680	804
Other comprehensive income	0	0	0
Surplus/(deficit)	(37)	(238)	(245)
Balance as at 30 June	522	442	559

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Cash flows from operating activities				
Receipts from the Crown		2,157	2,157	2,157
Interest received		38	30	35
Other income received		87	1	49
Goods and services tax (net)		12	0	(3)
Payments to suppliers		(585)	(627)	(810)
Payments to employees		(1,798)	(1,794)	(1,652)
<i>Net cash flows from operating activities</i>		(89)	(233)	(224)
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		0	0	0
Receipts from maturity of investments		367	0	0
Purchase of property, plant and equipment		(3)	(15)	(10)
Acquisition of investments		0	0	(23)
<i>Net cash flows from investing activities</i>		364	(15)	(33)
Net increase/(decrease) in cash & cash equivalents and investments – short term deposits		275	(248)	(257)
Cash & cash equivalents and short term deposits at the beginning of the year		180	320	437
Cash & cash equivalents and short term deposits at the end of the year		455	72	180

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.

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2014

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 in New Zealand. As such, the Commissioner's ultimate parent is the New Zealand Crown.

The Children's Commissioner was first established on 1 November 1989 under the Children, Young Persons and Their Families Act 1989, 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

Accordingly the Children's Commissioner has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to the International Reporting Standards (NZIFRS).

The financial statements report on the activities of the Children's Commissioner for the year ended 30 June 2014. The financial statements for the Children's Commissioner were approved by the Children's Commissioner on 28 October 2014.

BASIS OF PREPARATION

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 comply with the Framework for Differential Reporting for Public Benefit Entities adopting the NZ equivalents to International Financial Reporting Standards (NZ IFRS) and its interpretations as appropriate to public benefit entities that qualify for and apply differential reporting concessions.

The Children's Commissioner qualifies for Differential Reporting exemptions as it meets the criteria set out in the Framework for Differential Reporting.

Differential reporting exemptions as available under the Framework for Differential Reporting have been applied where applicable and have been consistently applied to all periods presented in these financial statements and include:

NZ IAS1 – Presentation of Financial Statements (1.122 & 1.125)

NZ IFRS 5 – Non-Current Assets Held for Sale & Discontinued Operation (5.41)

NZ IFRS 7 – Financial Disclosures (7.33, 7.34, 7.37, 7.39 & 7.40)

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

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

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

- > NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards framework the Children's Commissioner is classified as a Tier 2 reporting entity and it will be required to apply the PBE Accounting Standards Reduced Disclosure Regime (PAS RDR). These standards are being developed by the XRB based on current international Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Children's Commissioner expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Children's Commissioner is unable to assess the implications of the new Accounting Standards Framework at this time.

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

SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

Revenue from the Crown

The Children's Commissioner is primarily funded through revenue received from the Crown for the purposes and objectives set out in the Statement of Intent.

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

Other Grants

Non-government 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.

Interest

Interest income is recognised using the effective interest method.

Operating leases

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

Finance leases

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

Cash and cash equivalents

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

Debtors and other receivables

Debtors and other receivables are initially measured at face value less any provision for impairment. Impairment of a receivable is established when there is objective evidence that the Children's Commissioner will not be able to collect amounts due according to the original terms of the receivable.

Bank deposits

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

Property, plant and equipment

Property, plant and equipment asset classes consist of office furniture equipment and leasehold improvements and computer equipment. Property, plant and equipment are shown at cost or valuation, less any 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. Individual assets or groups of assets are capitalised if their costs are greater than \$1,000 (excluding GST).

The value of an individual asset that is less than \$1,000 (excluding GST) and is not part of a group of similar assets is expensed. All are recorded at historical cost.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

Subsequent costs

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

Depreciation

Depreciation is provided on a straight-line basis so as to write off the cost of the fixed assets over their useful lives. The depreciation rates of major classes of assets used in the preparation of these statements are:

Office furniture, equipment and leasehold improvements	5 years	20%
Computer equipment	3-5 years	20-33%

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

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

Intangible assets

Software acquisition and development

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

Impairment of property, plant and equipment and intangible assets

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

Creditors and other payables

Creditors and other payables are initially measured at face value.

Employee entitlements

Short-term employee entitlements

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

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.

Long-term employee entitlements

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

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

Defined contribution schemes

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

Provisions

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

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

Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Children's Commissioner 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 for income tax has been provided for.

Budget figures

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

Statement of cash flows

'Cash' means cash on hand, deposits held at call with domestic banks, other short-term, highly liquid investments with maturities of three months or less and bank overdrafts.

'Operating activities' include cash received from all income sources of the Children's Commissioner and cash payments made for the supply of goods and services.

'Investing activities' are those activities relating to the acquisition and disposal of non-current assets.

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 2014 there were no unfulfilled conditions or contingencies attached to government funding (2013: \$nil).

3 OTHER REVENUE

	Actual 2014 \$000	Actual 2013 \$000
Expenses recovered – Care Forum*	0	11
JR McKenzie Trust**	43	0
MoE PLINFO***	25	0
Other revenue	0	2
Salary recovered	8	42
Total other revenue	76	55

* In 2011/12 the Office hosted a forum on behalf of the Ministry of Social Development. Travel and catering costs incurred were recovered from the Ministry in 2012/13.

** The purpose for the Grant Agreement between the Children’s Commissioner and the JR McKenzie Trust is to produce and disseminate a snapshot with key facts and messages around child poverty in New Zealand

*** The grant agreement for Parent’s Legal Information Line (PLINFO) with the Ministry of Education

4 PERSONNEL COSTS

	Actual 2014 \$000	Actual 2013 \$000
Salaries and wages	1,678	1,644
Defined contribution plan employer contributions	39	25
Increase/(decrease) in employee entitlements	25	12
Total personnel costs	1,742	1,681

Employer contributions to defined contribution plans include contributions to KiwiSaver.

5 OPERATING COSTS

	Actual 2014 \$000	Actual 2013 \$000
Accountancy fees	45	40
Accounting software fees	1	1
Auditors Remuneration	22	22
Consumables & other expenses	35	36
Contractor fees	33	1
Donations	1	2
Entertainment	0	1
Information Systems	58	59
Power & Heating	3	3
Printing & Stationery	2	3
Publication expenses	48	134
Rent, rates and insurance	123	139
Telecommunication expenses	6	10
Travel and accommodation	38	52
Website development expenses	10	32
Total operating costs	425	535

6 PROJECT COSTS

	Actual 2014 \$000	Actual 2013 \$000
Advocacy	22	36
Child Poverty	4	101
Child Health	7	31
Education and training	0	1
Monitoring and Investigations	28	40
Parent Legal Information Line	20	20
Poverty Measures Partnership	24	
Young People's Reference Group and consultation	33	38
Total project costs	138	267

7 CASH AND CASH EQUIVALENTS

	Actual 2014 \$000	Actual 2013 \$000
Cash at bank and on hand		
> Current Account	68	123
> Ready Access	387	57
Total cash and cash equivalents	455	180

8 DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are as follows:

	Actual 2014 \$000	Actual 2013 \$000
Debtors and other receivables	0	11
Accruals	2	2
Total debtors and other receivables	2	13

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

9 PROPERTY, PLANT AND EQUIPMENT

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

	Office furniture, equipment and leasehold improvements \$000	Computer equipment \$000	Total \$000
Cost or Valuation			
Balance at 1 July 2012	28	57	85
Additions	11	0	11
Disposals	(11)	(48)	(59)
Balance at 30 June 2013	28	9	37
Balance at 1 July 2013	28	9	37
Additions	3	0	3
Disposals	(3)	(9)	(12)
Balance at 30 June 2014	28	0	28
Accumulated Depreciation and Impairment Losses			
Balance at 1 July 2012	26	51	77
Depreciation Expense	3	6	9
Eliminate on disposal	(11)	(48)	(59)
Balance at 30 June 2013	18	9	27
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
Carrying Amounts			
At 1 July 2012	2	6	8
At 1 July 2013	10	0	10
Balance at 30 June 2014	10	0	10

10 CREDITORS AND OTHER PAYABLES

	Actual 2014 \$000	Actual 2013 \$000
Creditors	40	61
Accrued expenses	47	54
Accrued salaries	6	60
Total creditors and other payables	93	175

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

11 EMPLOYEE ENTITLEMENTS

	Actual 2014 \$000	Actual 2013 \$000
Current portion		
Annual leave	68	62
Long service leave	0	4
<i>Total current portion</i>	68	66
Non-current portion		
Long service leave	8	12
<i>Total non-current portion</i>	8	12
Total employee entitlements	76	78

12 RECONCILIATION OF THE NET SURPLUS/(DEFICIT) TO NET OPERATING CASH FLOW FROM OPERATING ACTIVITIES

	Actual 2014 \$000	Actual 2013 \$000
Net surplus/(deficit)	(37)	(245)
Add/(less) non-cash items		
Depreciation and amortisation expense	3	10
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	(1)
Add/(less) movements in statement of financial position items		
(Increase)/decrease in debtors and other receivables	12	613
(Increase)/decrease in prepayments	6	(14)
Increase/(decrease) in GST	12	(83)
Increase/(decrease) in employee entitlements – long service leave	(8)	4
Increase (decrease) in employee entitlements – annual leave	6	8
Increase/(decrease) in accruals	(7)	12
Increase/(decrease) in salary accruals	(55)	5
Increase/(decrease) in creditors and other payables	(21)	6
Increase/(decrease) in revenue invoiced in advance	0	(539)
<i>Net movements in working capital items</i>	(55)	12
Net Cash Flow from Operating Activities	(89)	(224)

13 CONTINGENCIES

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

14 OPERATING COMMITMENTS

	Actual 2014 \$000	Actual 2013 \$000
Operating lease commitments		
Less than one year	41	105
One to two years	0	39
Two to five years	0	0
More than five years	0	0
Total	41	144

The significant portion of the total non-cancellable operating lease expense relates to the lease of half a floor in Wellington sublet from the Families Commission. The lease will expire on 30 November 2014.

The Office also leases Auckland office and car parking space sublet from the Families Commission. The lease expired on 30 November 2013. The Office then entered into a co-location agreement with the Education Review Office (ERO) in Auckland from 1 December 2013.

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

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

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

Significant transactions with government-related entities

The Children's Commissioner has been provided with funding from the Crown of \$2.2m (2013 \$2.2m) for specific purposes as sent out in its founding legislation and the scope of the relevant government appropriations.

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

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

The Children's Commissioner also purchases goods and services from entities controlled, significantly influences or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2014 totalled \$0.3m (2013 \$0.5m) These purchases included the purchase of IT services from the Ministry of Social Development, rental and associated facility costs through the Families Commission, air travel from Air New Zealand and postal services from New Zealand Post.

The amounts outstanding at year end payable to Government related entities are \$0.019m (2013: \$0.027m) and receivable from Government related entities is \$nil (2013: \$nil).

16 KEY MANAGEMENT PERSONNEL COMPENSATION

	Actual 2014 \$000	Actual 2013 \$000
Salaries and other short-term benefits	663	325
Post-employment benefits	0	0
Total	663	325

Key management personnel till August 2013 included the Children's Commissioner, Deputy Commissioner and General Manager, and thereafter it included the Children's Commissioner, Deputy Commissioner, Business Manager, Manager Monitoring & Investigations and Manager Advocacy.

Employee remuneration

The Children's Commissioner is a Crown Entity, and is required to disclose certain remuneration information in their annual reports. The information reported is the number of employees receiving total remuneration and other benefits in their capacity as employees of \$100,000 or more per annum.

The number of employees whose remuneration was within the specified band is set out in the following table:

Remuneration band	Number of employees	
	2014	2013
\$100,000 – 109,999	2	1
\$110,000 – 119,999	2	2
\$120,000 – 129,999	1	0
\$130,000 – 139,999	0	1
\$140,000 – 149,999	2	0
\$150,000 – 159,999	0	0
\$160,000 – 169,999	0	0
\$170,000 – 179,999	1	0

Actual and reasonable costs of \$31,000 have been paid and are not part of the Commissioner's remuneration (2013: \$24,000).

During the year ended 30 June 2014, 1 employee (2013: no employees) received compensation and other benefits in relation to cessation 2014: \$34,000 (2013: \$nil).

17 EVENTS AFTER BALANCE SHEET DATE

There have been no significant events after the Balance Sheet date.

18 FINANCIAL INSTRUMENTS

The carrying amount of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2014 \$000	Actual 2013 \$000
Loans and receivables		
Cash and cash equivalents	455	180
Debtors and other receivables	18	41
Short term investments – term deposits	200	567
Total loans and receivables	673	788
Financial liabilities measured at amortised cost		
Creditors and other payments (excluding income in advance)	87	175
Total financial liabilities measured at amortised cost	87	175

19 FINANCIAL INSTRUMENT RISKS

The Children's Commissioner is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, bank deposits, receivables and payables. Revenues and expenses are recognised in the statement of comprehensive income. The Children's Commissioner's exposure to off-balance sheet financial instruments is limited to operating commitments (refer to the statement of commitments).

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Credit risk

The financial instruments that expose the Children's Commissioner to credit risk are principally bank balances, deposits and accounts receivable. Bank balances are held with New Zealand registered banks in accordance with Children's Commissioner policy. No collateral is held by the Children's Commissioner in respect of accounts receivable or bank balance. 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.

The Children's Commissioner has a credit card facility of \$20,000 as at 30 June 2014 (2013: \$20,000).

Interest rate risk

The Children's Commissioner does not have any significant exposure to interest rate risk. Any risk is managed by only investing with New Zealand registered banks and holding funds at call, or on short-term deposit.

Currency risk

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

Fair value

The fair value of financial instruments is equivalent to the carrying amount disclosed in the statement of financial position.

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 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 income

Personnel expenditure

Personnel expenses were lower than budget due to several staffing changes throughout the year and less fixed contractors being employed.

Operating expenditure

Operating expenses were lower than budget due to savings on rent with the new Auckland office arrangement, travel expenses and moving to a more electronic and on-line presence for our publications and the Journal.

Project expenditure

Project expenses were over budget due to the expenditure on the Poverty Measure Partnership funds being received after the start of the financial year and not budgeted for.

Statement of financial position

The Fixed asset variance results from assets disposed of as at 30 June 2014.

Independent Auditor's Report

**To the readers of
the Office of the Children's Commissioner's
financial statements and non-financial performance information
for the year ended 30 June 2014**

The Auditor-General is the auditor of the 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 non-financial performance information of the Office on her behalf.

We have audited:

- the financial statements of the Office on pages 26 to 45, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Office that comprises the statement of service performance on pages 19 to 25 and the report about outcomes on pages 7 to 12.

Opinion

In our opinion:

- the financial statements of the Office on pages 26 to 45:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Office's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the Office on pages 7 to 12 and 19 to 25:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Office's service performance and outcomes for the year ended 30 June 2014, including for each class of outputs:

- its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
- its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 28 October 2014. 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 we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material 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 non-financial 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 non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Office's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 non-financial performance information within the Office's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information.

Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

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

Responsibilities of the Commissioner

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

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

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

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

Responsibilities of the Auditor

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

Independence

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

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



MANAAKITIA A TĀTOU TAMARIKI

Children's Commissioner

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