[](http://www.google.co.nz/url?sa=i&rct=j&q=&esrc=s&source=images&cd=&cad=rja&uact=8&ved=0ahUKEwj9h8v8kKHMAhWk4aYKHcI2A3oQjRwIBw&url=http://www.proud.org.nz/&psig=AFQjCNHJY2hOr4cc4wf8ZFU992Jg20rghQ&ust=1461376262187877)

**Human Rights Commission**

**Te Kāhui Tika Tangata**

**Statement of Performance Expectations (SPE)**

**2016/17 - 2019/20**

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# Introduction

The Human Rights Commission (the Commission) is an Independent Crown Entity pursuant to the Crown Entities Act 2004. It is responsible for advocating and promoting respect for, and an understanding and appreciation of, human rights in New Zealand and encouraging harmonious relations pursuant to the Human Rights Act 1993. Selected provisions of the Crown Entities Act 2014 also apply to the Commission’s operations and the Commission is designated as the Central National Preventive Mechanism under the Crimes of Torture Act 1989. The Commission is governed by a Board of Directors, made up of the Commissioners. The Board sets the strategic direction and general activities of the Commission.

The Office of Human Rights Proceedings (OHRP) is an independent office within the Commission and provides legal representation under the Human Rights Act 1993 and brings proceedings under the Privacy Act 1993. The Director of Human Rights Proceedings provides representation and brings proceedings independently of the Commission.

This *Statement of Performance Expectations* has been prepared in accordance with the requirements of section 149C of the Crown Entities Act 2004. It outlines how we will contribute over the next year and beyond to preserving and protecting human rights and promoting harmonious relations for all people in New Zealand.

This *Statement of Performance Expectations* reflects, and is intended to be read with, the Commission’s 2016/17−2019/20 *Statement of Intent*.

# Output activities for 2016/17 and Out-years

The Commission is funded under the Output Expense: Justice Advocacy, Advice and Promotion Services. Our advocacy, advice and promotion is in relation to our legislated role to advocate and promote respect for, and an understanding and appreciation of, human rights in New Zealand and to encourage harmonious relations.

Our Statement of Intent 2016 – 2020 outlines the strategic impacts that we intend to have. These are:

1. Increased adoption of policies and practices to achieve equality of opportunity and non-discrimination
2. Advancing human rights, including the reduction of barriers to inclusion to facilitate peaceful and inclusive societies
3. Protecting human dignity and rights through effective mechanisms of redress and increased observance of human rights obligations by decision makers.

The Commission has reviewed and refreshed its Outcomes framework to ensure it is meaningful and aligned with our strategic objectives. The resulting structure provides a clear reportable framework that forms the basis for the Commission’s ongoing work programme in both the short- and long-term.

Of particular focus for the Commission over the next few years will be business and human rights, as increasingly governments, investors, consumers and market regulators expect companies’ to be reporting on their salient human rights issues. National human rights institutions such as the Commission that comply with the Paris Principles[[1]](#footnote-1) have an important role to play in helping States identify whether relevant laws are aligned with their human rights obligations and are being effectively enforced and in providing guidance on human rights also to business enterprises and other non-State actors.

The UN Guiding Principles (UNGPs)[[2]](#footnote-2) emphasise the important role of NHRIs with regard to the State’s duty to protect. Companies overwhelmingly perceive a responsibility to respect human rights, and are still learning what their human rights responsibilities mean in practice. The Commission has initiated a programme of work to inform, educate and assist government, civil society and business to embrace human rights in their work practices and policies to ensure a fair and just society that promotes equal opportunities for everyone.

In 2015/16 the Commission developed and implemented New Zealand’s National Plan of Action (NPA) for the Protection and Promotion of Human Rights. The NPA sets out the ongoing actions Government will take to improve human rights realisation in New Zealand. Progress will be monitored and updated over the period of this Statement of Performance Expectations.

The monitoring of the NPA will inform the mid-cycle review and third Universal Periodic Review of New Zealand’s human rights record at the United Nations. The mid-cycle review will take place in the 2016/17 year and the next full review will be in 2018/19.

There will also be targeted programmes to address discrimination across all sectors of New Zealand society as research indicates that this continues to be a significant issue in employment, education, health and housing. Discrimination based on race, age, ethnicity, disability, nationality, gender and sexual orientation remain barriers to inclusion for many people in our society. In addition, the country is still working towards equal employment opportunities for all, and there remain significant gender and pay imbalances across the board.

In 2016, the Commission’s accreditation as a National Human Rights Institution (NHRI) will be internationally reviewed by a Sub-Committee of the National Human Rights Institution with the Global Alliance of National Human Rights Institutions (GANHRI).

This process takes place every five years. It requires the Commission to be independently assessed against strict criteria set out in the Paris Principles. Accordingly, a measure of retaining “A” status is included below, as a proxy of the Commission’s independence, credibility and effectiveness.

# Summary of Output and Output Expenses for 2016/17

The forecast expenses for the Commission’s Output and the total forecast revenue are provided below:

Forecast output expenditure 2016/17

**Output Class – Justice Advocacy, Advice and Promotion Services**

**Output area – On-going activities[[3]](#footnote-3)** $9.301m

Output 1: Education, promotion and advocacy for human rights

Output 2: Engagement with government, tangata whenua, civil society and business

Output 3: Legal interventions in courts and tribunals promote human rights

Output 4: Monitoring and reporting on compliance with New Zealand law and   
international human rights instruments

**Output area – Complaints of unlawful discrimination** $1.146m

Output 5: Responding to, and resolving, complaints of unlawful discrimination

**Output area – Legal representation and proceedings** $0.672m

Output 6: Providing legal representation and bringing proceedings

**Total forecast output expenditure $11.119m**

Forecast revenue

Crown revenue $9.496m

Interest revenue $0.146m

Other revenue $0.589m

**Total forecast revenue $10.231m**

**Surplus to current reserves ($0.888m)**

**Forecast Service Performance 2016/17**

Measures by output activities under the Commission’s Output for this financial year are detailed in the tables below:

**Output 1: Human rights education, promotion, and advocacy programmes that are delivered effectively**

| **Objective** | **Measure** | **Baseline** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| --- | --- | --- | --- | --- | --- | --- |
| **Increased Reach and Relevance** | The number of downloads and access to Commission digital information[[4]](#footnote-4)  Percentage of civil society and government stakeholders that provide positive feedback about key HRC external events[[5]](#footnote-5) | 35,000  70% | 10% Increase from previous year  70% | 8% Increase from previous year  70% | 7% Increase from previous year  70% | 7% Increase from previous year  70% |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Increase the understanding of the human rights dimensions of the Treaty of Waitangi (Te Mana i Waitangi)** | Percentage of engaged civil society and government stakeholders that provide positive feedback on the effectiveness of Te Mana i Waitangi training, promotion, and education | Establish the baseline in 2016/17 to benchmark against in following years | Increase from previous year | Increase from previous year | Increase from previous year | Increase from previous year |

**Output 2: Effective engagement with government, civil society and business to protect human rights and reduce barriers to inclusion**

| **Objective** | **Measure** | **Baseline** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| --- | --- | --- | --- | --- | --- | --- |
| **Engagement with government, civil society and business to effect positive human rights changes** | Percentage of planned engagements[[6]](#footnote-6) that result in actions that progress positive change | 70% | 72% | 75% | 77% | 80% |

**Output 3: Legal interventions in courts and tribunals promote human rights**

| **Objective** | **Measure** | **Baseline** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| --- | --- | --- | --- | --- | --- | --- |
| **Legal interventions to promote human rights** | Number of new legal interventions[[7]](#footnote-7) the Commission engages in related to significant human rights matters |  | At least 2 new legal interventions per year | At least 2 new legal interventions per year | At least 2 new legal interventions per year | At least 2 new legal interventions per year |

**Output 4: Recommending, monitoring and reporting on human rights standards to government, civil society and business**

| **Objective** | **Measure** | **Baseline** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| --- | --- | --- | --- | --- | --- | --- |
| **Monitoring and analysing progress in improving equal opportunity employment opportunities in New Zealand and reporting on the outcomes** | Percentage of Crown entities reaching 100% compliance  Number of Crown entities per year improving on their previous compliance rating[[8]](#footnote-8) | 45% of 91 agencies  3 | 50% of 91 agencies  Increase from previous year | 55% of 91 agencies  Increase from previous year | 60% of 91 agencies  Increase from previous year | 65% of 91 agencies  Increase from previous year |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Coordination of monitoring mechanisms and publication of reports associated with CRPD, OPCAT and EMRIP/UNDRIP[[9]](#footnote-9)** | Thematic report(s) completed and published  Number of national preventative mechanism (NPM)[[10]](#footnote-10) meetings arranged and held  Number of UNDRIP; CRPD independent monitoring mechanism (IMM)[[11]](#footnote-11) meetings arranged and held | 1 per mechanism as required | Annually by 30 June  2 meetings per year  2 meetings per year | Annually by 30 June  2 meetings per year  2 meetings per year | Annually by 30 June  2 meetings per year  2 meetings per year | Annually by 30 June  2 meetings per year  2 meetings per year |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **NPA monitors the Government’s actions to address UPR and other international treaty recommendations** | Number of updates to NPA tool to reflect changes to actions  Report produced on the status of human rights based on the NPA[[12]](#footnote-12) |  | Twice a year  Annually | Twice a year  Annually | Twice a year  Annually | Twice a year  Annually | |
| **International commitments, engagements and activities have a positive impact in the realisation of human rights** | Percentage of international interactions that have a positive impact[[13]](#footnote-13) | 70% | 70% | 70% | 70% | 70% |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Independence, credibility and effectiveness in discharging the functions of a NHRI** | Maintaining International A-Status accreditation as National Human Rights Institution (NHRI)[[14]](#footnote-14)  NZs compliance with ratified human rights treaties is reported on through timely monitoring reports to UN bodies |  | Achieved  Achieved | N/A  Achieved | N/A  Achieved | N/A  Achieved |

**Output 5: Human rights enquiries and complaints received are advanced and concluded within agreed timeframes and standards**

| **Objective** | **Measure** | **Baseline** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| --- | --- | --- | --- | --- | --- | --- |
| **Human rights enquiries and complaints are provided with a responsive and effective dispute resolution service** | Percentage of customers satisfied with the mediation process  Percentage of complaints of unlawful discrimination that are closed within one year | 90%  80% | 90%  80% | 90%  80% | 90%  80% | 90%  80% |

**Output 6: Applications for legal representation under the Human Rights Act 1993 and referrals received under the Privacy Act 1993, and associated litigation are progressed within the agreed timeframes and in accordance with expected professional legal standards**

| **Objective** | **Measure** | **Baseline** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| --- | --- | --- | --- | --- | --- | --- |
| **Responsive and timely decision making** | Percentage of applications decided within 4 months | 80% | 80% | 80% | 80% | 80% |

**Forecast Financial Statements 2016/17-2019/20**

### Forecast Statement of Comprehensive Revenue and Expense

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Estimated Actual** | **Forecast** | **Forecast** | **Forecast** | **Forecast** |
|  | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
|  | **$000** | **$000** | **$000** | **$000** | **$000** |
|  |  |  |  |  |  |
| **Revenue** |  |  |  |  |  |
| Revenue from the Crown | 9,496 | 9,496 | 9,396 | 9,396 | 9,396 |
| Interest received | 161 | 146 | 138 | 165 | 193 |
| Other revenue | 223 | 589 | 176 | 176 | 176 |
| **Total revenue** | **9,880** | **10,231** | **9,710** | **9,737** | **9,765** |
|  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |
| Personnel costs | 6,678 | 7,351 | 6,882 | 6,662 | 6,934 |
| Other expenses | 1,784 | 2,182 | 1,456 | 1,487 | 1,507 |
| Projects and programmes | 644 | 999 | 800 | 800 | 800 |
| Travel costs | 315 | 425 | 427 | 433 | 437 |
| Depreciation and amortisation | 123 | 162 | 176 | 169 | 161 |
| **Total expenses** | **9,544** | **11,119** | **9,741** | **9,551** | **9,839** |
|  |  |  |  |  |  |
| **Net surplus/(deficit)** | **336** | **(888)** | **(31)** | **186** | **(74)** |
|  |  |  |  |  |  |
| **Other comprehensive revenue** | - | - | - | - | - |
|  |  |  |  |  |  |
| **Total comprehensive revenue and expense** | **336** | **(888)** | **(31)** | **186** | **(74)** |
|  |  |  |  |  |  |

### Forecast Statement of Financial Position

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Estimated Actual** | **Forecast** | **Forecast** | **Forecast** | **Forecast** |
|  | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
|  | **$000** | **$000** | **$000** | **$000** | **$000** |
|  |  |  |  |  |  |
| **Equity** |  |  |  |  |  |
| Accumulated funds | 2,476 | 1,588 | 1,557 | 1,743 | 1,669 |
| **Total equity** | **2,476** | **1,588** | **1,557** | **1,743** | **1,669** |
|  |  |  |  |  |  |
| **Current assets** |  |  |  |  |  |
| Cash and cash equivalents | 426 | 384 | 526 | 844 | 938 |
| Short-term deposits | 2,400 | 1,000 | 1,000 | 1,000 | 1,000 |
| Receivables | 76 | 23 | 23 | 23 | 23 |
| Prepayments | 57 | 57 | 57 | 57 | 57 |
| **Total current assets** | **2,959** | **1,464** | **1,606** | **1,924** | **2,018** |
|  |  |  |  |  |  |
| **Current liabilities** |  |  |  |  |  |
| Payables | 452 | 282 | 282 | 281 | 282 |
| GST payable | 160 | 160 | 160 | 160 | 160 |
| Employee entitlements | 379 | 401 | 431 | 443 | 501 |
| **Total current liabilities** | **991** | **843** | **873** | **884** | **943** |
|  |  |  |  |  |  |
| **Working capital** | **1,968** | **621** | **733** | **1,040** | **1,075** |
|  |  |  |  |  |  |
| **Non-current assets** |  |  |  |  |  |
| Property, plant and equipment | 561 | 1,023 | 880 | 759 | 650 |
| Intangible assets | 5 | 2 | 2 | 2 | 2 |
| **Total non-current assets** | **566** | **1,025** | **882** | **761** | **652** |
|  |  |  |  |  |  |
| **Non-current liabilities** |  |  |  |  |  |
| Employee entitlements | 58 | 58 | 58 | 58 | 58 |
| **Total non-current liabilities** | **58** | **58** | **58** | **58** | **58** |
|  |  |  |  |  |  |
| **Net assets** | **2,476** | **1,588** | **1,557** | **1,743** | **1,669** |
|  |  |  |  |  |  |

## Forecast Statement of Changes in Equity

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Estimated Actual** | **Forecast** | **Forecast** | **Forecast** | **Forecast** |
|  | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
|  | **$000** | **$000** | **$000** | **$000** | **$000** |
|  |  |  |  |  |  |
| Balance at 1 July | 2,140 | 2,476 | 1,588 | 1,557 | 1,743 |
| Total comprehensive revenue and expense | 336 | (888) | (31) | 186 | (74) |
| Balance at 30 June | **2,476** | **1,588** | **1,557** | **1,743** | **1,669** |
|  |  |  |  |  |  |

### Forecast Statement of Cash Flows

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Estimated Actual** | **Forecast** | **Forecast** | **Forecast** | **Forecast** |
|  | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
|  | **$000** | **$000** | **$000** | **$000** | **$000** |
|  |  |  |  |  |  |
| **Cash flows from operating activities** |  |  |  |  |  |
| Receipts from the Crown | 9,496 | 9,496 | 9,396 | 9,396 | 9,396 |
| Receipts from other sources | 219 | 589 | 176 | 176 | 176 |
| Interest received | 118 | 199 | 138 | 165 | 193 |
| Payments to commissioners and employees | (6,149) | (6,111) | (6,142) | (6,359) | (6,533) |
| Payments to suppliers | (3,334) | (4,994) | (3,392) | (3,011) | (3,387) |
| **Net cash flow from operating activities** | **350** | **(821)** | **176** | **367** | **145** |
|  |  |  |  |  |  |
| **Cash flows from investing activities** |  |  |  |  |  |
| Maturity of short-term deposits | 3,700 | 3,900 | 1,000 | 1,000 | 1,000 |
| Sale of property, plant and equipment | 6 | - | - | - | - |
| Placement of short-term deposits | (4,100) | (2,500) | (1,000) | (1,000) | (1,000) |
| Purchases of property, plant and equipment | (390) | (621) | (32) | (47) | (49) |
| Purchases of intangible assets | - | - | (2) | (2) | (2) |
| **Net cash flow from investing activities** | **(784)** | **779** | **(34)** | **(49)** | **(51)** |
|  |  |  |  |  |  |
| Net increase/(decrease) in cash | (434) | (42) | 142 | 318 | 94 |
| Cash and cash equivalents at the  beginning of the year | 860 | 426 | 384 | 526 | 844 |
| **Cash and cash equivalents at the**  **end of the year** | **426** | **384** | **526** | **844** | **938** |
|  |  |  |  |  |  |

# Notes to and forming part of the Forecast Financial Statements

The Board of the Commission is responsible for the forecast financial statements presented in this *Statement of Performance Expectations*, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

The forecast financial statements were approved by the Board of the Commission on 30 June 2016.

## **Statement of Significant Underlying Assumptions**

The forecast financial statements are based on the following assumptions:

1. Accumulated funds, or reserves, will be used to fund operating deficits over the period covered by the forecast financial statements and provide for a depreciation reserve to replace assets as they wear out. Any excess accumulated funds will have diminished by 2020/21.
2. Functions will remain broadly the same as the previous year.
3. Except for funding of $100,000 per annum in 2015/16 and 2016/17 for an anti-racism campaign, no extra Government funding will be received for the foreseeable future and at least until 2020.
4. Staff numbers will remain static throughout the period and be supported by short-term contract assistance for specific programmes of work over a defined period of time.
5. A moratorium on movement through pay scales agreed with unionised staff will end in November 2017 when the moratorium expires.
6. Offices will continue to operate in Auckland, Wellington and Christchurch.
7. The Auckland office will relocate to 41 Shortland Street in July 2016 following a surrender, at the landlord’s request, of the lease at 21 Queen Street. The cost to fit-out the new premises is budgeted at $800,000 across the 2015/16 and 2016/17 financial years.
8. A similar proportion of office space at 41 Shortland Street will be sublet to the Energy Efficiency and Conservation Authority as is sublet now at 21 Queen Street.
9. Implementation of a new knowledge management system will be completed in 2016/17 and accounts for a large portion of the increase in other expenses in that year.
10. Inflation is assumed at an average of 1.54% per annum. Interest rate assumptions are not material.
11. Prior to 2020/21, the Commission will undertake a review to ascertain what action will be taken on cost structures, funding, and service delivery to ensure a financially sustainable organisation that has sufficient resources to deliver its statutory obligations effectively.

The forecast financial statements have been prepared on the basis of actual events, transactions and financial results up to 31 May 2016 and assumptions about future events that are reasonably expected to occur, associated with the actions that are reasonably expected to be taken, as at the date that this information was prepared.

The purpose of these financial statements is to indicate the likely financial impact of implementing the Commission’s longer term strategic direction, and to assist Parliament’s consideration of the appropriations for, and planned performance of, the Commission. The information disclosed is indicative only and may not be appropriate for any other purpose.

Readers are cautioned that actual results are likely to vary from the information presented here and that the variations may be material.

It is not intended that this published material will be updated.

## **Statement of Accounting Policies**

### Reporting entity

### The Commission is a Crown entity as defined by the Crown Entities Act 2004. The Commission’s functions and responsibilities are set out in the Human Rights Act 1993 and it has designated itself as a public benefit entity (PBE) for financial reporting purposes.

### Basis of preparation

The forecast 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 forecast financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The forecast financial statements have been prepared in accordance with Tier 2 PBE accounting standards as appropriate for public sector entities and comply with Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements*. The Commission is eligible to apply Tier 2 PBE accounting standards because it does not have public accountability, as defined in the PBE Standards, and its total expenses are less than $30 million.

### Presentation currency and rounding

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

### Summary of significant accounting policies

### Revenue

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

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

### Revenue from the Crown

The Commission is primarily funded by revenue received from the Crown through the Ministry of Justice for the provision of outputs. This funding is dedicated to the Commission meeting the objectives specified in the Human Rights Act 1993 and the scope of the relevant appropriations of the funder. The Commission considers there are no conditions attached to the funding and it is recognised as non-exchange revenue at the point of entitlement. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

### Interest received

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.

### Provision of services

Services provided to third parties on commercial terms, such as the provision of advice and educational workshops, are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date.

### Grants received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance 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.

### Grant expenditure

Discretionary grants are those grants where the Commission has no obligation to award on the receipt of a grant application and are recognised as expenditure when approved by the Commission and the approval has been communicated to the applicant.

### Project and programme costs

Costs that are directly attributable to a project or programme activity are reported in the statement of comprehensive revenue and expense as project and programme costs. This includes the cost of travel where the primary purpose of the travel relates to the project activity.

### 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.

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 in the statement of comprehensive revenue and expense as a reduction in rental expense over the lease term.

### Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing 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 recognized in the surplus or deficit in the statement of comprehensive revenue and expense.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand and funds on deposit at banks with an original maturity of three months or less.

### Short-term deposits

Short-term deposits include funds on deposit at banks with an original maturity of more than three months but not more than 12 months and are initially measured at the amount invested.

### Receivables

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

A receivable is considered impaired when there is evidence that the Commission 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.

### Property, plant and equipment

Property, plant and equipment consists of equipment, furniture and fittings, leasehold improvements, library books and motor vehicles.

Property, plant and equipment is measured at cost less any accumulated depreciation and impairment losses.

### Additions

The cost of an item of property, plant and equipment is recognized as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the Commission and the cost of the item can be measured reliably.

Work in progress is measured at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognized at its cost. Where an asset is acquired through a non-exchange transaction, it is recognized at its fair value 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 as a net amount in the surplus or deficit in the statement of comprehensive revenue and expense.

### Subsequent costs

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

The costs of day-to-day servicing of property, plant and equipment are recognized in the surplus or deficit in the statement of comprehensive revenue and expense as they are incurred.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at rates that will write off the cost 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:

Equipment 2.5−10 years 10−40%  
Furniture and fittings 5−10 years 10−20%  
Leasehold improvements 5−12 years 8.3−20%  
Library books 5 years 20%  
Motor vehicles 5 years 20%

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

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

Costs associated with maintaining computer software, the development and maintenance of the Commission’s website, and staff training costs are recognized as an expense when incurred.

### Trademarks

Trademarks are capitalized on the basis of the costs incurred to register the trademark with the Intellectual Property Office of New Zealand.

### Amortization

The carrying value of an intangible asset with a finite life is amortized on a straight-line basis over its useful life. Amortization begins when the asset is available for use and ceases at the date that the asset is derecognized. The amortization charge for each financial year is recognized in the surplus or deficit in the statement of comprehensive revenue and expense.

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

Computer software 2−10 years 10−50%  
Trademarks 10 years 10%

### Impairment of property, plant and equipment and intangible assets

### Cash generating assets

The Commission does not hold any property, plant and equipment or intangible assets that are cash generating. Assets are considered cash-generating where their primary objective is to generate a commercial return, otherwise they are considered non-cash generating.

### Non-cash generating 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 recognized 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 recognized in the surplus or deficit in the statement of comprehensive revenue and expense. The reversal of an impairment loss is also recognized in the surplus or deficit in the statement of comprehensive revenue and expense.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. An intangible asset that is not yet available for use at the balance sheet date is tested for impairment annually.

### 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 and annual leave earned but not yet taken at balance date.

A liability and an expense are recognized 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.

Permanent employees are entitled to actual and reasonable sick leave to recover from genuine illness but entitlements do not accumulate and are recognized as an expense when the absence occurs.

### 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 and retirement leave, have been calculated on an actuarial basis. The calculations are based on:

1. 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 entitlements information and
2. the present value of the estimated future cash flows.

### Presentation of employee entitlements

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

### Superannuation schemes

### Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution schemes and are recognized as an expense in the surplus or deficit in the statement of comprehensive revenue and expense as incurred.

### Defined benefit schemes

The Commission does not make contributions to defined benefit schemes.

### Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are disclosed at the value of that penalty or exit cost.

### Accumulated funds

Accumulated funds are the net surpluses and deficits that have accumulated over time and represent the Crown’s investment in the Commission. Accumulated funds are measured as the difference between total assets and total liabilities.

### Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### Income tax

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

### Critical accounting estimates and assumptions

In preparing these forecast financial statements the Commission has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the forecast financial statements are discussed below:

### Estimating useful lives and residual values of property, plant and equipment and intangible assets

At each balance date, the useful lives and residual values of property, plant, and equipment and intangible assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment and intangible assets 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 Commission, 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 or amortization expense recognized in the surplus or deficit in the statement of comprehensive revenue and expense, and the carrying amount of the asset in the statement of financial position.

### Critical judgements in applying accounting policies

### Computer software

The Commission must exercise judgement to determine whether expenditure on developing and configuring computer software meets the criteria for recognition as an intangible asset. This includes an assessment of whether the expenditure creates an item that can be identified and separated from the Commission, is under the control of the Commission, and will provide future economic benefits or service potential. This judgement will be based on the facts and circumstances of the expenditure.

### Grants received

The Commission must exercise judgement when recognizing 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.

### Comparatives

When presentation or classification of items inthe financial statements is amended or accountingpolicies are changed voluntarily, comparative figuresare restated to ensure consistency with the currentperiod unless it is impracticable to do so.

1. The Paris Principles were defined at the first International Workshop on National Institutions for the Promotion and Protection of Human Rights held in Paris in October 1991. They were adopted by the United Nations Human Rights Commission by Resolution 1992/54 of 1992, and by the UN General Assembly in its Resolution 48/134 of 1993. The Paris Principles relate to the status and functioning of national institutions for the protection and promotion of human rights. It includes a comprehensive series of recommendations on the role, composition, status and functions of national human rights institutions (NHRIs) [↑](#footnote-ref-1)
2. The United Nations Guiding Principles on Business and Human Rights (UNGPs) are a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. [↑](#footnote-ref-2)
3. General operating costs, such as office accommodation and depreciation, are included in on-going activities. [↑](#footnote-ref-3)
4. The Commission will measure civil society and government stakeholder feedback on the effectiveness of its communications and engagement on a biennial basis. The next survey will be during the 2017/18 financial year. [↑](#footnote-ref-4)
5. Measured through formal feedback solicited at key external events. [↑](#footnote-ref-5)
6. Includes face to face and written engagement, incl. but not limited to, facilitation of events and submissions. Engagements occur in line with the strategic objectives and advocacy areas as defined in the Commission’s business plan. [↑](#footnote-ref-6)
7. The Commission intervenes in legal proceedings in Courts and tribunals when there are significant human rights issues involved and where our participation will contribute positively to the development of jurisprudence, policies or practice that will enhance observance of human rights in New Zealand. Legal interventions require significant preparation work, input and time commitment due to the nature of key human rights issue cases brought before the Courts. [↑](#footnote-ref-7)
8. Relates to Crown entities who are progressing towards 100% compliance [↑](#footnote-ref-8)
9. The Commission, reporting to United Nation treaty monitoring bodies, works with government and civil society; providing reports, advice and technical assistance in response to periodic compliance examinations. [↑](#footnote-ref-9)
10. The Commission’s role as NPM (National Preventive Mechanism) mandates the Commission to monitor places of detention and produce annual reports on its activities, issues and recommendations made. [↑](#footnote-ref-10)
11. The HRC’s role as monitoring mechanism (IMM) mandates it to monitor and report on the Government’s performance against the obligations in the Convention on the Rights of Persons with Disabilities. [↑](#footnote-ref-11)
12. The NZ Government’s human rights record was reviewed by the United Nations as part of the UPR or Universal Periodic Review. The NPA monitors the Government’s actions on the 121 recommendations it accepted. The Commission works with government and civil society on how to successfully address the identified issues and monitor progress. An indicators framework that measure the outcomes from those actions and progress against UN treaty body recommendations has been developed, and annually, a report is produced on the status of human rights based on the actions that will progress the UPR recommendations accepted by the government. [↑](#footnote-ref-12)
13. The Commission participates in a number of international commitments and engagements which aim to have a positive impact in the realisation of human rights, not only locally but also in the international sphere. Impact is measured by inclusion or acceptance of the Commission’s contributions into the advice, guidelines and directives by international institutions and guiding bodies that contribute to the advancement of human rights. [↑](#footnote-ref-13)
14. The Commission has an A-status accreditation as a National Human Rights Institution with the Global Alliance of National Human Rights Institutions (GANHRI). This status is the highest recognition of the independence a national human rights institution can achieve. NHRIs which are awarded A-status are recognised for their credibility and professionalism. It shows that the NHRI “is legitimate, relevant and effective in promoting human rights at the national level” (OHCHR, 2012). A-status also provides formal participation in the United Nations Human Rights Council and engagement with other UN treaty bodies. Re-accreditation occurs every 5 years involving a sub-committee of GANHRI, and approval of the organisation on behalf of the United Nations. [↑](#footnote-ref-14)