



2018/19

---

## Statement of Performance Expectations

# Contents

Introduction .....	3
Output activities for 2018/19.....	5
Human Rights Commission’s Strategic Framework .....	9
Summary of Output and Output Expenses for 2018/19.....	10
Forecast Service Performance 2018/19 .....	11
Forecast Financial Statements 2018/19-2021/22 .....	16
Forecast Statement of Comprehensive Revenue and Expense .....	16
Forecast Statement of Financial Position .....	17
Forecast Statement of Changes in Equity .....	18
Forecast Statement of Cash Flows .....	18
Notes to and forming part of the Forecast Financial Statements.....	19

## COPYRIGHT ©

Unless otherwise stated, the information in this Statement of Performance Expectations is protected by copyright and is subject to the copyright laws of New Zealand. The information may not be reproduced without permission from the Human Rights Commission.

# Introduction

The Human Rights Commission is New Zealand's national human rights institution. It is an independent Crown Entity responsible for promoting and encouraging the protection of human rights and harmonious relations between all people in New Zealand.

The Board of the Commission determines the strategic direction and general activities of the Commission consistent with the Human Rights Act 1993 and Crown Entities Act 2004.

The Commission is accredited with "A" status by the United Nations Office of the High Commissioner for Human Rights and the Global Alliance of National Human Rights Institutions. The status is the highest recognition of independence that a national human rights institution can achieve and provides the Commission with speaking rights at relevant United Nations Human Rights Council and committee sessions. This means we operate in accordance with the principles relating to the Status of National Institutions, commonly known as the 'Paris Principles'. These principles set out the minimum international standards required for National Human Rights Institutions (NHRIs) to be considered credible and to operate independently.

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

On 21 February 2018, pursuant to section 132 of the Crown Entities Act 2004, the Minister of Justice appointed retired Judge Coral Shaw to review the Human Rights Commission in relation to the handling of internal sexual harassment claims and the Commission's organisational culture. The report on the Ministerial Review was released by the Minister of Justice on 15 May 2018. The Commission will be implementing the recommendations in the report.

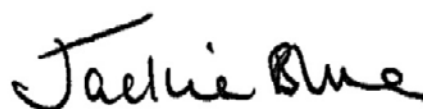
This *Statement of Performance Expectations* (SPE) has been provided to meet the statutory timeframe on reporting requirements in accordance with the Crown Entities Act 2004. The Commission intends to review and amend the SPE in the coming months once the Commission has considered and responded to the recommendations made by retired Judge Shaw.

This SPE 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 SPE reflects and is intended to be read with the Commission's 2016/17–2019/20 *Statement of Intent*.

A handwritten signature in blue ink, appearing to be 'PT' followed by a long horizontal stroke.

Paula Tesoriero MNZM  
Acting Chief Commissioner  
Disability Rights Commissioner

A handwritten signature in black ink that reads 'Jackie Blue'.

Dr Jackie Blue  
Equal Employment Opportunities Commissioner

## Output activities for 2018/19

The Human Rights Commission (the Commission) is funded under the Output Expense: Services from the Human Rights Commission. Our scope of appropriation is limited to advocating and promoting respect for, and an understanding and appreciation of human rights in New Zealand. This appropriation is intended to achieve the efficient and effective advocacy and promotion of human rights in New Zealand by the Human Rights Commission. Our Statement of Performance Expectations also has a number of performance standards and measures over and above those in the appropriation. These have been marked with an asterisk.

The Commission's Statement of Intent 2016/17 – 2019/20 outlines the outcomes and impacts that we want to achieve over this period.

The Commission's primary functions, as set out in section 5(1) of the Human Rights Act 1993, are to:

- (a) advocate and promote respect for, and an understanding and appreciation of, human rights in New Zealand society
- (b) encourage the maintenance and development of harmonious relations between individuals and among the diverse groups in New Zealand society
- (c) promote racial equality and cultural diversity
- (d) promote equal employment opportunities (including pay equity)
- (e) promote and protect the full and equal enjoyment of human rights by persons with disabilities.

Section 5(2) of the Human Rights Act 1993 lists the detailed functions of the Commission. In addition to the Human Rights Act 1993, important human rights principles are enshrined in New Zealand's constitutional arrangements or legislation, including the:

- 1 Te Tiriti o Waitangi 1840
- 2 New Zealand Bill of Rights Act 1990
- 3 Crimes of Torture Act 1989

As a member of the United Nations, New Zealand supports the human rights provisions of the United Nations Charter and the Universal Declaration of Human Rights (UDHR) 1948. New Zealand is obliged under international law to meet its human rights obligations to people in New Zealand as set out in the international human rights treaties New Zealand has ratified.

These include the:

1. International Covenant on Civil and Political Rights (ICCPR),
2. International Covenant on Economic, Social and Cultural Rights (ICESCR)
3. International Convention on the Elimination of All Forms of Racial Discrimination (CERD)
4. Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)
5. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT)
6. Convention on the Rights of the Child (CRC)
7. Convention on the Rights of Persons with Disabilities (CRPD)

New Zealand has also signed the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

The Commission also has functions to facilitate the resolution of disputes, involving unlawful discrimination in the most efficient, informal, and cost-effective manner possible. The Commission has no adjudicative or judicial function in respect of individual complaints or disputes. Those functions are carried out by the Human Rights Review Tribunal<sup>1</sup> and the courts.

The Commission's ongoing work programme focuses on our ability to respond effectively to human rights issues, deliver on our core commitment to advocate for human rights and improve the realisation of human rights for all New Zealanders.

The focus of the Commission over the next period will be continuing the work on business and human rights, advocating for both government and businesses to embed human rights into practice. National human rights institutions such as the Commission that comply with the Paris Principles 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.

---

<sup>1</sup> The Tribunal is an independent judicial body that hears claims relating to breaches of the Human Rights Act 1993, Privacy Act 1993 and Health and Disability Commissioner Act 1994. The Tribunal is administered by the Ministry of Justice and is completely separate from the Human Rights Commission, Privacy Commissioner, and Health and Disability Commissioner.

The UN Guiding Principles on Business and Human Rights (UNGPs) are another international human rights development of considerable significance. The UNGPs were endorsed by the UN Human Rights Council in 2011 with the objective of enhancing business and human rights standards and practices and achieving tangible results for individuals and communities<sup>2</sup>.

The UNGPs reinforce the current obligations States have under international human rights treaties and provide non-binding human rights responsibilities to businesses. The UN Committee on Economic, Social and Cultural Rights is strongly advocating for the adoption of a national plan of action to implement the UNGPs<sup>3</sup>.

The Commission is working 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 early 2019 New Zealand's human rights record will be reviewed by the United Nations Human Rights Council as part of the Universal Periodic Review (UPR) process. The recommendations that arose from New Zealand's last UPR in 2014 formed the basis for New Zealand's current National Action Plan on Human Rights (NPA) <https://npa.hrc.co.nz>. It is anticipated that the set of recommendations arising from New Zealand's third UPR and the concluding observations of UN Treaty Bodies will form the basis for the next iteration of the NPA. The NPA platform will need to be redeveloped to accommodate these changes.

The Concluding Observations on the fourth periodic report of New Zealand in the March 2018 review by the UN Committee on Economic, Social and Cultural Rights identified areas that need addressing by the State including the status of the Treaty of Waitangi; eradicating family violence; closing the gender pay gap; combatting child poverty; and protecting the rights to housing, health and education. The Government must also provide within 18 months information on the implementation of three recommendations relating to the adoption of a human rights-based national housing strategy, the adoption of a strategy to eradicate family violence and an assessment of the effectiveness of the sanctions regime. The Commission's submission to the Committee made 20 recommendations for New Zealand to demonstrate a more tangible legislative, policy and practice commitment to meeting its obligations under ICESCR.

---

<sup>2</sup> [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

<sup>3</sup> Concluding observations on the 4<sup>th</sup> periodic report of New Zealand March 2018

The rights of disabled people remain a focus area for the Commission. Existing legal provisions do not conform to international standards regarding reasonable accommodation and inclusive education and persons with disabilities remain socially and economically disadvantaged across a number of areas.

A national strategy is lacking to bring legislation and public policy in line with the provisions of UNDRIP. The Commission's work in indigenous rights and the Treaty space will continue to advocate for better outcomes for Māori.



# Human Rights Commission's Strategic Framework

**Our Vision: People in New Zealand live together harmoniously, sharing a common respect for each other's inherent dignity and human rights**

## Outcomes we seek

- A peaceful and inclusive New Zealand society in which human dignity and human rights are respected
- Discrimination and barriers to inclusion are reduced through education and compliance with human rights standards

## The impacts we intend to have

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

## Measuring our impact

- The NZ public has a greater awareness and appreciation of human rights of all the diverse groups of people that make up our society
- Central and local government agencies increasingly consider and implement human rights standards and obligations into policy and legislative decisions
- Increased positive outcomes for breaches of human rights standards through the provision of effective dispute resolution services and legal representation

## How we deliver

- 1 Human rights education, promotion, and advocacy programmes that are delivered effectively
- 2 Legal interventions in courts and tribunals promote human rights
- 3 Effective engagement with government, civil society and business to protect human rights and reduce barriers to inclusion
- 4 Recommending, monitoring and reporting on human rights standards to government, civil society and business
- 5 Human rights enquiries and complaints received are advanced and concluded within agreed timeframes and standards
- 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 professional standards.

## Summary of Output and Output Expenses for 2018/19

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

Forecast output expenditure	2018/19
<b>Output Class – Services from the Human Rights Commission</b>	
<b>Output area – On-going activities<sup>4</sup></b>	<b>\$8.410m</b>
Output 1: Education, promotion and advocacy for human rights	
Output 2: Engagement with government, 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	
<b>Output area – Complaints of unlawful discrimination</b>	
Output 5: Responding to, and resolving, complaints of unlawful discrimination	\$1.179m
<b>Output area – Legal representation and proceedings</b>	
Output 6: Providing legal representation and bringing proceedings	\$0.662m
<b>Total forecast output expenditure</b>	<b>\$10.251m</b>
<hr/>	
<b>Forecast revenue</b>	
Crown revenue	\$9.396m
Other revenue	\$0.427m
Interest revenue	\$0.121m
<b>Total forecast revenue</b>	<b>\$9.944m</b>
<b>Surplus to (deficit from) current equity</b>	<b>(\$0.307m)</b>

<sup>4</sup> General operating costs, such as office accommodation and depreciation, are included in on-going activities

## Forecast Service Performance 2018/19

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 programs that are delivered effectively

Objective	Measure	Baseline	2018/19
Increased Reach and Relevance	The number of downloads and access to Commission digital information	35,000	7% Increase from 2017/18 year
	*Percentage of civil society and government stakeholders that provide positive feedback about key HRC external events <sup>5</sup>	70%	70% <sup>6</sup>
Increase the understanding of the human rights dimensions of the Treaty of Waitangi (Te Mana I Waitangi)	*Percentage of engaged <sup>7</sup> civil society and government stakeholders that provide positive feedback on the effectiveness of Te Mana i Waitangi training, promotion, and education	70%	70%

<sup>5</sup> Measured through formal feedback solicited at key external events

<sup>6</sup> A static target has been set for this measure as the baseline is deemed ambitious

<sup>7</sup> The Commission engages with civil society and government stakeholders based on relevance to current priorities and areas of need for tangata whenua

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

Objective	Measure	Baseline	2018/19
Engagement with government, civil society and business to effect positive human rights changes	*Percentage of planned engagements <sup>8</sup> that result in actions that progress positive change	70%	77%

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

Objective	Measure	Baseline	2018/19
Legal interventions to promote human rights	Number of new legal interventions <sup>9</sup> the Commission engages in related to significant human rights matters	No baseline <sup>10</sup>	At least 2 new legal interventions per year

---

<sup>8</sup> 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. Success is measured through reviewing the outcomes of engagements that indicates positive progression towards a goal, or a tangible result.

<sup>9</sup> 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.

<sup>10</sup> No baseline indicated due to legal proceedings concluding and the Commission's input ending

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

Objective	Measure	Baseline	2018/19
Monitoring and analysing progress in improving equal opportunity employment opportunities in New Zealand and reporting on the outcomes	*Number of Crown entities per year improving on their previous compliance rating <sup>11</sup>	3	Increase from previous year
Objective	Measure	Baseline	2018/19
Coordination of monitoring mechanisms and publication of reports associated with OPCAT, CRPD, and EMRIP/UNDRIP <sup>12</sup>	*Thematic report(s) completed and published	One	Annually by 30 June
	*Number of national preventive mechanism (NPM) <sup>13</sup> meetings arranged and held		2 meetings per year
	*Number of UNDRIP; CRPD independent monitoring mechanism (IMM) <sup>14</sup> meetings arranged and held		2 meetings per year

<sup>11</sup> Relates to Crown entities who are progressing towards 100% compliance. This is measured annually.

<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> 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.

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		Twice a year
	*Report produced on the status of human rights based on the NPA <sup>15</sup>		Annually
<b>Objective</b>	<b>Measure</b>	<b>Baseline</b>	<b>2018/19</b>
International commitments, engagements and activities have a positive impact in the realisation of human rights	*Percentage of international interactions that have a positive impact <sup>16</sup>	70%	70%
Independence, credibility and effectiveness in discharging the functions of a NHRI	*NZs compliance with ratified human rights treaties is reported on through timely monitoring reports to UN bodies	Achieved	Achieved

<sup>15</sup> The NZ Government's human rights record was reviewed by the United Nations as part of the 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. 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.

<sup>16</sup> The Commission participates in several 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.

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

Objective	Measure	Baseline	2018/19
Human rights enquiries and complaints are provided with a responsive and effective dispute resolution service	Customer satisfaction with the mediation process	90%	90%
	Responsive and timely resolution of enquiries and complaints as measured by the percentage of complaints of complaints of unlawful discrimination closed within one year	80%	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	2018/19
Responsive and timely decision making	Percentage of applications decided within 4 months	80%	80%

# Forecast Financial Statements 2018/19-2021/22

## Forecast Statement of Comprehensive Revenue and Expense

	Actual 2016/17 \$000	Estimated Actual 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Revenue</b>						
Revenue from the Crown	9,496	9,696	9,396	9,396	9,396	9,396
Other revenue	622	289	427	182	182	182
Interest received	107	107	121	114	113	115
<b>Total revenue</b>	<b>10,225</b>	<b>10,092</b>	<b>9,944</b>	<b>9,692</b>	<b>9,691</b>	<b>9,693</b>
<b>Expenses</b>						
Personnel costs	7,736	7,202	6,995	7,108	7,191	7,146
Other expenses	1,915	1,346	1,631	1,438	1,457	1,474
Projects and programmes	945	730	727	650	350	350
Travel costs	387	529	470	484	490	496
Depreciation and amortisation	139	153	158	174	175	176
<b>Expenses</b>	<b>11,122</b>	<b>9,960</b>	<b>9,981</b>	<b>9,854</b>	<b>9,663</b>	<b>9,642</b>
<b>Operating surplus/(deficit)</b>	<b>(897)</b>	<b>132</b>	<b>(37)</b>	<b>(162)</b>	<b>28</b>	<b>51</b>
Non-recurring costs <sup>17</sup>	-	(126)	(270)	-	-	-
<b>Net surplus/(deficit) after non-recurring costs</b>	<b>(897)</b>	<b>6</b>	<b>(307)</b>	<b>(162)</b>	<b>28</b>	<b>51</b>
Other comprehensive revenue	-	-	-	-	-	-
<b>Total comprehensive revenue and expense</b>	<b>(897)</b>	<b>6</b>	<b>(307)</b>	<b>(162)</b>	<b>28</b>	<b>51</b>

<sup>17</sup> Relating to Ministerial Review



## Forecast Statement of Financial Position

	Actual 2016/17 \$000	Estimated Actual 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Equity</b>						
Accumulated funds	1,728	1,734	1,427	1,265	1,293	1,344
<b>Total equity</b>	<b>1,728</b>	<b>1,734</b>	<b>1,427</b>	<b>1,265</b>	<b>1,293</b>	<b>1,344</b>
<b>Current assets</b>						
Cash and cash equivalents	360	129	432	435	375	548
Term deposits	1,640	1,700	1,000	1,000	1,000	1,000
Receivables	40	37	46	48	43	46
Prepayments	103	55	56	61	181	181
<b>Total current assets</b>	<b>2,143</b>	<b>1,921</b>	<b>1,534</b>	<b>1,544</b>	<b>1,599</b>	<b>1,775</b>
<b>Current liabilities</b>						
Payables	567	567	359	310	307	293
GST payable	111	128	118	119	122	120
Employee entitlements	602	250	298	414	324	331
<b>Total current liabilities</b>	<b>1,280</b>	<b>945</b>	<b>775</b>	<b>843</b>	<b>753</b>	<b>744</b>
<b>Working capital</b>	<b>863</b>	<b>976</b>	<b>759</b>	<b>701</b>	<b>846</b>	<b>1,031</b>
<b>Non-current assets</b>						
Property, plant and equipment	1,030	905	796	673	537	400
Intangible assets	2	5	5	5	5	5
<b>Total non-current assets</b>	<b>1,032</b>	<b>910</b>	<b>801</b>	<b>678</b>	<b>542</b>	<b>405</b>
<b>Non-current liabilities</b>						
Payables	79	60	41	22	3	-
Employee entitlements	88	92	92	92	92	92
<b>Total non-current liabilities</b>	<b>167</b>	<b>152</b>	<b>133</b>	<b>114</b>	<b>95</b>	<b>92</b>
<b>Net assets</b>	<b>1,728</b>	<b>1,734</b>	<b>1,427</b>	<b>1,265</b>	<b>1,293</b>	<b>1,344</b>

## Forecast Statement of Changes in Equity

	Actual 2016/17 \$000	Estimated Actual 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
Balance at 1 July	2,625	1,728	1,734	1,427	1,265	1,293
Total comprehensive revenue and expense	(897)	6	(307)	(162)	28	51
Balance at 30 June	<b>1,728</b>	<b>1,734</b>	<b>1,427</b>	<b>1,265</b>	<b>1,293</b>	<b>1,344</b>

## Forecast Statement of Cash Flows

	Actual 2016/17 \$000	Estimated Actual 2017/18 \$000	Forecast 2018/19 \$000	Forecast 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
<b>Cash flows from operating activities</b>						
Receipts from the Crown	9,496	9,696	9,396	9,396	9,396	9,396
Receipts from other sources	382	312	418	180	186	180
Interest received	163	87	121	114	113	115
Payments to personnel and suppliers	(10,547)	(10,209)	(10,272)	(9,637)	(9,719)	(9,477)
Goods and services tax (net)	(3)	17	(11)	1	3	(2)
<b>Net cash flow from operating activities</b>	<b>(509)</b>	<b>(97)</b>	<b>(348)</b>	<b>54</b>	<b>(21)</b>	<b>212</b>
<b>Cash flows from investing activities</b>						
Maturity of term deposits	4,590	3,190	3,700	3,000	3,000	3,000
Sale of property, plant and equipment	201	9	-	-	-	-
Placement of term deposits	(3,830)	(3,250)	(3,000)	(3,000)	(3,000)	(3,000)
Purchase of property, plant and equipment	(771)	(78)	(47)	(49)	(37)	(37)
Purchase of intangible assets	-	(5)	(2)	(2)	(2)	(2)
<b>Net cash flow from investing activities</b>	<b>190</b>	<b>(134)</b>	<b>651</b>	<b>(51)</b>	<b>(39)</b>	<b>(39)</b>
Net increase/(decrease) in cash	(319)	(231)	303	3	(60)	173
Cash and cash equivalents at the beginning of the year	679	360	129	432	435	375
<b>Cash and cash equivalents at the end of the year</b>	<b>360</b>	<b>129</b>	<b>432</b>	<b>435</b>	<b>375</b>	<b>548</b>

## 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 29 June 2018.

### Statement of Significant Underlying Assumptions

The forecast financial statements are based on the following assumptions:

1. Our functions will remain broadly the same as the previous year.
2. No extra Government funding will be received for the foreseeable future and at least until 2020.
3. Equity will be used to fund operating deficits in 2018/19 and 2019/20 and provide for an asset replacement fund to replace assets as they wear out. Surplus cash held in equity will have largely diminished by 30 June 2019.
4. To balance the budget, the allowance for projects, programmes and short-term contract assistance will reduce in 2018/19 and each year thereafter. Our work programme will shrink accordingly.
5. Staff numbers will remain largely unchanged throughout the period and be supported by short-term contract assistance for specific programmes of work over a defined period.
6. Staff pay movements will fall in line with the existing remuneration system and ensure an effective workforce can be attracted and retained.
7. We will continue to operate an office in Auckland, Wellington and Christchurch and

existing office accommodation will be sufficient for our needs.

8. Inflation is assumed at an average of 2.0% per annum. Interest rate assumptions are based on economic forecasts by Treasury but are not material.
9. By 30 June 2019 the Commission will have implemented, to the best of its ability, the recommendations of the Ministerial Review undertaken by retired Judge Shaw in 2018. Implementation costs will be met within the allowance made for them.
10. By 30 June 2019 the Commission will complete 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 based on actual events, transactions and financial results up to 30 April 2018 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 Crimes of Torture Act 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 Crimes of Torture Act 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, other than personnel and travel costs, directly attributable to a project or programme activity are reported in the statement of comprehensive revenue and expense as project and programme costs.

## **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.

### **Term deposits**

Term deposits include funds on deposit at banks with an original maturity of more than three months and are initially measured at the amount invested. Term deposits which will be recovered more than three but no more than twelve months after the reporting date are classified as current. Term deposits which will be recovered more than twelve months after the reporting date are classified as non-current and the amount expected to be recovered after more than twelve months is disclosed.

### **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, and leasehold improvements. 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 after 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	2–12 years	8.3–50%
Furniture and fittings	5–17 years	5.9–20%
Leasehold improvements	9–12 years	8.3–11.1%

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 based on 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 based on 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	3–5 years	20–33%
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. Leasehold incentives with an unexpired portion beyond 12 months are recorded at face value and classified as a non-current liability.

## 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 recognised 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 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 several 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 in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.