



HERITAGE NEW ZEALAND
POUHERE TAONGA

**HERITAGE NEW ZEALAND POUHERE TAONGA
STATEMENT OF PERFORMANCE EXPECTATIONS
2015-2016**

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STATEMENT OF PERFORMANCE EXPECTATIONS 2015-2016**

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1 STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF PERFORMANCE EXPECTATIONS

In Accordance with the Crown Entities Act 2004 and FRS – 42, Prospective Financial Statements, the Board and the management of the Heritage New Zealand hereby state that:

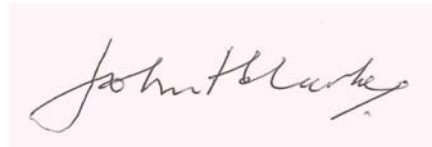
- The Board and the management of Heritage New Zealand have been responsible for the preparation of these Statement of Performance Expectations and Prospective Financial Statements, including the appropriateness of the assumptions underlying them, and the judgements used therein.
- The Statement of Performance Expectations and Prospective Financial Statements will be updated in accordance with the s139 of the Crown Entities Act 2004 (as amended by the Crown Entities amendment Act 2013) obligation to prepare a Statement of Performance Expectations at the start of each financial year.
- Readers of this Statement of Performance Expectations are referred to the *Heritage New Zealand Statement of Intent 2015-19* for the strategic context in which this document has been developed.



Rt Hon Wyatt Creech
Chair Heritage New Zealand Board

Tumuaki a te Poari Te Pouhere Taonga

25 June 2015



John Clarke
Board Member Heritage New Zealand and
Chair Māori Heritage Council
Mema o te Poari o te Pouhere Taonga me
Tiamana o te Kaunihera Taonga Tuku Iho Māori

25 June 2015

2 Connection to Heritage New Zealand's Outcomes

As outlined in the *Heritage New Zealand Pouhere Taonga Statement of Intent 2015-19*, the work of Heritage New Zealand falls into three broad areas: Knowledge, Conservation and Engagement. While all Heritage New Zealand's operations are interrelated, for clarity, the remainder of this document discusses the specific outputs under these three intermediate outcome areas. The following table summarises how the outputs that we are intending to deliver during 2014-15 link to these outcomes:

GOVERNMENT'S GOAL FOR THE CULTURAL SECTOR:		
New Zealand's distinctive culture enriches our lives		
ARTS CULTURE AND HERITAGE SECTOR - STRATEGIC FRAMEWORK:		
The sector strategic framework identifies five priorities for the period 2015/19: <ul style="list-style-type: none"> • fostering an inclusive New Zealand identity, • supporting Māori cultural aspirations, • front-footing transformative technology, • improving cultural asset sustainability, and • measuring and maximising cultural values. 		
MINISTRY FOR CULTURE AND HERITAGE OUTCOMES:		
Cultural activity flourishes in New Zealand (Create)	Our culture and heritage can be enjoyed by future generations (Preserve)	Engagement in cultural activities is increasing (Engage)
HERITAGE NEW ZEALAND'S OUTCOMES:		
Present and future generations of New Zealanders appreciate their sense of place, identity and nationhood.		
<p>KNOWLEDGE/MATAURANGA Places that contribute to New Zealand's culture and heritage are recognised and their stories recorded.</p> <p>Long-term impact indicator Knowledge about New Zealand's culture and heritage is increased and accessible.</p>	<p>CONSERVATION/PENA PENA TAONGA Places that are significant to New Zealand's culture and heritage are conserved.</p> <p>Long-term impact indicator Loss of heritage entered on the New Zealand Heritage List through demolition or destruction is minimised. The conservation measures in district plans meet Heritage New Zealand Standards.</p>	<p>ENGAGEMENT/HONONGA New Zealanders engage with those places that contribute to New Zealand's culture and heritage.</p> <p>Long-term impact indicator Public engagement, awareness and understanding of heritage is increased.</p>
HERITAGE NEW ZEALAND STRATEGIC PRIORITIES FOR HERITAGE:		
In delivering the outputs below to achieve the outcomes above, the Board has identified the following strategic priorities: <ul style="list-style-type: none"> ▪ Establishing the National Historic Landmarks List ▪ Building public support for heritage through engagement and by working together with the community, property owners, and heritage volunteers ▪ Focusing on the most significant places ▪ Working with iwi to conserve Māori heritage ▪ Improving the regulatory environment for heritage 		
HERITAGE NEW ZEALAND OUTPUTS:		
<ol style="list-style-type: none"> 1. Establish a National Historic Landmarks List 2. Enhance the New Zealand Heritage List/Rārangi Kōrero 3. Capture heritage information from archaeological material 	<ol style="list-style-type: none"> 1. Provide heritage conservation advice 2. Conserve Māori heritage 3. Administer the National Heritage Preservation Incentive Fund 4. Administer the archaeological authority process 5. Conserve Heritage New Zealand's properties 	<ol style="list-style-type: none"> 1. Encourage engagement with heritage in communities 2. Heritage New Zealand's properties are accessible to the public 3. Share heritage stories

3 Heritage New Zealand Key Priority Outputs 2014-2015

3.1 Intermediate Outcome 1: Heritage Knowledge/Mātauranga

Places that contribute to New Zealand's culture and heritage are recognised and their stories recorded

Heritage New Zealand gathers and makes publicly available, information relating to our nation's historic heritage. Access to comprehensive and accurate information about which places are significant and why they are important is a vital first step in conserving our finite resource of heritage places (Intermediate Outcome 2) and enabling New Zealanders to engage with their heritage (Intermediate Outcome 3).

Key Strategic priorities relevant to the Knowledge Intermediate Outcome:

- Establishing the National Historic Landmarks List
- Focusing on the most significant places
- Working with iwi to conserve Māori heritage

Long term impact indicator - Knowledge about New Zealand's culture and heritage is increased and accessible: ¹	<i>2012-2013 Actual</i>	<i>2013-2014 Actual</i>	<i>2014-2015 Estimate</i>	<i>2015-2016 Forecast</i>	<i>2016-2017 Forecast</i>	<i>2017-2018 Forecast</i>	<i>2017-2018 Forecast</i>
Total number of reports available in the Archaeological Report Digital Library increases	4454 (508 added)	4797 (343 added)	5330 ² (add 700)	5830 (add 500)	6330 (add 500)	6830 (add 500)	7330 (add 500)
Total number of NZ Heritage List Reports available increases	2307 (increase of 59)	2403 (increase of 96)	2510 (increase by 120)	2565 (increase by 55)	2665 (increase by 100)	2765 (increase by 100)	2865 (increase by 100)

What we will do to achieve this and how we will measure our performance

Our most important heritage is recognised through the new status of National Historic Landmarks/ Ngā Manawhenua o Aotearoa me ona Korero Tuturu. The purpose of this status is to promote appreciation of the places of the greatest heritage value and to ensure these places are conserved and protected from natural hazards. National Historic Landmarks are places in New Zealand that are of 'outstanding national heritage value'. In other words, these are places of such significance that, if any of them were lost, New Zealand would lose a significant piece of its history. A key focus for our work this year will be on working with the Ministry for Culture and Heritage and the Department of Conservation proposing six potential National Historic Landmarks and formulating a related public engagement strategy.

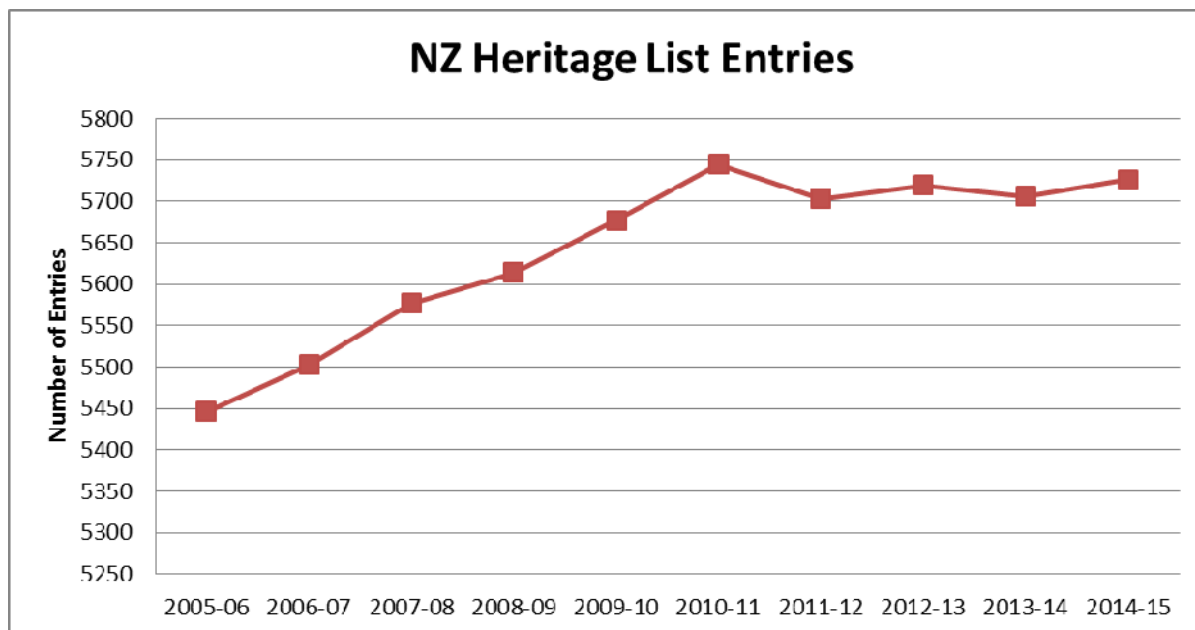
A broader range of our significant heritage places are recognised through the New Zealand Heritage List (NZ Heritage List) formerly known as the Register of historic places.³ The NZ Heritage List is the most comprehensive and authoritative information resource about historic heritage available for property owners, developers, local authorities, Māori, researchers, and anyone interested in New Zealand's heritage. Its categories include historic places and areas, wāhi tupuna, wāhi tapu and

¹ Indicators in relation to accessing information from our website is recorded under the Engagement (Intermediate Outcome 3) later in this document.

² Given the high numbers of Emergency Authorities issued it is expected that there will be an increase in the number of reports added to the Digital Library over the next few years.

³ The New Zealand Heritage List was formerly known as the Register of historic places, historic areas, wahi tapu and wahi tapu areas established in 1980.

wāhi tapu areas. Of the currently 5,700 entries in the NZ Heritage List, information about why these places are significant is made easily accessible on the internet via the NZ Heritage List Online which includes a mapped version. (<http://www.heritage.org.nz/the-list>)



Graph 1: Number of Entries on the NZ Heritage List by financial year (estimated to 30 June 2015)

As an authoritative and nationally consistent form of public recognition, the NZ Heritage List is often asked to support applications for financial assistance to heritage property owners from both central and local government incentive funds, as well as grants from philanthropic organisations.

Local Government also places strong reliance on the NZ Heritage List as a basis for conserving significant heritage in District Plans.

We receive more nominations for heritage listing than we are able to process with our available resources and so we prioritise on the basis of significance, risk, impact and efficiency. To ensure the NZ Heritage List remains accessible, accurate and authoritative we:

- add significant heritage to the List;
- work with iwi, hapū and whānau to progress listings of significance to Māori;
- review List entries as requested within statutory timeframes⁴;
- upgrade the information supporting individual List entries;
- update location information for List entries; and
- ensure easy online access to List entries and the information supporting entries.

The Heritage New Zealand Pouhere Taonga Act 2014 made changes to the Listing process. A key focus for this year will be to continue to implement the changes required by the new legislation. This will include finalising a policy for the administration of Heritage New Zealand's statutory functions relating to the NZ Heritage List and for National Historic Landmarks.

A key output of the archaeological authority process, which regulates changes to archaeological sites, is to capture information from sites prior to their modification⁵. Where archaeological sites are unable to be avoided whether from natural or developmental processes, it is essential that the information the sites hold about the history of New Zealand can be captured before it is lost forever. The resulting reports commissioned by authority holders are made available through the Archaeological Report Digital Library. In addition, information on places removed from the New

⁴ Any person may request a review of an entry on the NZ Heritage List after three years has passed from the date of entry or last review. Heritage New Zealand must consider the review application within 12 months of its receipt. The result of a review may be to vary, change the category, confirm or remove the entry.

⁵ Refer to 3.2 Intermediate Outcome: Heritage Conservation for a description of the Archaeological Authority Process.

Zealand Heritage List that have been demolished or destroyed can continue to be accessed from our website.

Heritage Knowledge Outputs Table:					
<i>Type of Measure</i>	<i>Output</i>	<i>2012 -2013 Actual</i>	<i>2013-2014 Actual</i>	<i>2014-2015 Estimate</i>	<i>2015-2016 Forecast</i>
Output 1: Establish a National Historic Landmarks List/ Ngā Manawhenua o Aotearoa me ona Kōrero Tuturu					
<i>Performance Measures</i>	Develop and implement a policy for National Historic Landmarks by 20 November 2015	n/a	n/a	Develop policy	Finalise and implement policy
	Number of potential National Historic Landmarks proposals provided to the Minister for Arts, Culture and Heritage	n/a	n/a	n/a	6
Output 2: Enhance the New Zealand Heritage List/ Rārangī Kōrero					
<i>Performance Measures</i>	Additions to the NZ Heritage List (including those of significance to Māori)	42 ⁶	28 ⁷	22 ⁸	10
	Additions to the NZ Heritage List that are of significance to Māori	9	10	10	10
	Percentage of NZ Heritage List entries with a statement of significance ⁹	40.7%	42%	43%	44%
	Existing NZ Heritage List entries reviewed	24	46 ¹⁰	19	11
	Develop and implement a policy for the NZ Heritage List provisions of the Act by 20 November 2015	n/a	n/a	Develop policy	Finalise and Implement policy
<i>Estimates of Activity</i>	List entries location information updated	217	182	190	80
Output 4: Capture Heritage Information					
<i>Performance Measure</i>	Number of archaeological reports that are overdue from authority holders is decreased (biennial audits)	38% reduction (248 reports accounted for)	n/a	25% reduction	n/a

Heritage Knowledge Output Costs:

	<i>2012 -2013 Actual (\$000s)</i>	<i>2013-2014 Actual (\$000s)</i>	<i>2014-2015 Estimate (\$000s)</i>	<i>2015-2016 Prospective (\$000s)</i>

⁶ A reduction in additions to the List occurred while there is increased focus on inventory work undertaken.

⁷ A reduction in additions to the List was proposed due to the continuation of inventory and the Deficient Listings projects.

⁸ A reduction in additions to the List is expected with the completion of the Deficient Listings project and preparing for the new National Historic Landmarks List.

⁹ Following the completion of the Citation Digitalisation Project in 2009, much more effort is required to add each percentage to this measure (1% is approximately equivalent to 50 upgrade reports). This measure is also influenced by additions to and removals from the List.

¹⁰ An unanticipated increase in reviews arose during the year due to the finding of a missing list of approved NZ Heritage List entries which prompted the need to review a number of List entries.

Heritage Knowledge Output Costs	2,542	2,406	2,244	2,528
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3.2 Intermediate Outcome 2: Heritage Conservation/ Pena Pena Taonga

Places that are significant to New Zealand's culture and heritage are conserved

The long term conservation of our most significant heritage places is vital to ensuring their ability to be appreciated and deliver the primary outcome of enabling New Zealanders to experience a sense of place, identity and nationhood.

Most of New Zealand's significant historic heritage places are in private ownership. The public values associated with these places are often unable to be captured by private owners, and therefore some form of government involvement is often required to ensure the conservation of these values over the long term. The need for an appropriate balance between private property rights and public heritage values requires care in the choice and application of the various forms of government intervention.

Heritage New Zealand engages in many conservation activities that may be undertaken individually or jointly in respect of particular places. They include: advisory services to owners and Councils, provision of financial incentives, regulation, and property ownership.

Key Strategic priorities relevant for the Conservation Intermediate Outcome:

- Building public support for heritage by working together with the community, property owners and heritage organisations
- Focusing on the most significant places
- Working with iwi to conserve Māori heritage
- Improving the regulatory environment for heritage

Long term impact indicator- <i>Loss of heritage entered on the NZ Heritage List through demolition or destruction is minimised and the conservation measures in district plans meet Heritage New Zealand standards</i>	2012-2013 <i>Actual</i>	2013-2014 <i>Actual</i>	2014-2015 <i>Estimate</i>	2015-2016 <i>Forecast</i>	2016-2017 <i>Forecast</i>	2017-2018 <i>Forecast</i>	2018-2019 <i>Forecast</i>
Number of heritage sites entered on the NZ Heritage List demolished or destroyed reduces (measured in calendar years, refer Graph 1)	21 (2012)	17 (2013)	10 ¹¹ (2014)	1 (2015)	1 (2016)	1 (2017)	1 (2018)
Percentage of district plans that meet Heritage New Zealand defined standard (biennial assessment) ¹² in four areas where district plan provisions include: i. A Heritage Schedule that contains all properties entered on the List		n/a		n/a		n/a	
	32%		40%		43%		46%

¹¹ The forecast for the current year is based on knowledge of properties we know are likely to be demolished during the calendar year. The forecasts for the outlying years are based on trend data and include taking into account the proposed changes to earthquake prone policy in the Building Act review.

¹² The Heritage New Zealand National Assessment of RMA Policy and Plan Heritage Provisions is carried out biennially, considers 75 district plans and is posted on the Heritage New Zealand website. The 2013 assessment is located at <http://www.heritage.org.nz/resources/research-and-papers/-/media/4576af45c88942d5985cc45f96ea8fe3.ashx>

ii. Demolition of scheduled heritage as a non-complying activity ¹³	56%		70%		73%		76%
iii. Destruction of scheduled Māori heritage as a non-complying activity ¹⁴	17%		20%		23%		26%
iv. Regulatory incentives for retention of heritage	32%		34%		37%		40%

What we will do to achieve this and how we will measure our performance

Advisory Services

Heritage New Zealand will continue work with iwi, hapū and whānau to assist their capacity to maintain and ensure the conservation of their heritage places including built heritage, sites and rock art. We will also develop this capability through workshop training, specialist project and programme advice delivered on marae to assist Māori communities as kaitiaki of their heritage.

We will also continue to work with property owners to provide advice on modification and adaptive re-use of heritage properties, both as requested by owners and also as an affected party within the consent process under the Resource Management Act. We will advise Councils as to best practice policy settings for the conservation of historic heritage in district and regional plans.

Administer Incentive Funds for Heritage Conservation

To help owners to undertake conservation work on privately owned and nationally significant heritage places, we will efficiently administer the *National Heritage Preservation Incentive Fund* to ensure best value for money in accordance with Minister-approved policy. In many districts the Fund is the only avenue available for heritage in private ownership to obtain financial assistance with conservation work. We will also assist the Ministry for Culture and Heritage to undertake their proposed review of the Fund.

In May 2014, Heritage New Zealand also became the administrators of the *Canterbury Earthquake Heritage Buildings Fund* (CEHB fund). The purpose of the fund is to provide assistance to owners of heritage buildings to repair damage caused by the series of earthquakes in the Canterbury region since September 2010. While this remains a separate entity with its own trustees, it is now deemed to be a controlled and managed organisation of Heritage New Zealand. However as this document is primarily for the strategic priorities of Heritage New Zealand parent, not group, the financial transactions and performance indicators of the CEHB fund have not been incorporated and consolidated.

Engage in Conservation Processes

Heritage New Zealand engages in local and central government processes to encourage the retention of significant heritage. We will continue to provide heritage assessments for Crown agencies disposing of Crown owned land, seeking heritage protection measures for significant heritage.

The conservation of heritage is usually dependent on district planning mechanisms. We will continue to seek improved heritage provisions in second generation district plans and incentives to encourage the retention of significant heritage and structural strengthening of heritage buildings.

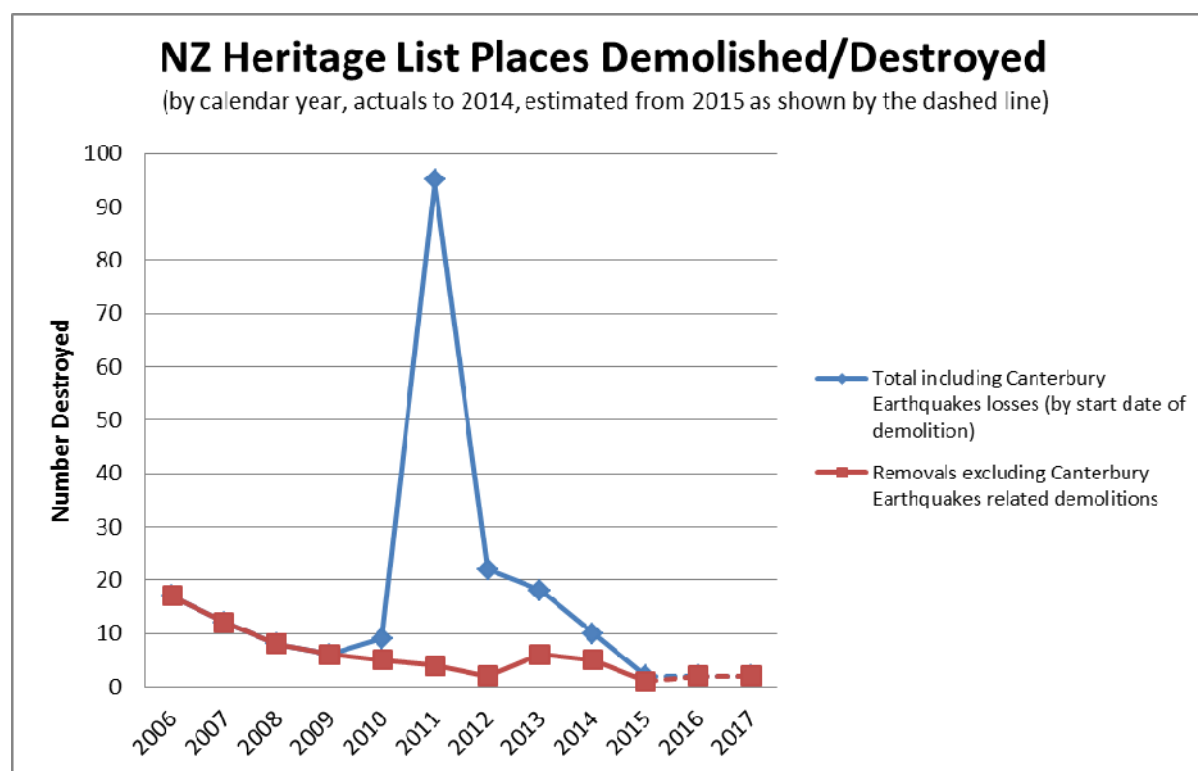
¹³ A district plan is considered to meet this standard where a non-complying activity status is given for the demolition of scheduled heritage or, where a ranking system is used in the schedule, the most highly ranked heritage.

¹⁴ A District Plan is considered to meet this standard where a non-complying activity status is given for the destruction of scheduled Māori heritage or, where a ranking system is used in the schedule, the most highly ranked Māori heritage.

Alongside growing community expectations that significant heritage places must be conserved for future generations, we recognise that this must not unreasonably impact on the rights and interests of individual property owners. Our preferred approach is to engage early and constructively with owners, developers and Councils.

Following the devastating earthquakes in Canterbury we are particularly mindful of the need to ensure public health and safety around buildings, especially in urban centres where there is even greater risk to life in the event of a significant natural disaster. There is currently an increased focus on earthquake prone buildings policy and we will continue to advocate that *all* buildings need to be safe. We provide advice to heritage building owners throughout New Zealand on ways to structurally upgrade and adaptively reuse buildings while retaining heritage values where possible to encourage the ongoing safety and economic life for heritage places. We will continue to participate in policy discussions within central government including the review of the earthquake prone building provisions of the Building Act 2004.

The recovery of Canterbury is a particular focus of the work of Heritage New Zealand. We will continue to work closely with the Canterbury Emergency Recovery Authority (CERA)¹⁵ and the three district councils concerned to assist with recovery. We provide owners and CERA professional heritage advice on damaged buildings within tight timeframes. We will also continue to process emergency archaeological authorities in the greater Christchurch area within the shorter timeframes provided for by the Canterbury Earthquake (Historic Places Act) Order 2011, to ensure archaeological material is recorded prior to its removal. The Order is due to expire in April 2016 but may be extended or replaced with a similar Order.



Graph 2: Long Term Trend of Destruction of Listed Heritage (as at 21 April 2015)

Administer the Archaeological authority Process

A key statutory function for Heritage New Zealand is to regulate the modification of archaeological sites through the archaeological authority (consent) process. Any activity that may disturb an archaeological site requires an authority from Heritage New Zealand under the Heritage New Zealand Pouhere Taonga Act 2014 (the Act). We efficiently administer the archaeological authority process by:

¹⁵ CERA will become 'Regenerate Christchurch' in April 2016.

- processing archaeological authority applications within statutory timeframes;
- encouraging the avoidance of sites where possible thus ensuring their conservation;
- investigating reports of site damage; and
- undertaking compliance monitoring.

Statutory Policies

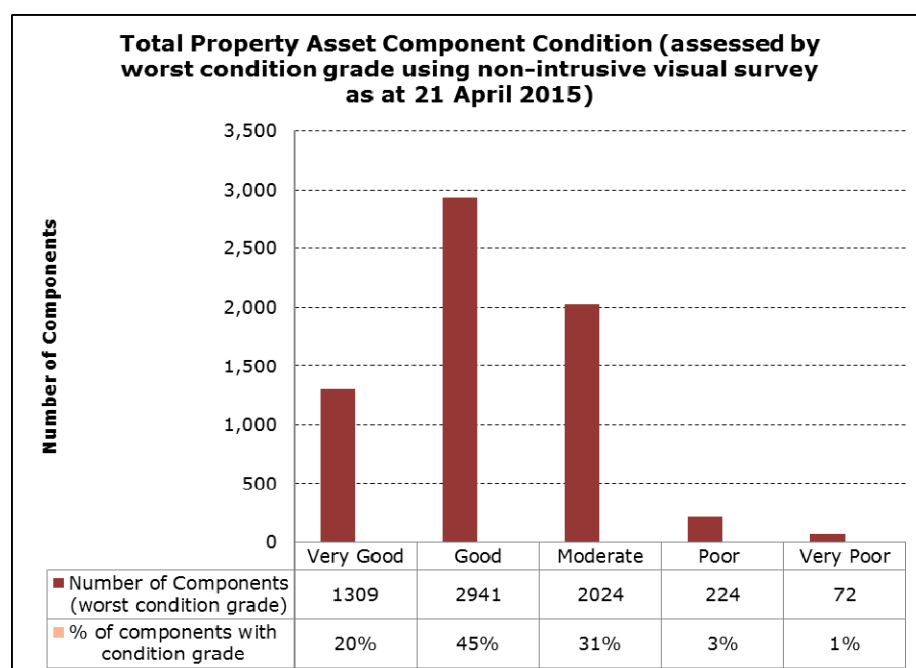
The Act made changes to the organisation’s statutory functions and a key focus for this year will be to continue to implement the changes required by the new legislation. This will include finalising policies for the administration of Heritage New Zealand’s statutory functions relating to the archaeology provisions, management of properties and advocacy.

Conserve Heritage New Zealand Properties

Heritage New Zealand actively conserves heritage places through directly managing heritage properties in our care.

Heritage New Zealand cares for one of the most important heritage property portfolios in New Zealand constituting 48 significant heritage properties, together with their collections of some 80,000 items. Many are well known and visited properties forming part of developing tourism networks such as the Stone Store and Mission House in Kerikeri, Pompallier at Russell, the New Zealand war sites such as Rangiriri Pa and Te Porere Redoubt, Old St Paul’s in Wellington, Hayes Engineering Works and Homestead in Otago and Totara Estate near Oamaru (refer to back cover for full list).

In addition to cyclical maintenance we will undertake a range of conservation projects to improve the overall condition of our properties. Heritage New Zealand strives to ensure the built components¹⁶ of its properties are in a moderate or better condition to ensure heritage values do not deteriorate. Graph 3 shows the current condition of the components of Heritage New Zealand managed properties as assessed annually by Heritage New Zealand and recorded by component in the Capital Asset Management System. Components graded as being Very Good, Good and Moderate are considered to have up to 80% of their useful life left while those graded as Poor or Very Poor are within the last 20% of their estimated useful life and therefore require attention. Projects to improve component condition will be prioritised on condition, significance, risk and funding available.



¹⁶ A component is a specific part of an asset or building element having independent physical or functional identity and a determinable length of life (eg. roof covering, interior doors, window with its surround, an iron fence).

Graph 3: Current Condition of Components of Heritage New Zealand Managed Properties: Heritage Destinations (as at 21 April 2015)

Maintaining and conserving these properties over the long term means that, within the limits of our resources, we can contribute directly to the conservation of some of New Zealand's most significant heritage places.

Heritage Conservation Outputs Table:					
Type of Measure		2012 - 2013 Actual	2013-2014 Actual	2014-2015 Estimate	2015-2016 Forecast
Conservation Output 1: Conserve Māori Heritage					
Performance Measure	Number of Māori built heritage, sites and rock art projects completed working with specific iwi and hapū	8	8	6	6
Conservation Output 2: Administer the National Heritage Preservation Incentive Fund					
Performance Measure	Percentage of Fund allocated, monitored and reported in accordance with the Policy	100%	100%	100%	100%
Estimates of Activity	Total number of projects funded	17	18	11	15
	Total value of grants approved	\$664,345 ¹⁷	\$633,985 ¹⁸	\$621,800	\$500,000
Conservation Output 3: Engage in Conservation Processes					
Performance Measures	Percentage of resource consents responses where Heritage New Zealand is consulted and the Council decision is positive for heritage (where decision is known).	92%	81%	70%	70%
	Percentage of assessments of land proposed for disposal by Crown agencies completed within specified timeframes	100%	99.7%	99%	99%
	Develop and implement a policy for advocacy role by November 2015	n/a	n/a	Develop a policy for advocacy role	Finalise policy for advocacy role
Estimates of Activity	Number of heritage sites protected or damage avoided at a site, as a result of Heritage New Zealand involvement in resource management, advocacy, archaeological authority, and Crown land disposal processes	492	529 ¹⁹	400 ²⁰	300
	Number of policy submissions relating to plan and policy documents submitted to local authorities and central government	95	55 ²¹	60 ²²	55
	Number of occasions advice is given on resource consents and related processes	1642	1207 ²³	750	600

¹⁷ The increase in this year was due to the recovery of grants funding projects that were not able to be started.

¹⁸ The increase in this year was due to the recovery of grants funding projects that were not able to be started.

²⁰ A decrease was signalled due to the uncertainty surrounding the reform of the Resource Management Act 1991 reducing the number of expected plan reviews and hence the numbers of heritage sites protected via district plan mechanisms.

²¹ The reduction in expected policy submissions reflects the reduction in district plan reviews resulting from uncertainty due to the government's RMA reform.

²² A reduction in submissions is expected due to the current legislative review of the Resource Management Act 1991 and the proposal to prepare a national template for district plans which is causing local authorities to delay plan reviews until there is greater certainty.

²³ A reduction in instances of advice is expected due to the approach being taken in Christchurch where advice is being given on CERA projects covering larger areas of land than previously where we dealt with individual landowners.

	including the Building Act and conservation advice to owners				
	Number of assessments provided as part of disposal of Crown land processes.	353 ²⁴	294	400 ²⁵	400 ²⁶
	Number of covenants negotiated over heritage properties	18	9	10	10
	Number of heritage training events to professionals delivered	50	41	53	21
Conservation Output 4: Administer the Archaeological Authority Process					
<i>Performance Measures</i>	Percentage of Archaeological Authorities processed within statutory timeframes ²⁷	99.5%	100%	100%	98%
	Canterbury Earthquake emergency authorities ²⁸	99.4%	99.9%	100%	98%
	Percentage of Archaeological Authorities that avoid or protect archaeological sites ²⁹	25%	23%	20%	20%
	Develop and implement a policy for the Archaeological authority provisions of the Act by November 2015	n/a	n/a	Develop a policy for Archaeological provisions	Finalise policy for Archaeological provisions
<i>Estimates of Activity</i>	Number of Archaeological Authorities processed (excluding Canterbury Emergency Authorities)	422	411	375	410
	Number of Canterbury Emergency Authorities processed	508	877	860	700 if OIC extended otherwise 500
Conservation Output 5: Conserve Heritage New Zealand Properties					
<i>Performance Measures</i>	Maintain 95% of property asset components at or above 'Moderate' Condition Grade assessed by annual non-intrusive visual survey (Refer Graph 3).	92%	95% ³⁰ (13 Projects)	95% (11 Projects)	95% (13 Projects)
	Develop and implement a policy for the property management provisions of the Act by November 2015	n/a	n/a	Develop a property policy	Finalise property policy

Heritage Conservation Output Costs:

	2012 -2013 Actual (\$000s)	2013-2014 Actual (\$000s)	2014-2015 Estimate (\$000s)	2015-2016 Prospective (\$000s)
Heritage Conservation Output Costs	8,789	8,226	7,803	7,334

²⁴ The increase is due to an unexpected high number of disposals coming from a single agency.

²⁵ The increase is due to an unexpected high number of disposals coming from a single agency.

²⁶ The increase is due to an expected 200 of disposals coming from a single agency so anticipated to be well above the usual number.

²⁷ Note the previous statutory timeframe for processing of authorities under the Historic Places Act 1993 was 90 working days. The Heritage New Zealand Pouhere Taonga Act 2014, which came into effect on 20 May 2014, has substantially shortened statutory timeframes for processing archaeological authorities to between 20 and 40 working days depending on the application.

²⁸ Emergency Authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 have a statutory timeframe of 3 or 5 working days in the case of a site of interest to Māori.

²⁹ The Act protects all archaeological sites from any work that may modify or destroy the site. Any person wishing to modify or destroy an archaeological site must apply for an authority from Heritage New Zealand. This target measures the percentage of authorities that provide some form of protection when works will be occurring but does not include avoidance achieved through negotiation which results in no authority being necessary. This measure excludes Emergency Authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 in relation to the demolition of buildings in Canterbury following the earthquakes in 2010 and 2011.

³⁰ It is expected that 5% of selected components for particular properties will be allowed to deteriorate as Heritage New Zealand is unable to fund conservation of all components for all properties. Therefore a prioritised and sustainable work programme is undertaken.

3.3 Intermediate Outcome 3: Heritage Engagement/ Hononga

New Zealanders engage with those places that contribute to New Zealand's culture and heritage

Knowing about and conserving our significant heritage places are prerequisites to enable engagement with their stories by New Zealanders (Intermediate Outcomes 1 and 2). Sharing the stories of our heritage places helps us to understand our collective past, develops an appreciation of the value of these places and leads in turn to their conservation for the benefit of both present and future generations.

Key Strategic priorities relevant for the Engagement Intermediate Outcome:

- Building public support for heritage through engagement and by working together with the community, property owners and heritage volunteers
- Focusing on the most significant places

Long term impact indicator- Public engagement, awareness and understanding of heritage is increased	<i>2012 - 2013 Actual</i>	<i>2013- 2014 Actual</i>	<i>2014- 2015 Estimate</i>	<i>2015- 2016 Forecast</i>	<i>2016- 2017 Forecast</i>	<i>2017- 2018 Forecast</i>	<i>2019- 2020 Forecast</i>
Percentage of survey respondents who rate their personal interest in the protection of historic places as very interested ³¹ increases (survey conducted annually ³²)	53%	57%	55%	57%	59%	61%	63%

What we will do to achieve this and how we will measure our performance

Heritage New Zealand will undertake a wide range of activities which have as their purpose, the engagement of New Zealanders with their heritage. These will seek to build awareness of our most significant heritage places and sharing their stories in ways that encourage further engagement.

We will achieve higher levels of public engagement by working in partnership with other organisations and with our volunteers. We will expand our work with other community based heritage organisations to enhance New Zealanders' appreciation of and engagement with heritage. This will include maintaining and developing relationships with the former Branch Committee successor organisations and working together on heritage appreciation initiatives (which may include events, displays, interpretation, publications and other projects).

A particular focus of our engagement activities will focus on the creation of the National Historic Landmarks List, the 175th anniversary of the signing of the Treaty of Waitangi, New Zealand's founding document and the World War One centenary.

³¹ 'Very interested' is considered to be a rating of 8 or above out of 10.

³² Survey has a sample size of 500 with a margin of error of 4.7%.

Properties cared for by Heritage New Zealand provide perhaps the most important and publicly accessible way for visitors to experience New Zealand’s most significant heritage places. Heritage New Zealand’s property portfolio is known as ‘Heritage Destinations’ reflecting our increased focus on encouraging New Zealanders and international tourists to visit these places. In showcasing our significant properties, the Heritage New Zealand engages visitors in an experience that increases their understanding of New Zealand’s past, our cultural identity and, for New Zealanders, their place within it.

We will continue to improve the quality of visitor facilities and interpretation at selected properties to enhance the visitor experience and increase visitation. Heritage New Zealand will continue to work in partnership with regional and national tourism operators and agencies to build cultural tourism initiatives to expand the wider visitor experience and to contribute to local and regional economic development.

Appreciation of and engagement in Māori heritage will be fostered by promoting Tapuwae – the Māori Heritage Council’s vision for Māori heritage, within Māori communities and the public. We will establish, develop and maintain relationships with iwi, hapū and whānau to increase understanding of Māori heritage through appropriate interpretation and events, including those delivered at Heritage New Zealand properties.

Heritage New Zealand will continue to improve its website as a key source of information. Recent investment has enabled mobile device users to access a responsive site and a mapped version of the NZ Heritage List online. Digital-based storytelling continues to develop with consideration of new apps to complement the existing *Path to Nationhood* and *Waikato War Driving Tour* apps.

The NZ Heritage List Online (see Intermediate Outcome 1) enables heritage property owners and those working with heritage to access heritage information that we have available about the significance of places on the List including heritage buildings, structures, places of significance to Māori, historic sites, archaeological sites and historic areas.

The work in this area will also see heritage stories reach a wide audience across the country, demographics and ethnicities via *New Zealand Heritage* (our quarterly magazine) and our monthly e-newsletter *Heritage This Month*, website, media features and releases, events and interpretation at Heritage New Zealand properties.

Heritage Engagement Outputs Table:					
<i>Type of Measure</i>		<i>2012-2013 Actual</i>	<i>2013-2014 Actual</i>	<i>2014-2015 Estimate</i>	<i>2015-2016 Forecast</i>
Heritage Engagement Output 1: Encourage Heritage Engagement in Communities					
<i>Performance Measures</i>	Number of initiatives undertaken in partnership to enhance heritage engagement	59	37	35	38
	Number of heritage engagement events run	89	146	120	60
Heritage Engagement Output 2: Open Heritage New Zealand Properties to the Public					
<i>Performance Measures</i>	Visitor numbers at Heritage New Zealand staffed properties are maintained	215,007	207,500	208,000	208,000
	Percentage of respondents who rate their visit to Heritage New Zealand staffed properties as “satisfied” or higher.	94%	93%	95%	93%

	Number of visitor facility and interpretation projects completed at selected Heritage New Zealand properties	3 projects	2 ³³ projects	3 projects	7 projects
Heritage Engagement Output 3: Share Heritage Stories					
<i>Performance Measure</i>	Increase in the number of average page views per month of Heritage New Zealand webpages (including the List Online)	91,826 ³⁴ (65% increase)	87,878 ³⁵ (5% decrease)	67,000 ³⁶ (24% decrease)	67,500
<i>Estimates of Activity</i>	Number of media releases, comment, features & articles produced	226	172	180	180
	Audited readership of <i>New Zealand Heritage</i> ³⁷	13,102	12,722	13,250	13,250
	Number of email recipients of <i>Heritage this Month</i> newsletter averaged over 12 months	8597	9655	12400	12400

Heritage Engagement Output Costs:

	2012-2013 <i>Actual</i> (\$000s)	2013-2014 <i>Actual</i> (\$000s)	2014-2015 <i>Estimate</i> (\$000s)	2015-2016 <i>Prospective</i> (\$000s)
Heritage Engagement Output Costs	6,634	6,136	6,121	6,046

4: PROSPECTIVE FINANCIAL STATEMENTS 2015-16

4.1 Financial Planning Assumptions

Heritage New Zealand's forecast total operational income for 2015/16 is approximately \$16.2 million. This includes \$13 million from the Crown and \$3.2 million from Heritage New Zealand's membership base, properties, grants and other income.

In addition, we anticipate a further \$3.3 million income specifically tagged to enable the Timeball Station Tower rebuild will be generated from a major capital fundraising programme during 2015/16.

During the 2015/16 year it will be a priority of Heritage New Zealand to continue delivery of asset maintenance programmes and prioritised service delivery levels within the limited resources available. Demand for our services exceeds our ability to supply within available resources so alternative revenue streams will continue to be actively pursued to try to reduce this gap.

The major assumptions that have been made in developing this Statement of Performance Expectations are:

- Total Crown baseline funding for Heritage New Zealand will remain constant over the next four years.
- A major capital fundraising campaign will be undertaken to raise the balance of \$3.3 million to enable the Timeball Station Tower and wing walls to be rebuilt. The actual construction

³³ Note one project will span the 2013-2014 and 2014-2015 reporting years and has been counted in each year as a project. Stage 1 will achieve consent requirements in the first year with Stage 2 construction occurring the following year.

³⁴ The large increase was due to: improvements to the sitemap so that search engines can more easily find the website; enhancing the all of site search (live July 2012) allowing users to more easily find what they are looking for; adding more content including adding wāhi tapu information to the List online.

³⁵ A decrease was signalled due to the change to the domain name following the rebranding of the organisation as search engines will need to re-index the website.

³⁶ Tracking less than expected due to the fewer numbers of pages available for download following the merging of Heritage New Zealand's two websites, and now easier for users to go direct to content rather than clicking through from the Home page on the website or searching within the website (therefore resulting in less page views).

³⁷ *New Zealand Heritage* readership is independently audited by ABC.

of this project is scheduled to commence September 2015 and will continue over an 18 month period.

- Additional services required in the Canterbury region following the earthquakes continue to be absorbed within baseline by reprioritising other activities both in that region and across the organisation.
- While continuing to maintain delivery of core services in other output classes, there will be continued focus on delivering key projects at a selected number of properties only within the Heritage New Zealand portfolio.
- A small portion of deferred and cyclical maintenance will continue to be funded from special funds and reserves in the short term while alternative revenue streams are established.
- To the extent that the ongoing gap in cyclical maintenance is unable to be met from ongoing baseline funding and alternative strategies, certain properties currently managed by Heritage New Zealand may either be divested or permitted to deteriorate.
- Property income from admissions, functions and merchandising revenue is targeted to increase slightly by increasing visitor numbers but a plateau is likely to be reached unless further significant investment is possible.
- After a number of years of increased targets, Grant and Donation income is estimating to plateau in the 2015/16 year at a level that is believed to be realistically sustainable. However bequest income is projected to increase in out years. The seismic strengthening of the Melanesian Mission House, Auckland is the main focus for third party funding during the 2015-16 year.
- Interest revenue will plateau over the next 3 years as the investment base declines following the construction of the Timeball Station.
- The functions of Heritage New Zealand do not change, but the level of activity within the functions will be prioritised to maximise the outcomes for heritage. As this document is primarily for the strategic priorities of Heritage New Zealand parent, not group, the financial transactions and performance indicators of the Canterbury Earthquake Heritage Buildings Fund have not been incorporated and consolidated.
- Outcomes sought by Government remain consistent.
- Heritage New Zealand will remain a going concern.

4.2 PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ending 30 June

	Actual	Actual	Estimated	Prospective
	2013	2014	Outturn	2016
	\$000s	\$000s	\$000s	\$000s
Revenue				
Government Funding	12,988	12,988	12,988	12,988
Grants, donations and Bequests	2,646	934	606	782
Timeball capital campaign	-	-	-	3,300
Property	1,321	1,367	1,415	1,517
Interest	366	390	372	335
Membership	569	582	560	572
Sundry	155	93	147	54
Total Revenue	18,112	16,354	16,089	19,548
Expenditure				
Audit Fees - External Audit	53	52	52	52
Administration	2,573	2,057	1,824	1,916
Capital fundraising costs	-	-	-	50
Personnel	8,381	8,209	8,551	8,849
Property ³⁸	2,677	2,201	2,121	1,578
Incentive Fund	664	548	534	500
Insurance Premiums	725	775	676	562
Depreciation	436	431	433	485
Loss on write off of asset		30	13	-
Communications	695	546	530	518
Membership ³⁹	840	715	605	560
Board Fees	116	120	129	131
Travel & Accommodation	805	684	699	707
Total Expenditure	17,965	16,368	16,167	15,908
Net (deficit) surplus for the year	147	(14)	(78)	3,640⁴⁰
Other Comprehensive Revenue and Expense				
Gain on Revaluation of land and Buildings	3,771		2,644	
Gain of Revaluation of Heritage Artifacts	3,791	376	134	140
Total Comprehensive Revenue and Expense	7,709	362	2,700	3,780

The accompanying accounting policies form an integral part of these prospective financial statements.

³⁸ Property costs during the 2010-14 years include a major programme to address deferred maintenance and safety issues from a one-off crown funding payment received in 2010. This programme of work will be completed during the 2014/15 year.

³⁹ Costs incurred in relation to transitional assistance to former branch committees and their activities were included here in the 2013/14 and prior years.

⁴⁰ The proposed surplus is a direct result of the capital campaign to assist with the rebuild of the Timeball Station tower in Lyttelton. The capital costs for this project are scheduled to be incurred from October 2015-June 2017

4.3 PROSPECTIVE STATEMENT OF FINANCIAL POSITION

As at 30 June

	Actual 2013	Actual 2014	Estimated Outturn 2015	Prospective 2016
	\$000s	\$000s	\$000s	\$000s
EQUITY				
Accumulated Funds	7,888	8,244	8,879	10,569
Timeball Capital Fund	1,009	1,303	1,364	3,360
Branch Committee	57	-	-	-
Specified funds and Bequests	3,807	3,594	3,518	3,472
Property maintenance and Development Fund [2]	2,523	2,129	1,431	1,431
Revaluation Reserve	42,967	43,343	46,121	46,261
Total Equity	58,251	58,613	61,313	65,093
Equity is represented by:				
CURRENT ASSETS				
Cash and Cash Equivalents	820	1,586	1,519	1,624
Short term deposits	8,045	7,520	7,520	9,500
Accounts Receivable	719	572	450	450
Stock on hand	218	252	260	260
GST Receivable	218	127	150	150
Total Current Assets	10,020	10,057	9,899	11,984
NON-CURRENT ASSETS				
Property, Plant and Equipment	50,979	51,372	54,139	54,554
Work in progress	273	49	-	1,290
Intangibles Assets	6	45	35	25
Total Non-Current Assets	51,258	51,466	54,174	55,869
Total Assets	61,278	61,523	64,073	67,853
CURRENT LIABILITIES				
Accounts payable and accruals	1,076	799	900	900
Provision for Incentive Fund Grants	996	1,143	1,200	1,000
Employee Entitlements	888	907	600	800
Total current liabilities	2,960	2,849	2,700	2,700
NON-CURRENT LIABILITIES				
	67	61	60	60
Total Liabilities	3,027	2,910	2,760	2,760
NET ASSETS	58,251	58,613	61,313	65,093



Rt Hon Wyatt Creech
Board Chair



Bruce Chapman
Chief Executive

The accompanying accounting policies form an integral part of these prospective financial statements

4.4 PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 30 June

	Actual	Actual	Estimated	Prospective
	2013	2014	Outturn	2016
	\$000s	\$000s	\$000s	\$000's
Opening Equity	50,542	58,251	58,613	61,313
Total comprehensive Revenue and Expense	7,709	362	2,700	3,780
Closing Equity	58,251	58,613	61,313	65,093

The accompanying accounting policies form an integral part of these prospective financial statements

4.5 PROSPECTIVE STATEMENT OF CASH FLOWS

For the year ended 30 June

	Actual 2013 \$000s	Actual 2014 \$000s	Estimated 2015 \$000s	Prospective 2016 \$000s
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was received from:				
Government funding	12,988	12,988	12,988	12,988
Grants	2,410	564	728	4,082
Insurance Canterbury Earthquake	1,327	-	-	-
Other Operating Activities	2,291	2,560	2,122	2,143
Net Goods and Services Tax	33	91	(23)	-
Interest	328	389	372	335
	<u>19,377</u>	<u>16,592</u>	<u>16,187</u>	<u>19,548</u>
Cash was applied to				
Payment of suppliers	(8,639)	(7,863)	(7,019)	(6,774)
Payment to employees	(8,324)	(8,195)	(8,859)	(8,649)
	<u>(16,963)</u>	<u>(16,058)</u>	<u>(15,878)</u>	<u>(15,123)</u>
Net cash from operating activities	<u>2,414</u>	<u>534</u>	<u>309</u>	<u>4,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was applied to:				
Purchase of fixed assets	(769)	(199)	(376)	(750)
Purchase Intangibles	-	(45)	-	-
Work in Progress	(273)	(49)	-	(1,290)
Purchase short term investments	(1,956)	-	-	(1,980)
Net cash from investing activities	<u>(2,998)</u>	<u>(293)</u>	<u>(376)</u>	<u>(4,020)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was received from:				
Sale short term investments	-	525	-	-
	<u>-</u>	<u>525</u>	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash	(584)	766	(67)	108
Opening Cash Balance	<u>1,404</u>	<u>820</u>	<u>1,586</u>	<u>1,519</u>
Closing Cash Balance	<u>820</u>	<u>1,586</u>	<u>1,519</u>	<u>1,624</u>
Represented by				
Petty Cash & Imprest Balances	10	10	10	10
Short Term Deposits (less than 90 days)	810	1,576	1,509	1,614
	<u>820</u>	<u>1,586</u>	<u>1,519</u>	<u>1,624</u>

The accompanying accounting policies form an integral part of these prospective financial statements

4.6 PROSPECTIVE STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Heritage New Zealand Pouhere Taonga, formerly known as the New Zealand Historic Places Trust Pouhere Taonga, is domiciled in New Zealand and is a statutory body established in 1955 under section 4 of the *Historic Places Act 1954*, and continued under section 9 of the Heritage New Zealand Pouhere Taonga Act 2014. Heritage New Zealand became an Autonomous Crown entity for the purposes of s7 of the *Crown Entities Act 2004* effective from 25 January 2005. As such, the ultimate parent is the New Zealand Government.

Heritage New Zealand's registered office is at Antrim House, 63 Boulcott Street, Wellington.

Heritage New Zealand's primary objective is to "to promote the identification, protection, preservation and conservation of the historical and cultural heritage of New Zealand" as enshrined under section 3 of the Heritage New Zealand Pouhere Taonga Act 2014.

Accordingly, Heritage New Zealand has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The prospective financial statements for Heritage New Zealand are for the year ended 30 June 2016, and were approved by the Board on 25 June 2015.

Basis of Preparation

Statement of Compliance

The prospective financial statements have been prepared in accordance with the requirements of *Public Finance Act 1989* and *Crown Entities Act 2004* both amended in 2014, which includes the requirements to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 2 PBE accounting Standards and comply with PBE accounting standards.

These prospective financial statements are the first prospective financial statements presented in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

As this document is primarily for the strategic priorities of Heritage New Zealand parent, not group, the financial transactions and performance indicators of the Canterbury Earthquake Heritage Buildings fund have not been incorporated and consolidated.

The prospective financial statements are prepared on the basis that Heritage New Zealand continues to be a going concern.

Measurement Base

The prospective financial statements have been prepared on an historical cost basis, modified by the revaluation of certain property, plant and equipment.

Functional and presentation currency

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

Significant Accounting Policies

The prospective financial statements (with the exception of cash flow information) are being prepared using the accrual basis of accounting.

The following accounting policies that materially affect the measurement of prospective financial performance and prospective financial position have been applied:

Prospective Figures

The prospective figures for 30 June 2015 are those approved by the Board at the beginning of the financial year. In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Heritage New Zealand has applied these standards in preparing the 30 June 2015 prospective financial statements and they are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

Actual results achieved for the period covered are likely to vary from the information presented and these variations may be material.

Revenue

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

Revenue from the Crown: Heritage New Zealand is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of Heritage New Zealand meeting its objectives as specified in this Statement of Service Expectations. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates. Crown funding received as a capital injection is accounted for in the prospective Statement of Movements in Equity.

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 the conditions of the grant are satisfied.

Membership Subscriptions: Membership subscriptions are recognised in the period received.

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

Donations and Bequests: All donations and bequests received are recognised in the period they are received. However those with restrictive conditions are transferred to Specified Funds and Bequests within Accumulated Funds. The net return on each of these funds from interest earned and payments made is treated in the same manner.

Rental income: Lease receipts are recognised as revenue on a straight-line basis over the lease term.

Sale of merchandise and publications: Sales of merchandise and publications are recognised when the product is sold to the customer.

Vested Assets: Where a physical asset is gifted or acquired by Heritage New Zealand for nil or nominal cost, the fair value of the asset is recognised as income. Such assets are recognised as income when control over the asset is obtained.

Volunteer Services: The operations of Heritage New Zealand are reliant on services provided by volunteers. Volunteer services received are not recognised as revenue or expenditure by Heritage New Zealand due to the difficulty of measuring their fair value with reliability.

Grant Expenditure

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

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

Leases

Finance leases: Heritage New Zealand does not enter into finance lease arrangements.

Operating leases: Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Heritage New Zealand are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Income.

Cash and cash equivalents

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

Debtors and other receivables

Debtors and other receivables are measured at fair value, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that Heritage New Zealand will not be able to collect amounts according to the original terms of the receivable. The amount of impairment is the difference between the carrying amount and the present value of the amounts expected to be collected.

Inventories

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value after making appropriate provisions for obsolete items.

Property, Plant and Equipment

Property, plant and equipment asset classes consist of land, buildings, leasehold improvements, heritage artefacts, displays and interpretation, land development, plant and equipment and library.

Heritage New Zealand has interest in land and buildings in the following categories:

- (i) *Heritage New Zealand owned land and historic buildings*
These are properties for which the Heritage New Zealand has freehold title.

(ii) *Vested land and historic buildings*

These properties have been formally vested in Heritage New Zealand in terms of the *Reserves Act 1977*. A vesting order can only be revoked with the agreement of Heritage New Zealand and consequently Heritage New Zealand's interest is deemed to be permanent.

(iii) *Controlled and managed buildings*

These are properties for which Heritage New Zealand has a control and management order from the Crown in terms of the *Reserves Act 1977*. The Crown can require Heritage New Zealand to return these assets at any stage.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Revaluations: Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every two years. Heritage artefacts are by nature specialised and are managed by Heritage New Zealand in accordance with a general statement of policy required by the Heritage New Zealand Pouhere Taonga Act 2014. These items are revalued and measured on a fair market value but are not depreciated. Fair value is determined through a process of rolling valuations.

Accounting for revaluations

Heritage New Zealand accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluating are credited or debited to an asset revaluation and recognised as other comprehensive revenue and expense. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed. Any subsequent increase on revaluation that offsets a previous decrease in value is recognised as part of the net surplus for the year, up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset and shown as part of other comprehensive revenue and expense.

Additions

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

Subsequent costs

Costs incurred by Heritage New Zealand in restoring property and plant to their original condition are capitalised. Costs of maintaining these assets once renovation is complete are recognised in net surplus for the year.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the net surplus for the year. When revalued assets are sold, the amounts included in the revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment (other than land, heritage artefacts and library), at a rate that will write-off the cost (or valuation) of the assets to their estimated residual value over their useful lives. Heritage buildings owned or vested in Heritage New Zealand are depreciated in accordance with IPSAS 17.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

Computer Hardware	3 years
Leasehold Improvements	5 years
Plant and Equipment	5 years
Displays & Interpretation	10 years
Land Development	15 years
Buildings	100 years

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

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

Costs that are directly associated with the development of software for internal use by Heritage New Zealand, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of Heritage New Zealand's website are recognised as an expense when incurred.

Amortisation

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

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

Acquired computer software	3 years
Developed computer software	4 years

Impairment of non-financial assets

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the net surplus for the year.

For assets not carried at a revalued amount, the total impairment loss is recognised in the net surplus for the year.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Comprehensive Revenue and Expense, a reversal of the impairment loss is also recognised in this statement.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the net surplus or deficit for the year.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently at amortised cost.

Employee entitlements

Short-term employee entitlements

Employee entitlements that Heritage New Zealand expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months and sick leave.

Heritage New Zealand recognises a liability for sick leave to the extent that compensated absences in the coming year are greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent that it will be used by staff to cover those future absences (actuarial basis).

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

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave have been calculated on an actuarial basis. The calculations are based on the 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.

Superannuation schemes

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the prospective statement of comprehensive income.

Provisions

Heritage New Zealand 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 expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations.

Equity

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

- ***Contributed capital;***
- ***Accumulated surplus/(deficit)***
- ***Specified funds and bequests***
- ***Property revaluation reserves; and***
- ***Canterbury Earthquake Heritage Building Fund***

Property revaluation Reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

Other Specified funds and Bequests

This holds funds held with specific conditions attached that must be returned if those conditions aren't met and bequest from the public entrusted to Heritage New Zealand

Canterbury Earthquake Heritage Building Fund

This holds the equity received on assuming 100% control of the Fund.

Goods and Services Tax (GST)

All items in the prospective financial statements are exclusive of GST with the exception of trade and other receivables and trade and other payables, which are stated inclusive of GST. 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 the receivables or payables in the prospective 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 prospective statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Financial Instruments

Heritage New Zealand is a party to financial arrangements as part of its everyday operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. Revenues and expenses in relation to all financial instruments are recognised in the prospective statement of comprehensive income. All financial instruments are recognised in the prospective statement of financial position.

Income Tax

Heritage New Zealand is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

Cost Allocation

Direct costs are charged directly to specific outputs. Indirect costs are allocated evenly across outputs they most directly impact or evenly across all outputs where they cannot be identified to any specific activity.

“Direct costs” are those costs attributable to a significant activity.

“Indirect costs” are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Prospective Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Heritage New Zealand invests as part of its day to day cash management.

Operating activities include all activities other than investing and financing activities. The cash inflows include all receipts from sale of goods and services and other sources of revenue that support Heritage New Zealand’s operating activities. Cash outflows include payments made to employees, suppliers and taxes.

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

Commitments

Future payments are disclosed as commitments at the point a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

Contingencies

Contingent liabilities and assets are disclosed at the point at which the contingency is evident.

Accounting Judgments and Major Sources of Estimation Uncertainty

In the application of Heritage New Zealand's accounting policies, the Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements in Applying Accounting Policies

The following are the judgements that have the most significant effect on the amounts recognised in these prospective financial statements:

Controlled and Managed Buildings

Properties for which Heritage New Zealand has a control and management order under the *Reserves Act 1977* have been included as part of property, plant and equipment on the basis that the risks and rewards relating to this property rest with Heritage New Zealand.

Major Sources of Estimation Uncertainty

The valuation of historical land and buildings is subject to considerable estimation uncertainty. During the 2012/13 year, Heritage New Zealand employed an independent valuer to revalue Heritage New Zealand's property portfolio in line with the Crown accounting policies and Treasury requirements. Valuations are undertaken biennially. Due to the nature of the Heritage New Zealand's property portfolio, it is difficult to obtain market valuation comparisons for many properties due to restrictions on their use. Consequently there is a large degree of subjectivity inherent in the valuation process.

The following are the key assumptions concerning the future, and other major sources of estimation uncertainty used in the development of these prospective financial statements:

- The valuation of historic buildings includes an estimation of the residual values and useful lives. These estimates impact on the depreciated replacement cost and annual depreciation charges for historic buildings. The estimated useful lives are detailed in the depreciation accounting policy above.
- The valuation of buildings also includes estimations of construction costs.

Changes in Accounting Policies

Heritage New Zealand is assessing the impact of the transition to the new Public Benefit Entity (PBE) standards as required under the External Reporting Board's Accounting Standards Framework. Heritage New Zealand will be a Tier 2 entity and will be required to comply with the Reduced Disclosure Regime PBE Standards by 30 June 2015. At this stage Heritage New Zealand is not expecting any significant changes from the accounting policies currently applied. However, there are likely to be some minor disclosure changes under the new standards.

Heritage New Zealand's Heritage Destinations Portfolio (48 Properties)

Heritage New Zealand Owned (16 properties)

Alberton
Alexandra (Pirongia) Redoubt
Antrim House
Bedggood Blacksmith Building
Clark's Mill
Clendon House
Hurworth
Kerikeri Mission House
Melanesian Mission
Ruatuna
Southland Provincial Council Building
Stone Store, Kerikeri
Te Waimate Mission
Thames School of Mines
Timeball Station
Totara Estate

Co-owned (1 property)

Highwic (with Auckland City Council)

Leased (2 properties)

Ewelme Cottage
Mangungu Mission House

Private Historic Reserve (4 properties)

Craigmore Rock Shelter
Frenchman's Gully Rock Shelter
The Cuddy
The Levels

Historic Reserve (22 properties)

Brunner Industrial Site (Tyneside)
Clifden Suspension Bridge
Coton's Cottage
Edmonds Ruins
Gabriel Read Memorial Reserve
Matanaka
Old St Paul's
Ophir Post Office
Pencarrow Head Lighthouse
Pompallier Mission
Poutu (Kaipara) Lighthouse
Rai Valley Cottage
Rangiriri Redoubt
Runanga Stockade
Seddon House
Springvale Suspension Bridge
Taupo Redoubt and Courthouse
Te Porere Redoubt
Te Wheoro's Redoubt
Tikerere Mill Race
Upper Hutt Blockhouse
Whangamarino Redoubt

Māori Reserve (1 property)

Opotaka Pa

Sites with more than one status (2 properties)

Fyffe House (part owned by Heritage New Zealand, part leased from Kaikoura District Council)
Hayes Engineering (part owned by Heritage New Zealand, part historic reserve)

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