



HERITAGE NEW ZEALAND POUHERE TAONGA ANNUAL REPORT PURONGO Ā TAU

FOR THE YEAR ENDED 30 JUNE 2017

HERITAGE NEW ZEALAND POUHERE TAONGA'S OUTCOMES:

Present and future generations of New Zealanders appreciate their sense of place, identity and nationhood

KNOWLEDGE/ MĀTAURANGA

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

Long term impact indicator

Knowledge about New Zealand's culture and heritage is increased and is accessible.

CONSERVATION/PENA PENA TAONGA

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

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.

ENGAGEMENT/ HONONGA

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

Long term impact indicator

Public engagement, awareness and understanding of heritage is increased.

WE ACKNOWLEDGE THE FOLLOWING INDIVIDUALS AND ORGANISATIONS FOR THEIR SUPPORT:

Estate of J Ainsley
Auckland Council
Chisholm Whitney Family Charitable Trust
Estate of A Craig
Foundation North
Friends of Old St Paul's
James Searle Say Foundation
Mr W & Mrs E Holmes
Mrs N M Leov
Laithwaite's Wine People
Landmark Inc.
Estate of J G Leaning
Lottery Grants Board
Estate of M H Lovelock
Estate of I W Mackenzie
Mainland Foundation
Murray family
Estate of M I Nicholls
Perpetual Guardian
Stout Trust
Thames Coromandel District Council
Estate of G Zoete
Mr M Wade
Wellington Community Trust

HERITAGE NEW ZEALAND POUHERE TAONGA

ANNUAL REPORT PURONGO Ā TAU 2017

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Cover: Clarks Mill, near Maheno.

Clarks Mill is a rare example of an originally water-powered flour mill with its machinery intact and still operable after 150 years.

IMAGE: HERITAGE NEW ZEALAND POUHERE TAONGA



Government Buildings Historic Reserve, Wellington.
IMAGE: GRANT SHEEHAN

REPORT OF THE CHAIRS OF THE HERITAGE NEW ZEALAND POUHERE TAONGA BOARD AND MĀORI HERITAGE COUNCIL

HERITAGE NEW ZEALAND POUHERE TAONGA has had a year of solid accomplishment as it increased efforts to be more outward focused and more committed to achieving its major objectives - to promote the identification, protection, preservation, and conservation of the historical and cultural heritage of New Zealand, both Māori and Pākehā.

The appointment of our new Chief Executive Andrew Coleman in October last year gave fresh impetus to the organisation. Significant achievements in the past year have provided a well-signposted heritage path to guide newly appointed members to the Board, Māori Heritage Council and the organisation with its new strategic focus.

The launch of Landmarks Whenua Tohunga by Andrew on behalf of Arts, Culture and Heritage Minister, the Hon. Maggie Barry, at Kerikeri in December was a tribute to the strong support by Heritage New Zealand Pouhere Taonga staff in its preparation, implementation, and promotion in association with the Ministry for Culture and Heritage and Department of Conservation. Six of the nine Northland properties included as part of the pilot programme are cared for by Heritage New Zealand Pouhere Taonga. It is a great credit to all involved that the programme is being continued.

A Board initiative to increase public support, appreciation, and awareness for their heritage was successfully implemented with free entry to 15 staffed properties nationwide on Waitangi Day.

The public responded in large numbers to enjoy a visitor experience highlighted by other activities at the properties including a recreation of a 1832 cricket match and flag displays. Visitor numbers at our properties increased on the previous year despite the temporary closure of Fyffe House in Kaikōura following the significant November 2016 earthquake in the region. Heritage New Zealand Pouhere Taonga supported earthquake recovery activities, working closely with councils and the New Zealand Transport Agency to support emergency response actions and manage archaeological issues effectively and efficiently through the emergency authority application process.

Promoting the value of Māori heritage to all New Zealanders was a key message in the publication of the visionary document *Tapuwae* in March by the Māori Heritage Council. *Tapuwae*, which means 'sacred footprint', identifies the statutory functions the Council works within under the Heritage New Zealand Pouhere Taonga Act 2014, its role, the value of Māori heritage, and aspirations for Māori heritage. *Tapuwae* articulates ways in which that vision might be achieved and is informed by the political and legislative environment, and our founding document, Te Tiriti o Waitangi. Grounded in kaitiakitanga, it is now being used as a blueprint for overseas heritage organisations to adapt and follow in their own quest for pride in indigenous heritage and associated cultures. The Māori Heritage Council and Heritage New Zealand Pouhere Taonga

work to complement and enhance the kaitiakitanga or guardianship of iwi and hapū over their taonga, or treasured places.

Working with iwi to conserve Māori heritage has a global intent, with an approach made to the National Trust in the United Kingdom to return Hinemihi, the meeting house that left New Zealand/Aotearoa in 1893, back home. Those discussions are ongoing.

The transfer into the guardianship of Heritage New Zealand Pouhere Taonga in June of the Government Buildings Historic Reserve and Turnbull House Historic Reserve in central Wellington was a major step forward. Heritage New Zealand Pouhere Taonga is a reliable long-term holder of key publicly owned heritage assets. This move reflected the Government's confidence in Heritage New Zealand Pouhere Taonga to care for, maintain and promote these extraordinary properties. They add to an already impressive property portfolio being cared for on behalf of the country and we are proud to be charged with that responsibility.

The restoration and conservation of Heritage New Zealand properties continue, with major projects in the past year including the strengthening and refurbishment of the Melanesian Mission in Auckland and work beginning on returning the Timeball Tower and Timeball itself to the port town of Lyttelton after its deconstruction following the devastating earthquakes of 2010 and 2011.

Public engagement and heritage outreach remain core delivery components of our work. It's very pleasing to note that as a result of Heritage New Zealand's involvement in resource management, advocacy, and the archaeological authority and Crown Land Disposal processes, 619 heritage sites were protected or damage was avoided in the past year. Providing heritage advice as part of our statutory work predominantly takes place away from the public spotlight but, nonetheless, it is very important in ensuring

heritage is not only identified and recorded, particularly in the case of archaeology but safeguarded for future generations. Heritage owners have been assisted through the National Heritage Preservation Incentive Fund we administer on behalf of the Government, with 21 successful applicants.

Our outreach has extended to hosting, co-hosting or participating in a range of events. Most notably these have included involvement in the inaugural New Zealand Archaeology Week in April, working alongside iwi in archaeology projects at Mangahewa Bay on Moturua Island in the Bay of Islands and mapping Hungahungatoroa Pā near Te Araroa on the East Coast and helping establish stronger community heritage groups in Hawke's Bay and Wairarapa.

Heritage buildings and sites of Māori significance are places the community values and have important stories to tell. The New Zealand Heritage List/Rārangi Kōrero had 14 additions to it this past year, including six particularly special to Māori. The Archaeological Digital Library now holds more than 6200 reports on file, our award-winning *Heritage New Zealand* magazine is a membership favourite with broad appeal, and specific staff work is detailed further in the *Heritage Quarterly* publication included as an insert to the magazine. These are stories of people and their places. They become all our places by association or connection as New Zealanders.

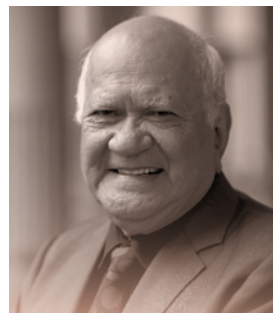
As we welcome new Board and Council members it's important to acknowledge and sincerely thank Brian McGuinness, Wayne Marriott, Storm McVay, Antoine Coffey and Richard Bradley for their valued contributions at governance level, as well as staff, volunteers, members, owners, local authorities, iwi and the wider general public who contribute each day to help preserve, maintain and protect our unique heritage. ■



A handwritten signature in black ink, reading 'Wyatt Creech'.

RT HON WYATT CREECH CNZM
Chair Heritage New Zealand Board
Tiamana o te Poari o te Pouhere Taonga

27 October 2017



A handwritten signature in black ink, reading 'John Clarke'.

JOHN CLARKE CNZM
Chair Māori Heritage Council
Tiamana o te Kaunihera Māori o te Pouhere Taonga

27 October 2017

THE YEAR IN REVIEW

The Heritage New Zealand Board set five strategic priorities under the *Heritage New Zealand Pouhere Taonga Statement of Intent 2015-19*, which formed the basis for the 2016-17 financial year work programme:

- a) Establishing the National Historic Landmarks List
- b) Building public support for heritage through engagement and by working together with the community, property owners and heritage volunteers
- c) Focusing on New Zealand's most significant places
- d) Working with iwi to conserve Māori heritage, and
- e) Improving the regulatory environment for heritage.

THE HERITAGE NEW ZEALAND POUHERE TAONGA *Statement of Performance Expectations 2016-17* described the organisation's role and functions under three broad outcome areas: *Knowledge, Conservation, and Engagement*. Details of performance over the year against specific measures, and how the Board's expectations in relation to priorities were met are included later in this report under each outcome area.

a) Establishing the National Historic Landmarks List

The National Historic Landmarks List/Ngā Manawhenua o Aotearoa me ōna Kōrero Tūturu Policy is firmly in place with work continuing on six proposals. The National Historic Landmarks List recognises those places that are so linked to our national identity that additional accreditation is desirable. This work will continue into future years.

Much of this work further informed Heritage New Zealand's collaboration with the Department of Conservation and the Ministry for Culture and Heritage to develop a pilot programme in Northland to launch the wider minister-inspired programme, Landmarks Whenua Tohunga. A feature of the nine places selected for inclusion is their ability to be recognised within the statutorily mandated programme. Both programmes carry a similar objective of choosing our must-see places – connecting them together and creating a journey to some of our most important heritage sites.

b) Building public support for heritage through engagement and by working together with the community, property owners and heritage volunteers

When the public can experience heritage places and understand their stories, and when owners and kaitiaki have the skills and support to manage and make decisions about the ongoing care

and management of these places, heritage has the best possible chance of survival.

The success of the *How To Research Your House* workshop series continued this year in both Wellington and Christchurch. These popular sessions bring together experts from Heritage New Zealand, Archives New Zealand, local authorities, museums and local heritage organisations to show owners how and where to find information about their own properties.

The day that the country marks its national day, Waitangi Day provided a perfect opportunity to open our doors for the public to visit a part of their heritage and history at 15 of our properties. Experiences ranged from rarely seen places such as Antrim House to a re-enactment of an early cricket game to a myriad of opportunities to simply get hands-on with history, right where it happened. Visitor numbers to our properties were five times higher than normal which underlined the interest people have in their heritage.

Through the inaugural New Zealand Archaeology Week, the New Zealand Archaeological Association brought archaeology to the public, increasing public awareness of this finite heritage resource and highlighting the importance of protecting our archaeological heritage for what it tells us about our past and how understanding this may inspire the future. Heritage New Zealand was proud to support this, with staff leading a variety of public talks, historic walks, and displays right around the country.

Heritage New Zealand engagement activities are discretionary and it is through the efforts of volunteers, communities of interest and often owners of heritage places themselves that we are able to help the public experience heritage sites and therefore understand the imperative for their future.



Re-enactment of an early cricket game, Te Waimate Mission.
IMAGE: HERITAGE NEW ZEALAND POUHERE TAONGA

c) Focusing on New Zealand's most significant places

This priority naturally spans all three outcome areas, with the identification and understanding of significant heritage places the start of a journey that, ideally, results in ongoing conservation and management, and the opportunity for communities of interest to engage with these places and potentially support their long-term conservation.

Heritage New Zealand's work programme included progressing a major capital project to seismically strengthen the Melanesian Mission building and transform the site into a fabulous heritage venue. It is expected to open later in 2017 with the new restaurant facility and first-class hospitality providing an ongoing revenue stream to support maintenance of this highly significant heritage site.

Work will finally begin onsite in July with returning the Timeball tower to Lyttelton's skyline following the earthquakes of 2010 and 2011. This was initially delayed pending roadworks and other infrastructure in the neighbourhood.

Heritage New Zealand Pouhere Taonga is delighted with the acquisition of the Government Buildings Historic Reserve and Turnbull House Historic Reserve in central Wellington as part of a property portfolio realignment with the Department of Conservation and Ministry for Culture and Heritage. This concludes the first stage of a portfolio review of heritage properties to ensure they are managed in the most effective way by the organisation most skilled to do so.



Waka on the Hokianga Harbour
near Māngungu Mission.
IMAGE: GRANT SHEEHAN

d) Working with Iwi to Conserve Māori Heritage

With a long history of support and assistance to iwi in the conservation of their heritage places and buildings, a large number of Treaty Settlements have referenced this support as an ongoing feature of cultural redress.

Active projects in the 2016-17 year's programme including work with He Pakiaka Whakairo Conservation Project; Pūtiki Church Tukutuku, Whanganui; Mōkai Marae, Mangakino/ Taupō region; Toroa Marae Whakatāne, and continuing the Rangiriri Pā interpretation. Arts materials workshops were held with Ngāti Porou, Ngāi Tāmanuhiri and Te Arawa continuing the long-time commitment to teaching iwi necessary skills to be able to conserve and care for their places for themselves.

Māori heritage is New Zealand's heritage. Promoting the value of Māori heritage to all New Zealanders is a key message in the

publication of *Tapuwae* by Heritage New Zealand's Māori Heritage Council. Heritage New Zealand offers *Tapuwae* as a contribution to this country's developing sense of nationhood that takes pride in its indigenous heritage and associated value systems.

An exciting archaeology excavation of an early Māori site at Moturua Island in the Bay of Islands first recorded in 1978 was completed. The two-week excavation was a joint project between Ngāti Kuta and Patu Kēha, the Department of Conservation, the University of Otago and Heritage New Zealand.

Modern techniques of recording and dating were used to further focus a chronology, nature and extent of early Polynesian settlement of Aotearoa. This is also a site where early European explorers interacted with Māori.

Parihaka has a significant place in the history of New Zealand. Heritage New Zealand Pouhere Taonga attended the Parihaka-

Crown reconciliation ceremony at the Toroānui Marae. While it was a hard day of remembrance, there was clearly a vision for the future – many words were spoken about true reconciliation and with this intent the day ended with strong agreement and commitment to this.

Along with the Parihaka Papakāinga Trust, local authorities and other Crown and Government agencies, Heritage New Zealand Pouhere Taonga was a signatory to the Deed. We will work with many of the entities to deliver heritage outcomes for the people of the Toroānui Marae and Parihaka.

e) Improving the regulatory environment for heritage

The *Statement of General Policy for Heritage New Zealand Pouhere Taonga's Statutory Role of Advocacy* has reinforced the organisation's focus on achieving the best outcomes for the country's most significant places.

Heritage New Zealand continued to engage with policy and regulatory reviews within central and local government to encourage conservation opportunities for our most significant heritage places. Considerable effort has been put into working alongside councils, providing them with expert advice on both general and specific heritage matters. In particular, there has been a focus on regulatory requirements for earthquake strengthening of buildings in our Central and Southern Regions. As a result of Heritage New Zealand's involvement in resource management, regulatory functions and advocacy, 622 heritage sites were protected or damage was avoided, almost twice the forecast at the start of the year.

Opportunities to increase understanding of heritage conservation occurred throughout the year through training and workshops for a wide range of audiences including council staff, infrastructure and community groups covering archaeology, heritage planning, heritage identification, conservation, protection tools and the Heritage New Zealand Pouhere Taonga Act 2014. A partnership with the Resource Management Law Association saw training delivered to their members at nine events nationwide to highlight the interaction between the Resource Management Act and the Heritage New Zealand Pouhere Taonga Act.

Decisions and outcomes from occasions where Heritage New Zealand has appeared before the Court further inform the regulatory environment. For example, the appeal taken by a community trust against the proposed demolition of the Golden Bay Grandstand and the associated archaeological authority has reaffirmed the status of appellants considered to be 'directly affected' under Section 58 of the Heritage New Zealand Pouhere Taonga Act. The lobby group in this case was not seen as a mandated representative of anyone directly affected by the granting of the archaeological authority. This indicates that other similar lobby groups in future would not be seen as having the status to appeal authority decisions. The Court decision to decline the appeal reinforced the efficacy of the Heritage New Zealand archaeological authority processes.

ACHIEVING FINANCIAL SUSTAINABILITY

Heritage New Zealand notes its continued commitment to balance core activities required under our legislation that are supported by Crown funding, against the requirement to generate income from third party sources and to manage these income streams prudently in the best interests of heritage.

Self-generated revenue currently contributes 20 percent of baseline funding and supports increased demands for spending on discretionary activities such as engagement and the ongoing implementation of asset management programmes, including conservation and development needs of the properties we care for, and their collections.

Non-crown revenue continues to grow from grants, donations, bequests, membership and property activities, with over \$500,000 received from bequests alone. Donation campaigns to members requesting their help with conservation projects at the Melanesian Mission and Pompallier Mission raised \$160,000. It's a demonstration of the depth of feeling many feel toward historic heritage, and a desire to be part of ensuring it may be enjoyed now, and will thrive into the future.

Opportunities are available for companies to form mutually beneficial associations with Heritage New Zealand, and the organisation took its first step into cause-related marketing in 2016, by implementing a partnership with Laithwaite's Wine People. Laithwaite's has long-established partnerships with the National Trusts in England and Australia where it provides an exclusive co-branded wine service to supporters of those organisations. Through a similar wine service here, our supporters have access to an attractive offer that specifically supports Heritage New Zealand's mission by generating a modest income stream. More valuably, it opens up opportunities for longer-term relationships with new members acquired from Laithwaite's own New Zealand-specific customer base.

This past year was marked by significant moments, not least of which have been the impact of further seismic activity and its effects on Kaikōura, Marlborough and Wellington. These events increase pressure on heritage property owners and therefore increase demand on advisory and funding services. New Chief Executive Andrew Coleman has encouraged the organisation to continue to focus on delivery against a work programme that was ambitious and subject to change, depending on external demand for services.

More information about Heritage New Zealand Pouhere Taonga's work and achievements can be found in the next section of this report, which demonstrates the organisation's efforts to not simply meet, but to exceed expectations. It reflects an organisation well in touch with its refreshed vision of honouring the past, and inspiring the future. ■

Tairangahia a tua whakarere; Tatakia ngā reanga ō āmuri ake nei

Ko te tūmanako me haere tahi tātou. Let us do this together.

STATEMENT OF GOVERNANCE

GOVERNANCE FRAMEWORK

Heritage New Zealand Pouhere Taonga is an autonomous Crown Entity under the Crown Entities Act 2004 and its governance framework includes:

- Heritage New Zealand Pouhere Taonga Act 2014 (HNZPT Act) governance policies adopted by the Board, including terms of reference for Board Committees
- Crown Entities Act 2004
- Principles, practices and guidelines governing the relationship between the Board and the Māori Heritage Council.

BOARD OF HERITAGE NEW ZEALAND AND MĀORI HERITAGE COUNCIL

1. Role

The Board is accountable to the key stakeholders for establishing Heritage New Zealand Pouhere Taonga's vision and setting the strategies to be adopted to promote the identification, protection, preservation and conservation of the historical and cultural heritage of New Zealand and to set the values to be promoted throughout the organisation. The Board also approves the allocation of resources in accordance with the strategic priorities and carries out duties which, under the HNZPT Act, it cannot delegate to management.

It should be noted that the Māori Heritage Council has specific statutory functions under the Act relating to the promotion and conservation of many aspects of Māori heritage. While not in a governance role, the Council works very closely with the Board to ensure Heritage New Zealand Pouhere Taonga's work aligns strategically with both bodies' responsibilities and priorities.

2. Appointment of Board members and composition of Board

The Board is composed of eight Board members appointed by the Minister for Arts, Culture and Heritage (three of whom must, in the opinion of that Minister after consultation with the Minister of Māori Affairs, be qualified for appointment having regard to their knowledge of te ao Māori and tikanga Māori).

In addition, the Minister has appointed the Chief Executive of Ministry for Culture and Heritage as a Special Adviser to the Board. While this appointment is not a member of the Board, they may attend any meetings of the Board or Committee of the Board.

3. Appointment of Māori Heritage Council members

The Māori Heritage Council is composed of eight members appointed by the Minister (four of whom must be persons also appointed to the Board, and four, after consultation with the Minister of Māori Affairs, are Māori and collectively have the skills, knowledge, or cultural background appropriate to the functions and powers of the Council)

4. Board and Māori Heritage Council members' remuneration

This remuneration is set by the Minister consistent with the guidelines set by the State Services Commission and Cabinet Office guidelines.

5. Board and Māori Heritage Council meetings and attendance at meetings

The Board's annual programme is set by the Board in conjunction with the Chief Executive.

The Board held eight meetings in this financial year. The Māori Heritage Council held six meetings in this financial year.

Board and Māori Heritage Council meetings were attended as follows:

BOARD MEMBER	HERITAGE NEW ZEALAND BOARD MEETING ATTENDANCES 1 JULY 2016–30 JUNE 2017
Rt Hon Wyatt Creech	8/8
Mr John Clarke	6/8
Ms Naida Glavish	3/6*
Mr Brian McGuinness	6/6*
Ms Storm McVay	5/6*
Mr Wayne Marriott	5/6*
Mrs Mary Neazor	7/8
Hon Sir Pita Sharples	4/8
Mr Bryce Barnett	2/2**
Mr Chris Cochran	2/2**
Ms Kim Ngarimu	2/2**
Mr David Nicoll	1/2**

*The terms of Ms Naida Glavish, Mr Brian McGuinness, Ms Storm McVay, Mr Wayne Marriott expired on 30 April 2017.

**Mr Bryce Barnett, Mr Chris Cochran, Ms Kim Ngarimu, Mr David Nicoll were appointed from 1 May 2017.

MĀORI HERITAGE COUNCIL MEMBER	MĀORI HERITAGE COUNCIL MEETING ATTENDANCES 1 JULY 2016–30 JUNE 2017
Mr John Clarke	6/7
Mr Richard Bradley	1/6*
Ms Kim Ngarimu	3/7
Ms Naida Glavish	4/7
Mr Antoine Coffin	5/6*
Mr Patrick McGarvey	4/7
Mr Wayne Marriott	5/6*
Dr Pita Sharples	3/7
Mr Chris Cochran	1/1**
Ms Liz Mellish	1/1**
Mr Paul White	1/1**

*The terms of Mr Richard Bradley, Mr Antoine Coffin, Mr Wayne Marriott expired on 30 April 2017.

** Mr Chris Cochran, Ms Liz Mellish, Mr Paul White were appointed from 1 May 2017.

5. Board committees

The Board has four standing committees: the New Zealand Heritage List/Rārangī Kōrero Committee, the Chief Executive's Employment Committee (now known as the Chief Executive Remuneration Committee), the Audit and Risk Committee and the Property Committee.

The Archaeology Committee is a committee of the Māori Heritage Council and meets as required to consider applications for archaeological authorities on sites of interest to Māori.

The Audit and Risk Committee, New Zealand Heritage List/Rārangī Kōrero Committee and the Archaeology Committee have one external member who is not a member of the Board or Māori Heritage Council. They are appointed for the particular skills and experience they bring. All other committees are made up of only Board or Māori Heritage Council members.

All committees have terms of reference, which are reviewed on a regular basis and have been approved by the Board since the HNZPT Act came into effect.

The New Zealand Heritage List/Rārangī Kōrero Committee met in person six times and once made a decision by roving resolution in the 2016-17 financial year, the Audit and Risk four times and the Property Committee nine times. The Chief Executive's Employment did not meet during the 2016-2017 period. An adhoc Chief Executive's recruitment committee was formed and met as required during the period of recruitment of the Chief Executive in 2016.

6. Standards of conduct

The governance policy adopted by the Board sets out the standards of conduct to be followed by Board members in carrying out their duties. This policy is reviewed annually by the Board.

7. Conflicts of interest and disclosure of interests

Each Board member has made a full disclosure of their interests and this is updated at every Board meeting. If an interest is declared relating to a paper before the Board, the member may be excluded from discussions and decision-making relating to the matter.

8. Board members' insurance and indemnity

Insurance has been effected for Board members in respect of any act or omission in their capacity as such. ■

ORGANISATIONAL HEALTH AND CAPABILITY

GOOD EMPLOYER COMPLIANCE

Heritage New Zealand has comprehensive human resource management policies designed to comply with the principles of being a good employer and other legislative requirements. Policies are available to staff electronically on the organisation's network and hard copies are held at most places of work. Staff and the Public Service Association are given the opportunity to give feedback on any proposed changes to policies.

THE PRINCIPLE OF consultation and involvement in policy development is enshrined in specific policies related to decision-making and roles and responsibilities. One indicator of the effectiveness of human resource policies is turnover, which was 9% this year compared to 13% last year. Exit interviews are voluntary; they are a valuable source of information for the organisation.

Heritage New Zealand's key activities against the seven key elements of being a 'good employer' in 2016-17 are summarised below:

ELEMENT	HERITAGE NEW ZEALAND ACTIVITY
1. LEADERSHIP, ACCOUNTABILITY AND CULTURE	<p>The Chief Executive provides leadership and consistent messages by:</p> <ul style="list-style-type: none"> ■ providing a weekly email to all staff ■ addressing all induction forums for new staff; and ■ emphasising key messages at staff affinity forums. <p>Heritage New Zealand is a bicultural organisation and provides regular training to staff in the areas of tikanga and te reo Māori. All staff are encouraged to participate.</p>
2. RECRUITMENT, SELECTION AND INDUCTION	<p>Heritage New Zealand has a robust and transparent recruitment policy and selection process. An interviewee may bring a support person to an interview if desired.</p> <p>During the 2016-17 year a two-day induction forum was held in August for all new staff. These two-day programmes are part of the standard longer-term induction process and ensure that a clear understanding of the organisation's vision, work and culture is reinforced. The induction programme is updated and reviewed after each forum and feedback sought from the participants.</p>
3. EMPLOYEE DEVELOPMENT, PROMOTION AND EXIT	<p>During 2016-17 a number of temporary acting roles to cover extended leave and recruitment periods were provided to enable staff development.</p> <p>Training and development opportunities are offered to all staff where appropriate and these are identified in the staff member's annual performance plan.</p> <p>Affinity forums are held annually for staff working in professional disciplines e.g. architecture and archaeology.</p> <p>Staff attend conferences and workshops relating to their professional discipline to ensure they keep up to date with current practice and it also provides the chance to network with stakeholders.</p> <p>An exit interview is offered to all resigning staff.</p>
4. FLEXIBILITY AND WORK DESIGN	<p>While balancing the needs of the organisation's multi-disciplinary approach to our work requires availability of staff during core office hours, part-time and flexible options are considered.</p> <p>Heritage New Zealand has a policy of monitoring all position descriptions when a vacancy occurs to ensure they accurately reflect job design.</p>



Group discussion on one of the excavated features at Mangahawea, Moturua Island.
IMAGE: HERITAGE NEW ZEALAND POUHERE TAONGA

ELEMENT	HERITAGE NEW ZEALAND ACTIVITY
5. REMUNERATION, RECOGNITION AND CONDITIONS	<p>Heritage New Zealand undertakes a transparent, equitable and gender-neutral job evaluation of all roles. All jobs are independently sized, and salary bands are adjusted based on market information. Annual performance reviews are undertaken for all staff which feed into an annual remuneration review.</p> <p>A small Chief Executive staff reward scheme enables staff and managers to nominate their colleagues for recognition of outstanding or exceptional work across the organisation.</p> <p>All permanent staff are offered free membership to Heritage New Zealand which provides them with free access to our properties and reciprocal visiting rights to a number of international heritage organisations.</p>
6. HARASSMENT AND BULLYING PREVENTION	<p>Heritage New Zealand has a zero tolerance of bullying and action is taken promptly to mediate and address issues at the time they arise.</p>
7. SAFE AND HEALTHY ENVIRONMENT	<p>Heritage New Zealand is absolutely committed to ensuring the health and safety of all staff, volunteers and visitors.</p> <p>The Health and Safety Policy has been reviewed to reflect the requirements of the Health and Safety at Work Act 2015.</p> <p>To continue to ensure oversight and management remains a priority in this crucial part of our organisation's responsibilities. Health and Safety information is provided for all Board meetings.</p> <p>A log of emergency contacts is held for all staff and these are updated regularly.</p> <p>The Emergency Management Team has been issued with memory sticks that hold health and safety information and essential documents, including staff contact details.</p> <p>All teams are required to have Health and Safety as an agenda item at their team meetings to ensure that any issues are identified so that they can be addressed and either resolved or minimised.</p> <p>Heritage New Zealand operates a Health and Safety Committee that is made up of staff from various parts of the organisation.</p> <p>The following in particular are provided to ensure a safe work environment:</p> <ul style="list-style-type: none"> ■ Flu injections ■ Wellbeing allowance ■ Workplace assessments as required ■ Civil defence and first aid equipment is supplied to all sites ■ First aid training is offered to any staff member who wishes to obtain a first aid certificate ■ Site safe training is provided for those staff who require it for their roles; and ■ An employee assistance programme is provided by Vitae Ltd. Four percent of staff have accessed Vitae.

EQUAL EMPLOYMENT OPPORTUNITIES

Heritage New Zealand maintains a diverse workforce made up of a wide range of people representing different age groups and ethnicity. A voluntary Equal Employment Opportunity (EEO) survey of staff in June 2017, which had a 77% response rate, showed the following:

AGE	<30	8%
	30-50	42%
	>50	43%
	Undisclosed	5%
ETHNICITY	Māori	15%
	New Zealand European	69%
	Pacific Island	1%
	Other	15%
GENDER	Male	32%
	Female	67%
	Other	1%
DISABILITY	Yes	5%
	No	93%
	Prefer not to say	2%

As at 30 June 2017, there were 110 full-time equivalent staff. The average length of service in the organisation is seven years nine months (2016: seven years).

EEO principles and processes are part of mainstream management practices in Heritage New Zealand Pouhere Taonga. These are supported through human resources policies that are designed to ensure that non-discriminatory approaches and procedures are observed.

VOLUNTEERS TO HERITAGE NEW ZEALAND POUHERE TAONGA

In the 2016-17 financial year Heritage New Zealand Pouhere Taonga had 240 volunteers who provided approximately 13,590 volunteer hours. We are grateful for the immense contribution of our volunteers and note that without their assistance we would be challenged to achieve the outcomes which our supporters have come to expect. There were also four student placements for a further 416 hours.

Heritage New Zealand Pouhere Taonga's Regional and Area offices work closely with local volunteer heritage organisations, including members who previously belonged to (former) New Zealand Historic Places Trust Branch Committees, to deliver positive outcomes for heritage. ■



Learning about the largest signing of the Treaty of Waitangi at Māngungu Mission.
IMAGE: GRANT SHEEHAN

STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2017

IN TERMS OF the Crown Entities Act 2004, the Board of Heritage New Zealand Pouhere Taonga is responsible for the preparation of Heritage New Zealand's financial statements and Statement of Performance and for the judgements made in them.

The Board of Heritage New Zealand Pouhere Taonga has the responsibility for establishing, and has established, a system of internal control to provide reasonable assurance as to the integrity and reliability of financial reporting.

The Board of Heritage New Zealand Pouhere Taonga has provided all end-of-year performance information as requested under Section 19A of the Public Finance Act 1989.

In the Board's opinion, these financial statements and Statement of Service Performance fairly reflect the financial position and operations of Heritage New Zealand for the year ended 30 June 2017. ■

RT HON WYATT CREECH CNZM
Heritage New Zealand Board Member

27 October 2017

JOHN CLARKE CNZM
Heritage New Zealand Board Member

27 October 2017



Conservation work at Kikopiri Marae, Ohau.
IMAGE: ARNO GASTEIGER

STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2017

THERE ARE THREE key outcome areas where Heritage New Zealand Pouhere Taonga (Heritage New Zealand) sought to make a difference over the past financial year: Heritage Knowledge/Mātauranga, Heritage Conservation/Pena Pena Taonga, and Heritage Engagement/Hononga. These three headings represent the work of the organisation, all of which share an overarching outcome for Heritage New Zealand and are in line with the Government's goal for the cultural and heritage sector. ■

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:

- 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.

KNOWLEDGE/MATAURANGA

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

Long-term impact indicator

Knowledge about New Zealand's culture and heritage is increased and is accessible.

CONSERVATION/PENA PENA TAONGA

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

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.

ENGAGEMENT/HONONGA

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

Long-term impact indicator

Public engagement, awareness and understanding of heritage is increased.

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:

- 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:

1. Establish a National Historic Landmarks List
2. Enhance the New Zealand Heritage List/Rārangi Kōrero
3. Capture heritage information from archaeological material.

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.

1. Encourage engagement with heritage in communities
2. Heritage New Zealand's properties are accessible to the public
3. Share heritage stories.

HERITAGE NEW ZEALAND KEY PRIORITY OUTPUTS 2016-2017

INTERMEDIATE OUTCOME 1: HERITAGE KNOWLEDGE/MĀTAURANGA

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

Key strategic priorities relevant to the Knowledge intermediate outcome:

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

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

Work programme priorities over the past year included focusing on the most significant heritage places, and working with iwi to conserve Māori heritage.

Heritage Knowledge Output 1: Establish a National Historic Landmarks list

Heritage New Zealand has continued to develop the proposals for National Historic Landmarks Ngā Manawhenua o Aotearoa me ōna Kōrero Tūturu and worked with the Ministry for Culture and Heritage and the Department of Conservation on a wider national Landmarks Whenua Tohunga programme that aims to promote and tell the stories of sites of national, regional and community significance. The Landmarks Whenua Tohunga project was launched in Northland on 1 December 2016 and included the following heritage places: Ruapekapeka Pā, Pompallier Mission and Printery, Cape Brett/ Rākaumangamanga, Waitangi Treaty Grounds, Māngungu Mission, Rangihoua Heritage Park, Te Waimate Mission, Kororipo Heritage Park and Clendon House.

Heritage Knowledge Output 2: Enhance the New Zealand Heritage List

Heritage New Zealand aims to be an authoritative source of information. The New Zealand Heritage List/Rārangi Kōrero (the List) is one such source for people exploring New Zealand's heritage places and each year this work programme aims to enhance the quality and accuracy of the List, and expand it with the addition of more places of heritage significance.

There are 2,728 reports available on the List Online and 47.7% of entries have a statement of significance, slightly ahead of target for the year. There were 14 additions to the List, including six of significance to Māori.

These additions included the Awapuni Medical Corps Memorial, Palmerston North as a Category 1 historic place. This memorial was unveiled in 1929 and is where the contribution of the New Zealand Medical Corps during World War One is remembered. It is the only known monument in the country that is solely dedicated to commemorating the critical support of New Zealand's military medics. It is the only physical reminder of the important role that the Awapuni Camp played in New Zealand's provision of troops for the First World War's international theatres of battle.

It is symbolic of New Zealanders' strong desire that the achievements and sacrifice of the fallen members of the New Zealand Medical Corps should never be forgotten, and their training camp is a unique place to fulfil this function. The memorial was rededicated on 20 October 2016, after a two-year restoration project, renewing the pledge never to forget.

Another new Category 1 historic place is the Robert Lord Writer's Cottage in Dunedin. This little brick cottage was home to Robert Lord, New Zealand's first professional playwright and now provides a venue for writers. This cottage is significant in being a tangible reminder of Lord's role in developing professional theatre and playwriting in New Zealand and the vital role of residencies and community support for New Zealand writers. The cottage is a contributing element in recognising Dunedin as a UNESCO Creative City of Literature.

An addition of significance to Māori is the Opihi Rock Art Wāhi Tūpuna which encompasses a cluster of 18 rock art sites including the famous taniwha figure, and is treasured as a gateway to tūpuna from Rapuwai, Waitaha, Kāti Mamoe and Kāi Tahu who travelled throughout Te Waipounamu. The rock art figures sit in the centre of a concentration of rock art in South Canterbury.

Kāti Huirapa, the kaitiaki hapū of South Canterbury rock art, consider the Opihi rock art to be a taonga, a legacy handed down from tūpuna that is integral to their identity. Rock art has special significance to tāngata whenua as a physical and tangible example of the activities and places associated with their ancestors that still exist in the landscape today.

Other work associated with the List includes reviews of existing entries and updating of location information to help increase accuracy of data held. There were 23 List entries reviewed, ahead of the forecast of 12.

An example of a review is that of the Harbour/Tyne Street Historic Area, to include significant places outside its boundary. This resulted in a much larger historic area known as the Oamaru Historic Area, extending from the Tyne and Harbour Street locale to parts of Thames, Meek, Steward and Wear Streets to the north, and along the northern side of Itchen Street.

This change of boundary recognises Oamaru as a town built on the prosperity of the 1860s and 1870s, carving an identity in stone that was continued with the architectural styles of the 20th century. From the Victorian Italianate glory of the warehousing and offices on Harbour and Tyne Streets, to the imposing Classical authority of the banks on Thames Street, to the Moderne design of the Centennial Memorial Restrooms, the streetscape within the Oamaru Historic Area is remarkably intact and distinctive, giving it special significance. The review was complex and involved early and ongoing engagement with owners and interested groups.

Heritage Knowledge Output 3: Capture heritage information

Once work carried out under an archaeological authority is complete, a report is required that details the outcomes of the archaeological work associated with that authority. Heritage New Zealand actively encourages completion of these reports because they add to our collective knowledge about the stories and archaeology of New Zealand. By including them within the Archaeological Digital Library, that knowledge becomes more accessible to the public. ■



Long-term impact indicator – Knowledge about New Zealand’s culture and heritage is increased and is accessible. ¹	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Trending or not in line with forecast
Total number of reports available in the Archaeological Report Digital Library increases	4,797 (343 added)	5,331 (534 added)	5,828 (497 added)	5,870	6,210 (382 added)	Exceeded
Total number of NZ Heritage List reports available increases	2,403 (increase of 96)	2,506 (increase of 103)	2,575 (increase of 69)	2,695	2,728 (153)	Exceeded

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

HERITAGE KNOWLEDGE OUTPUTS TABLE:

Type of Measure	Output	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
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KNOWLEDGE OUTPUT 1: ESTABLISH A NATIONAL HISTORIC LANDMARKS LIST/NGĀ MANAWHENUA O AOTEAROA ME ONA KŌRERO TUTURU

Performance measures	Partner with Ministry for Culture and Heritage and Department of Conservation to progress the national programme for visitor sites.	n/a	Policy developed	Policy finalised and implemented in October 2015.	With partners deliver Northland pilot	Northland Landmarks programme launched on 1 December 2016.	Achieved
	Progress the National Historic Landmarks Proposals	n/a	n/a	Preliminary proposals prepared	Progress proposals	Review of Oamaru Historic Area completed. Work underway on Risk Management Plan for Waitangi.	Achieved

Type of Measure	Output	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Exceeded/ Achieved/Not Achieved or Met, Above or Below Estimate
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KNOWLEDGE OUTPUT 2: ENHANCE THE NEW ZEALAND HERITAGE LIST/RĀRANGI KŌRERO

Performance measures	Additions to the NZ Heritage List (including those of significance to Māori)	28	25	16	12	14	Above estimate
	Additions to the NZ Heritage List that are of significance to Māori	10 (six wāhi tapu, one wāhi tapu area, two historic places and one historic area)	11 (three wāhi tapu, three wāhi tapu areas, four historic places, one historic area)	8 (three wāhi tapu areas, three wāhi tūpuna, one historic place, one historic area)	6	6 (three wāhi tūpuna, two wāhi tapu areas, and one wāhi tapu)	Achieved
Performance measures	Percentage of NZ Heritage List entries with a statement of significance ²	42%	44%	45%	46%	48%	Above estimate
	Existing NZ Heritage List entries reviewed	46 ³	13	25	12	23	Exceeded. Six removals due to destruction or demolition and 17 reviews.

KNOWLEDGE OUTPUT 3: CAPTURE HERITAGE INFORMATION

Performance measures	Percentage of authorities (granted and actioned in past decade) where a report has been received (or no report was required)	n/a	n/a	n/a	80%	81%	Above estimate
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² Following 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.

³ An unanticipated increase in reviews arose during the year due to the finding of a missing list of approved New Zealand Heritage List entries which prompted the need to review a number of List entries.



INTERMEDIATE OUTCOME 2: HERITAGE CONSERVATION/PENA PENA TAONGA

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

Key strategic priorities relevant to the Conservation intermediate outcome:

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

IMPROVING AWARENESS of significant places and providing expert advice to owners and kaitiaki of New Zealand's heritage places contributes to their long-term conservation. This should result in a reduction in the loss of heritage; although the safety of life and the potential financial implications for owners and communities may influence this outcome, and some loss of

heritage is anticipated in our forecasts, whether from fire, natural hazards or loss of heritage through demolition.

Heritage New Zealand targets its resources to ensure our most significant heritage and taonga are conserved for generations of New Zealanders.

Conservation Output 1: Conserve Māori heritage

Heritage New Zealand continues to support iwi and hapū as kaitiaki of their significant places, providing technical advice and expertise including marae-based training and practical skills development opportunities to enable local people to maintain their places into the future.

Six Māori built heritage projects were completed through the year. The projects were:

- He Pakiaka Whakairo Conservation Project. A large project to provide conservation services to Ministry of Foreign Affairs and Trade on the He Pakiaka Room in the New Zealand Embassy building in Beijing, China. This wharenui was opened in 1984. The Embassy is currently being rebuilt and the carvings were returned to New Zealand for conservation ready for the new building opening in 2018.
- Pūtiki Church Tukutuku, Whanganui: a series of conservation workshops were carried out to conserve damaged tukutuku panels inside St Pauls Church at Pūtiki, Whanganui. The workshops provided training for a group of local weavers to carry out the repair work. St Pauls Church was opened in 1937 and is an important example of the Ngata period of church building and sharing a similar style to the earlier St Mary's Church in Tikitiki. The Church Committee are working alongside Heritage New Zealand's Central Regional Team to have the building listed.
- Mōkai Marae, Mangakino/Taupō: restoration work was undertaken for the external carvings on the wharenui Pakake Taiari, which was completed in August 2016, and conservation work to the two carved monuments that stand on the marae grounds was completed in April 2017.
- Toroa Marae, Whakatāne: a conservation and restoration project was completed with Ngāti Awa at Toroa marae in September 2016. Work was also completed on the paepae kōrero (orators seating area), and additional carvings have been conserved that will be used on a new waharoa for the marae.
- Rangiriri Pā Interpretation: detailed design is completed and the build is underway on this reinstated section of the pā removed in the 1960s for State Highway 1. Heritage New Zealand has been involved in the concept development and design work in conjunction with the New Zealand Transport Agency and Waikato-Tainui. Expected completion early August.
- Traditional Arts Materials Workshops: workshops teaching the art of harvesting and preparation of traditional materials associated with the repair and manufacturing of tukutuku panels have been held over a series of dates and locations in 2017. Iwi, hapū and other groups involved in these workshops include Ngāti Porou, Ngāi Tāmānui, Te Arawa, Ngāti Hinekura, and Auckland Museum - Tāmaki Paenga Hira (for conservation work on the wharenui Hotunui).

Heritage New Zealand has also worked in partnership with many iwi to develop projects that recognise, conserve and engage with Māori heritage. Some examples of these partnerships are:

- Taranaki-Parihaka: Heritage New Zealand signed the Parihaka Deed of Reconciliation on 9 June 2017 which establishes a programme of work going forward.
- Ngāti Porou: Involvement in a joint project with Te Rūnanga o Ngāti Porou and the Department of Conservation to map Hungahungatoroa Pā, Te Araroa to assist in the long term management of the site.
- Ngāti Whakaue – Ōhinemutu: partnership to list Saint Faith's Church on the New Zealand Heritage List/Rārangi Kōrero

Also, working alongside Ngāti Hinemihi, Heritage New Zealand has been in contact with the National Trust in England regarding the future of the 19th century wharenui Hinemihi. In December 2016, after a fire at Clandon Park, England, the Hinemihi whare was dismantled and put into storage by its owners, the National Trust.

The National Trust is currently in the process of developing a plan for the redevelopment of Clandon Park, where Hinemihi stood for over 100 years. Discussions continue with iwi, hapū and other relevant stakeholders regarding the future of this house of special significance to Ngāti Hinemihi and Tūhourangi and Heritage New Zealand will continue to work with them to seek the most appropriate outcome for this taonga.

Conservation Output 2: Administer the National Heritage Preservation Incentive Fund

Heritage New Zealand provided financial support for owners of significant heritage places through the administration of the National Heritage Preservation Incentive Fund and \$672,900 was allocated on behalf of the Government over the year.

Conservation Output 3: Provide heritage advice

Heritage New Zealand continues to provide a wide range of advice to property owners (including private individuals, Councils, companies, iwi, and Crown agencies) to support them in their protection and management of heritage places.

Through submissions to local and central government policy and plan documents and underlying processes, Heritage New Zealand is able to influence outcomes across whole districts or areas of government. This is a significant component of our work programme.

Opportunities to increase understanding of heritage conservation occurred throughout the year through training and workshops for a wide range of audiences including council staff, infrastructure groups and university students covering archaeology, heritage planning, heritage identification, conservation, protection tools and the HNZPT Act.

Training arises out of on the ground issues, needs, interests, and concerns to address, while at the same time proves to be an excellent context for constructive relationship building with these organisations and professionals. A partnership with the Resource Management Law Association led to training being delivered to their members at nine events nationally.

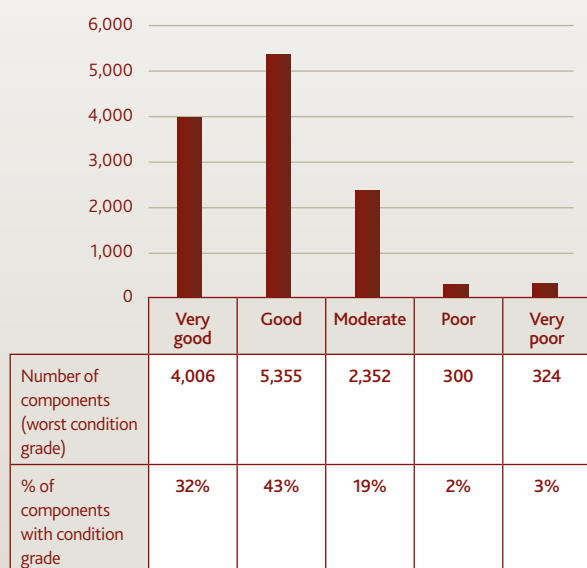
Conservation Output 4: Administer the archaeological authority process

The HNZPT Act protects archaeological sites by requiring any person who wishes to modify or destroy an archaeological site to apply for an authority from Heritage New Zealand. The application for an archaeological authority gives Heritage New Zealand an opportunity to positively influence the outcome of the proposed work.

This might mean negotiating a solution where no authority becomes necessary because the affected site is avoided, a reduction in what otherwise may have been lost, or through requiring the site to be thoroughly investigated and recorded before it is irreparably lost so this knowledge contributes to improved understanding of our past. There is a clear upward trend in the effect this is having for the conservation of this finite heritage resource.

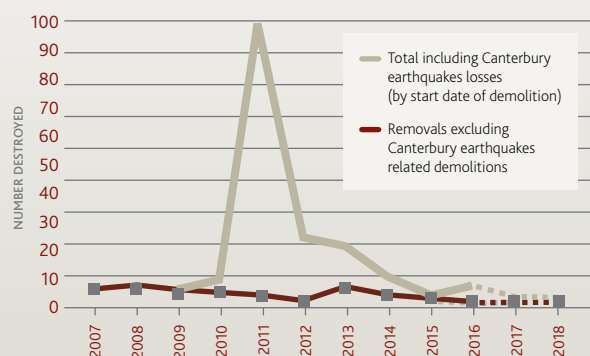
Graph 1: Current condition of components of Heritage New Zealand managed properties as at 30 June 2017

Total property asset component condition (assessed by worst condition grade using non-intrusive visual survey)



Graph 2: New Zealand Heritage List places demolished/destroyed

(by calendar year, actuals to 2016, estimated from 2017 as shown by the dashed line)



The HNZPT Act came into effect in May 2014 substantially shortening statutory time frames for processing archaeological authorities to between 10 and 40 working days depending on the application type. Heritage New Zealand also has five days in which to accept or return an application. The reduced time frame presented a challenge to which the organisation has risen, with 98.4% of authorities processed within the required time frame. Those not meeting the time frame were all ones that were not accepted or returned within the five-day period.

Emergency archaeological authorities have a statutory time frame of three to five working days and it is gratifying that all emergency authority applications were all processed within the required time frame considering the number of natural disasters that occurred in the last year.

Conservation Output 5: Conserve Heritage New Zealand's properties

Maintaining properties that we care for is another significant part of our work programme, and contributes to public enjoyment, and safety of visitors and staff. Our ongoing maintenance and conservation programme is an opportunity to showcase this type of work for owners of other heritage sites. Projects in 2016-2017 included repair and painting of the exterior of Pompallier Printery, sealing the car park of Pompallier Mission, repairing the miller's house and adding an early warning fire system at Clarks Mill, and damp-proofing and insulating the caretaker's house at Te Waimate Mission.

Considerable development has been undertaken at the Melanesian Mission, including strengthening the Mission building and replacing the roof. This 1859 Category 1 historic place is being

redeveloped to include a new restaurant and interpretation which is expected to open in October 2017.

A review of the Timeball re-development was undertaken and work to return the Timeball and tower will start in July 2017. This development commemorates the history of the structure and will be an important post-earthquake addition to the Lyttleton landscape. Completion is expected by May 2018.

During the year Heritage New Zealand and the Department of Conservation completed the first stage of a joint property rationalisation project. This resulted in the transfer of Old Government Buildings and Turnbull House to Heritage New

Zealand on 30 June 2017. Condition assessments have not been completed by Heritage New Zealand for Old Government Buildings and Turnbull House and so have not been included in the overall condition assessment of our properties (Graph 1).

Whangamarino Redoubt at Mercer, Clifden Bridge in Southland, Gabriel Read Memorial in Otago, Springvale Bridge in Manawatu and Brunner Industrial Site on the West Coast will transfer from Heritage New Zealand to the Department of Conservation on 1 July 2017.

Heritage New Zealand also transferred ownership of Rangiriri Pā and Te Wheoro's Redoubt to Waikato Tainui in August 2016. ■

Long-term impact indicator – 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	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Trending or not in line with forecast
Number of heritage sites on the NZ Heritage List demolished or destroyed reduces (measured in calendar years, refer Graph 2)	19 ⁴ (2013)	10 (2014)	4 (2015)	3	6 (2016)	Higher than forecast.
Percentage of district plans that meet Heritage New Zealand defined standard (triennial assessment) ⁵ in four areas where district plan provisions include:	n/a		n/a	n/a	n/a	Next assessment to be conducted in the 2017/18 financial year.
1. A Heritage Schedule that contains all properties entered on the List		34%				
2. Demolition of scheduled heritage as a non-complying activity ⁶		67%				
3. Destruction of scheduled Māori heritage as a non-complying activity ⁷		25%				
4. Regulatory incentives for retention of heritage		49%				

⁴ Heritage New Zealand was advised on 18 May 2016 of a demolition that occurred in 2013 that had not been previously reported.

⁵ The Heritage New Zealand National Assessment of Resource Management Act Policy and Plan Heritage Provisions is carried out triennially from 2015 (previously biennially) and considers all district plans and is posted on the Heritage New Zealand website. The 2015 assessment is located at <http://www.heritage.org.nz/resources/research-and-papers/research>

⁶ 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.

⁷ 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.

HERITAGE CONSERVATION OUTPUTS TABLE:

Type of Measure	Output	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
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CONSERVATION OUTPUT 1: CONSERVE MĀORI HERITAGE

Performance measures	Number of Māori built heritage, sites, and rock art projects completed working with specific iwi and hapū	8	7	6	6	6	Achieved
	Establish partnership programme with specified iwi to identify a programme of work involving recognising, conserving and engaging with heritage.	-	-	-	5	5	Achieved

CONSERVATION OUTPUT 2: ADMINISTER THE NATIONAL HERITAGE PRESERVATION INCENTIVE FUND

Performance measures	Percentage of Fund allocated, monitored and reported in accordance with the policy	100%	100%	100%	100%	100%	Achieved
	Total number of projects funded ⁸	18	10 One offer declined	16 (includes three offers pending, one offer declined)	18	21 (including two pending, five offers declined)	Above estimate
	Total value of grants approved	\$633,985	\$521,800 A further \$35,000 was offered but declined	\$387,050 A further \$100,000 was offered but declined	\$662,000	\$672,900	Above estimate

⁸ For a list of grants allocated from this fund refer to the Heritage New Zealand website at <http://www.heritage.org.nz/protecting-heritage/national-heritage-preservation-incentive-fund>

Type of Measure	Output	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Exceeded/ Achieved/Not Achieved or Met, Above or Below Estimate
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CONSERVATION OUTPUT 3: PROVIDE HERITAGE ADVICE

Performance measures	Number of heritage sites protected, or damage avoided at a site, as a result of Heritage New Zealand involvement in resource management, advice, archaeological authority, and Crown land disposal processes	529	503	462	330	622	Exceeded. 60% sites protected through archaeological authority process.
	Percentage of assessments of land proposed for disposal by Crown agencies completed within specified time frames (number of assessments)	99.7% (294)	99.8% (412) ⁹	100% (290)	99% (240)	99.6% (267)	Exceeded.
	Number of cases heritage advice is given to property owners ¹⁰	-	-	-	450	648	Exceeded.

⁹ The increase is due to an unexpected high number of disposals coming from a single agency.

¹⁰ Excluding Crown Land disposal assessments which are reported separately. Property owners include private individuals, companies, iwi, trusts, organisations, Crown agencies and local authorities in their capacity as property owners.

Type of Measure	Output	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Exceeded/ Achieved/Not Achieved or Met, Above or Below Estimate
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CONSERVATION OUTPUT 4: ADMINISTER THE ARCHAEOLOGICAL AUTHORITY PROCESS

Activity measures	Percentage of Archaeological Authorities processed within statutory time frames ¹¹ (number of authorities processed)	100% (411)	i) 98.1%* (391)	i) 99.1%* (501)	99% (450)	i) 98.4%* (505)	Not achieved. 8 applications were not accepted or returned within the 5-day statutory time period.
	Canterbury earthquake emergency authorities ¹²	-	ii) 100%*	ii) 100%*	ii) 100%	ii) 100%*	Achieved.
	(Number of emergency authorities processed)	99.99% (877)	100% (865)	100% (564)	98% (600)	100% (294)	Achieved.
	Percentage of Archaeological Authorities that avoid or protect archaeological sites. ¹³	23.3%	30.2%	22.2%	20%	24.6%	Exceeded
	Number of Archaeological Area strategies prepared to guide archaeological work approved as part of authorities.	-	-	-	1	1 draft	Not achieved. Draft completed and being assessed by Area Office staff.

CONSERVATION OUTPUT 5: CONSERVE HERITAGE NEW ZEALAND PROPERTIES

Activity measures	Maintain 95% of property asset components at or above 'Moderate' condition grade assessed by annual non-intrusive visual survey (Refer Graph 1).	95% ¹⁴ (13 projects)	95.5% (11 projects)	95.65% (10 projects)	95% (7projects)	95% (6 projects)	Not achieved. Six projects completed or well underway. Timeball process has been reviewed and project will commence July 17.
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¹¹ Note the previous statutory time frame for processing of authorities was 90 working days for standard authorities under the Historic Places Act 1993 (HPA). The HNZPT Act, which came into effect on 20 May 2014, replacing the HPA, has substantially shortened statutory time frames for processing archaeological authorities to between 10 and 40 working days depending on the application. * i) being acceptance/return (5 days to accept/return) and ii) once accepted, 10-40 working days based on application.

¹² Emergency authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 and under the emergency provisions of the HNZPT Act have a statutory time frame of three working days or five working days in the case of a site of interest to Māori.

¹³ The HNZPT 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.

¹⁴ It is expected that 5 percent of selected components for particular properties will be allowed to deteriorate as Heritage New Zealand is unable to fund components for all properties. Therefore a prioritised and sustainable work programme is undertaken.

INTERMEDIATE OUTCOME 3: HERITAGE ENGAGEMENT/HONONGA

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

Key strategic priorities relevant to the Engagement intermediate outcome:

- Working with iwi to conserve Māori heritage
- 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.

THE WORK accomplished under this outcome area supports and contributes directly towards results achieved under the knowledge and conservation outputs. As previously noted, positive heritage outcomes for New Zealand's significant heritage places can be greatly enhanced by our ability to engage with people and organisations. We create and foster active engagement through events we hold, through partnership projects with other organisations and through working with schools. The engagement events delivered exceeded expectations demonstrating the emphasis we placed on this area of work.

Engagement Output 1: Encourage heritage engagement in communities

Engagement activities included involvement in community-based heritage festivals and events with owners, such as the *Research Your House* workshops which were held around the country. In Christchurch almost 80 people attended with many of those expressing an interest in further discussions. As part of Christchurch Heritage Week, Heritage New Zealand organised a range of speakers for an evening called *Quick Fire: Hidden Histories* which was also well supported.

Heritage New Zealand was involved in the Richard John Seddon 150 year celebrations at Kumara, West Coast from 25-28 November 2016 where new interpretation panels were unveiled. Over 100 people attended the unveiling and the weekend culminated in a function at the local hall attended by over 400 people.

We were proud to be a major contributor to the inaugural New Zealand Archaeology Association's New Zealand Archaeology Week in April 2017 with staff involved in organising and undertaking public talks and trips around the country relating to the archaeological stories of New Zealand. The attendance at these events nationally reflects the wide public interest in the archaeological stories of New Zealand, and Heritage New Zealand will continue to support this event into the future.

Engagement Output 2: Open Heritage New Zealand properties to the public

Over 227,000 people visited properties cared for by Heritage New Zealand. A high level of satisfaction was reported by 97% of visitors surveyed, maintaining the level reached in the previous year.

Along with projects to maintain the condition of properties, a number of projects are undertaken each year to enhance the experience of visitors to our properties. This year's main project was an upgrade of photos of our properties for the website, brochures and marketing. The proposed improvements to the interpretation at Melanesian Mission will now be undertaken as part of the overall upgrade of the site, completion of which is expected in October 2017.

Engagement Output 3: Share heritage stories

New Zealanders explore information on their own terms, and a substantial increase in online and digital activity was noted both in use of the Heritage New Zealand website, and in the number of subscribers to the e-newsletter *Heritage This Month*. ■

Long-term impact indicator – Public engagement, awareness and understanding of heritage is increased	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Trending or not in line with Forecast
Percentage of survey respondents who rate their personal interest in protection of historic places as very interested ¹⁵ increases (survey conducted annually ¹⁶)	57%	55%	57%	59%	58%	In line with forecast.

¹⁵ 'Very interested' is considered to be a rating of 8 or above out of 10.

¹⁶ Survey has a sample size of 500 with a margin of error of 5.1%

HERITAGE ENGAGEMENT OUTPUTS TABLE:

Type of Measure	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
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HERITAGE ENGAGEMENT OUTPUT 1: ENCOURAGE HERITAGE ENGAGEMENT IN COMMUNITIES

Performance measures	Number of initiatives undertaken in partnership with regional organisations, iwi and others to enhance heritage engagement	37	31	46	34	31	Not achieved.
	Number of heritage engagement events run (including Māori heritage events)	146	118	159	80	143	Exceeded. This includes 14 Waitangi day events.

HERITAGE ENGAGEMENT OUTPUT 2: OPEN HERITAGE NEW ZEALAND PROPERTIES TO THE PUBLIC

Performance measures	Visitor numbers at Heritage New Zealand staffed properties are maintained	208,046	206,923	234,858	208,000	227,405	Exceeded.
	Percentage of respondents who rate their visit to Heritage New Zealand staffed properties as "satisfied" or higher.	93%	97%	97%	93%	97%	Exceeded.
	Number of school education-focused programmes/events/tours at Heritage New Zealand properties.	-	-	-	80	54	Not achieved. New measure.
	Number of visitor facility and interpretation projects completed at selected Heritage New Zealand properties	2 ¹⁷ projects	3 projects	7 projects	2 projects	1 project	Not achieved. Melanesian Mission interpretation is part of a large scale redevelopment project which is not yet completed.

¹⁷ Note one project spanned the 2013-14 and 2014-15 reporting years and was counted in each year as a project. Stage 1 was to undertake consent requirements with stage 2 to complete construction.

Type of Measure		2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Forecast	2016-2017 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
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HERITAGE ENGAGEMENT OUTPUT 3: SHARE HERITAGE STORIES

Performance measures	Increase the number of average page views per month of Heritage New Zealand webpages (including the List Online)	87,878	66,573 ¹⁸	75,569	69,500	82,780	Exceeded.
	Audited readership of <i>Heritage New Zealand</i>	12,722	12,098	11,752	12,000	11,509	Not achieved. ¹⁹ Interim figure as at 31 March 2017.
	Number of email recipients of <i>Heritage this Month</i> newsletter averaged over 12 months	9,655	12,212	13,151	13,500	14,558	Exceeded.

¹⁸ The decrease related to fewer numbers of pages available for download following the merger of Heritage New Zealand's two websites, and that enhanced search functionality makes it easier for users to go directly to content rather than clicking through more than one page.

¹⁹ Audit requirements from Magazine Publishers Association (MPA) changed in June 2016 to a biennial requirement for an independent external audit, interspersed with biannual Publisher Statements in March and September. The Publisher's Statement using the MPA's rules has been used here. Next independent external audit is due 30 September 2018.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the year ended 30 June 2017

	Note	Group Actual 2017	Group Budget 2017	Group Actual 2016
		\$000s	\$000s	\$000s
REVENUE				
Revenue from Crown	2	12,988	12,988	12,988
Property	2	1,793	1,599	1,699
Grants, donations and bequests	2	1,022	762	765
Membership	2	641	570	646
Interest	2	360	330	440
Sundry		74	52	114
REVENUE FROM OPERATIONS		16,878	16,301	16,652
EXPENDITURE				
Fees paid to the auditors	5	65	56	63
Administration		1,643	1,859	1,862
Award of costs		-	-	118
Capital fundraising costs		-	-	60
Personnel	4	9,097	9,190	8,673
Property		1,534	1,490	1,745
Incentive Fund		673	662	371
Insurance premiums		395	372	465
Depreciation and amortisation	12	475	451	460
Loss on write-off of property, plant and equipment	12	30	-	71
Communications		520	482	510
Membership		501	598	514
Board fees	17	139	140	150
Travel and accommodation		566	685	636
TOTAL OPERATING EXPENDITURE		15,638	15,985	15,698
NET SURPLUS FOR THE YEAR BEFORE CEHB FUND AND TRUST GRANTS		1,240	316	954
Canterbury Earthquake Heritage Buildings Fund and Trust grants		46	750	1,700
NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		1,194	(434)	(746)
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Loss on revaluation of property, plant and equipment	7, 12	(78)	-	(39)
Loss on transfer of property plant and equipment	7, 12	(270)	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		846	(434)	(785)

STATEMENT OF FINANCIAL POSITION as at 30 June 2017

	Note	Group Actual 2017	Group Budget 2017	Group Actual 2016
		\$000s	\$000s	\$000s
EQUITY				
Accumulated funds	7	34,940	12,069	9,237
Timeball capital fund		-	1,393	-
Bequests and specified funds	7, 8	5,245	3,042	5,750
Property maintenance & development fund	7	61	-	1,264
Revaluation reserve	7	45,345	45,688	45,693
Canterbury Earthquake Heritage Buildings Fund and Trust	7	581	45	632
TOTAL EQUITY		86,172	62,237	62,576
Equity is represented by:				
CURRENT ASSETS				
Cash and cash equivalents	9	5,575	1,149	3,836
Term deposits	9	6,320	7,618	8,920
Prepayments and receivables	10	547	340	320
Inventories	11	208	240	239
GST receivable		195	125	149
TOTAL CURRENT ASSETS		12,845	9,472	13,464
NON-CURRENT ASSETS				
Property, plant and equipment	12	75,604	53,289	53,468
Work in progress		2,763	2,855	260
TOTAL NON-CURRENT ASSETS		78,367	56,144	53,728
TOTAL ASSETS		91,212	65,616	67,192
CURRENT LIABILITIES				
Payables	13	1,102	600	622
Incentive Fund grants	14	1,464	1,000	1,050
Other grants	14	1,627	1,104	2,204
Employee entitlements	15	784	600	675
TOTAL CURRENT LIABILITIES		4,977	3,304	4,551
NON-CURRENT LIABILITIES	15	63	75	65
TOTAL LIABILITIES		5,040	3,379	4,616
NET ASSETS		86,172	62,237	62,576

Explanations of major variances against budget are provided in note 23.
The accompanying notes on pages 34 to 53 form an integral part of these financial statements.

STATEMENT OF MOVEMENTS IN EQUITY For the year ended 30 June 2017

	Note	Group Actual 2017	Group Budget 2017	Group Actual 2016
		\$000s	\$000s	\$000s
Opening Equity		62,576	62,671	63,361
Total Comprehensive Revenue and Expense		846	(434)	(785)
Crown equity transfer	12	22,750	-	-
CLOSING EQUITY		86,172	62,237	62,576

Explanations of major variances against budget are provided in note 23.
The accompanying notes on pages 34 to 53 form an integral part of these financial statements.

STATEMENT OF CASH FLOW For the year ended 30 June 2017

	Note	Group Actual 2017	Group Budget 2017	Group Actual 2016
		\$000s	\$000s	\$000s
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was received from:				
Crown funding		12,988	12,988	12,988
Grants		822	762	10
Other operating activities		2,494	2,222	3,405
Interest		348	330	407
		16,652	16,302	16,810
Cash was applied to				
Payment of suppliers		(6,655)	(8,234)	(7,683)
Payments to employees		(8,646)	(9,190)	(8,978)
Net Goods and Services Tax		(46)	-	(26)
		(15,347)	(17,424)	(16,687)
NET CASH FROM OPERATING ACTIVITIES		1,305	(1,122)	123
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was received from:				
Net sale of term investments		2,600	2,398	1,100
Cash was applied to:				
Purchase of fixed assets		(81)	(145)	(174)
Work in progress		(2,085)	(2,855)	(260)
		(2,166)	(3,000)	(434)
NET CASH (TO)/FROM INVESTING ACTIVITIES		434	(602)	666
Net increase / (decrease) in cash		1,739	(1,724)	789
Opening cash balance		3,836	2,873	3,047
CLOSING CASH BALANCE		5,575	1,149	3,836
Represented by:				
Cash and cash equivalents	9	5,575	1,149	3,836

The GST component of operating activities reflects the net GST paid to and received from the Inland Revenue Department.

Significant Non-cash Transactions:

During 2017, land and buildings valued at \$22,750,000 were acquired by way of a Crown Capital Transfer.

Land and Land improvements of \$270,000 were written off as part of an arrangement to transfer control of certain assets to iwi. Refer to note 12 for further details.

Explanations of major variances against budget are provided in note 23.

The accompanying notes on pages 34 to 53 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2017

Reporting entity

Heritage New Zealand Pouhere Taonga is a statutory body corporate established under section 9 of the Heritage New Zealand Pouhere Taonga Act 2014 and domiciled in New Zealand. It is an Autonomous Crown Entity for the purposes of Section 7 of the Crown Entities Act 2004 and its ultimate parent is the New Zealand Government.

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

The Group includes the Canterbury Earthquake Heritage Buildings Fund and the Canterbury Earthquake Heritage Buildings Trust which are controlled and managed by Heritage New Zealand. The Canterbury Earthquake Heritage Buildings Fund was transferred to Heritage New Zealand in May 2014 and the Trust was established on 1 July 2016 to continue the functions of the original Fund due to a sunset clause in its original deed.

Heritage New Zealand's primary outcome is to ensure present and future generations of New Zealanders experience and enjoy a sense of place, identity and nationhood. Accordingly, Heritage New Zealand (as the parent) and its subsidiaries have designated themselves as Public Benefit Entities (PBE) for financial reporting purposes.

The financial statements for Heritage New Zealand are for the year ended 30 June 2017, and were approved by the Board on 27 October 2017.

Basis of preparation

The financial statements are prepared on the basis that Heritage New Zealand continues to be a going concern. Accounting policies have been applied consistently throughout the year.

Statement of compliance

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

The financial statements have been prepared in accordance with PBE Standards Reduced Disclosure Regime (RDR). The criteria under which an entity is eligible to report in accordance with PBE Standards RDR are the entity is not publicly accountable and has expenses less than \$30 million.

Measurement base

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

Presentation currency and rounding

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

Significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Basis of Group

The financial statements of the Canterbury Earthquake Heritage Buildings Fund and Trust are prepared for the same reporting period as the parent company, using consistent accounting policies. Any inter-entity transactions between the Fund and the Trust have been eliminated on consolidation.

Goods and Services Tax (GST)

All items in the 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 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.

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Heritage New Zealand for the preparation of these financial statements.

Accounting judgements 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.

Estimates and assumptions in relation to the valuation of heritage land, buildings and improvements are a significant risk of causing material adjustments to the carrying amounts of assets (refer note 12).

Management has also exercised critical judgement in the application of accounting policies in relation to grant and bequest income, grant expenditure, and the recognition of assets over which Heritage New Zealand has management and control.

Changes in accounting policies

There have been no changes in accounting policies.

Standards issued and not effective and not early adopted

The XRB has issued the following Accounting Standards that are not yet effective and may be applicable to the Financial Statements of Heritage New Zealand Pouhere Taonga.

- PBE ISAS 39: Employee Benefits
- PBE IFRS 9: Financial Instruments
- PBE IPSAS 35: Consolidated Financial Statements
- PBE IPSAS 38: Disclosure of Interests in Other Entities

Management has decided not to early adopt these Accounting Standards and expects that the effect of application will be minor only.

2. REVENUE

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

Revenue from the Crown

Heritage New Zealand is funded by the Crown for the purposes set out in the HNZPT Act and the Vote Arts Culture and Heritage appropriations as set out in its Statement of Intent.

As there are no conditions attached to the funding outside of these purposes it is recognised as revenue at the point of entitlement.

Donations and bequests

Donations and bequests received are recognised as revenue in the period they are received. However, those with restrictive conditions are recorded as Specified Funds and Bequests within equity (refer notes 7, 8).

Grants received

Grants are recognised when they become receivable unless there is an obligation to return the funds if the conditions of the grant are not met. Where such an obligation exists, the grants are initially recorded as grants received in advance and recognised when conditions of the grant are satisfied.

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 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.

Membership subscriptions

Membership subscriptions are recognised in the period received.

Interest

Interest income is recognised using the effective interest method.

Merchandise and café sales

Revenue from merchandise and café sales is recognised when the product is sold to the customer.

Function and event revenue

Revenue from functions and events is recognised at the date the function or event takes place.

Lease and rental income

Lease and rental income is recognised on a straight-line basis over the lease term.

PROPERTY INCOME

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Merchandise and café	910	778
Admissions	365	382
Functions and events	292	294
Lease and rental	151	181
Grants	75	65
	1,793	1,699

3. EXPENDITURE BY OUTPUT

	Group Actual 2017	Group Budget 2017	Group Actual 2016
	\$000s	\$000s	\$000s
Heritage Knowledge	2,419	2,547	2,448
Heritage Conservation	7,339	7,534	7,307
Heritage Engagement	5,880	5,904	5,943
Operating Expenditure before CEHB Fund and Trust grants	15,638	16,985	15,698
CEHB Fund and Trust grants	46	750	1,700
TOTAL OPERATING EXPENDITURE	15,684	16,735	17,398

Cost allocation to outputs

Direct costs are charged directly to specific outputs. Indirect costs are allocated across outputs based on a percentage of total direct costs. Direct costs are those costs directly attributable to a specific significant activity and "indirect costs" are costs incurred that cannot be practicably be attributed to a specific significant activity.

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

4. PERSONNEL

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Personnel costs		
Salaries and wages	8,595	8,345
Employer KiwiSaver contributions	209	190
Increase (decrease) in employee leave entitlements	28	(82)
Other staff costs	265	155
TOTAL PERSONNEL COSTS	9,097	8,608

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Total remuneration and benefits		
100-110	2	2
110-120	-	5
120-130	4	4
130-140	4	1
140-150	1	1
150-160	1	-
180-190	1	-
260-270	-	1
	13	14

No employees received compensation and other benefits in relation to cessation. (2016: \$Nil)

5. FEES PAID TO AUDITORS

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Fees to Deloitte for the audit of the financial statements	65	63
	65	63

6. OPERATING LEASES

Future aggregate minimum lease payments to be paid under non-cancellable operating leases for office accommodation.

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Not later than one year	411	351
Later than one year and not later than five years	958	740
Later than five years and not later than ten years	-	117
Total non-cancellable operating leases payable	1,369	1,208

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 Revenue and Expense.

7. EQUITY

	Note	Group Actual 2017	Group Actual 2016
ACCUMULATED FUNDS			
Represents balance of general accumulated funds from Heritage New Zealand's operations not earmarked for a specific purpose.			
Balance at 1 July		9,237	9,146
Surplus/(Deficit)		1,194	(746)
Capital transfer from Crown	12	22,750	-
Transfer to other equity funds		(1,560)	(58)
Transfer from other equity funds		3,319	895
BALANCE AT 30 JUNE		34,940	9,237
SPECIFIED FUNDS AND BEQUESTS			
Heritage New Zealand holds a number of funds and bequests from external sources for which the purpose is restricted.			
Balance at 1 July		5,750	4,922
Restricted funds received during the year		1,410	1,484
Funds used during the year		(1,915)	(656)
BALANCE AT 30 JUNE (SEE NOTE 8)		5,245	5,750
PROPERTY MAINTENANCE & DEVELOPMENT FUND			
Funds earmarked specifically to address critical maintenance safety issues at Heritage New Zealand properties.			
Balance at 1 July		1,264	1,264
Revenue transferred to the fund during the year		201	239
Expenditure incurred during the year		(1,404)	(239)
BALANCE AT 30 JUNE		61	1,264
PROPERTY PLANT AND EQUIPMENT REVALUATION RESERVE			
Represents movements following regular revaluation of Heritage New Zealand land, buildings and heritage artefacts.			
Opening balance		45,693	45,732
(Loss) on property transfer	12	(270)	-
(Loss) on revaluation of heritage artefacts		(78)	(39)
BALANCE AT 30 JUNE		45,345	45,693
CANTERBURY EARTHQUAKE HERITAGE BUILDINGS FUND AND TRUST			
Balance at 1 July		632	2,297
Transfer from accumulated funds		(51)	(1,665)
BALANCE AT 30 JUNE		581	632
		86,172	62,576

8. BEQUESTS AND SPECIFIED FUNDS

Donations and bequests with restrictive conditions are recognised in the Statement of Comprehensive Revenue and Expense when received, then separately recorded as specified funds and bequests within equity. Income or expenditure in relation to these funds is treated in the same manner.

Bequests	1 July 2016	Receipts	Interest	Expenditure	Capitalised	30 June 2017
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Richardson	48	-	2	-	-	50
McKay	250	-	9	-	-	259
Granville Travers Zohrab Trust	226	-	8	-	-	234
Rosier	193	-	5	-	(198)	-
Spencer	162	-	6	(1)	-	167
O R Lee	53	-	1	-	-	54
Hudson	251	-	9	-	-	260
K Seagar	99	-	3	-	(102)	-
Estate of CIC Collett	1,043	-	36	-	-	1,079
Foulkes Estate	100	-	3	-	-	103
Appelby	125	-	3	-	(128)	-
Fuller	69	-	2	-	-	71
Fergusson	23	-	1	-	(24)	-
Stout	114	-	4	-	-	118
BF Scott	50	-	2	-	(52)	-
Willis	80	-	2	-	(82)	-
E D Jones	101	1	3	-	(105)	-
Hazel C F Gittos Estate	355	-	12	-	(132)	235
I W Mackenzie	58	42	3	-	-	103
M I Nicholls	-	96	3	-	-	99
Craig	-	265	1	-	-	266
Rai Valley	-	7	-	-	-	7
G Zoete	-	48	1	-	-	49
Ainslie	-	10	-	-	-	10
J Leaning	-	20	-	-	-	20
Other bequests	113	14	5	(2)	(35)	95
TOTAL BEQUESTS	3,513	503	124	(3)	(858)	3,279

Specified Funds	1 July 2016	Receipts	Interest	Expenditure	Capitalised	30 June 2017
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Timeball, Lyttleton	1,429	-	47	-	(86)	1,390
National Heritage Incentives	229	500	-	(673)	-	56
Stone Store, Kerikeri	237	-	8	-	-	245
Kemp House, Kerikeri	22	-	1	-	-	23
Old St Paul's, Wellington	36	-	-	-	-	36
Outreach	231	-	-	(78)	-	153
Melanesian Mission						
Stout Trust	-	100	-	-	(100)	-
Foundation North	-	200	-	-	(200)	-
Other	53	128	-	(46)	(72)	63
TOTAL SPECIFIED FUNDS	2,237	928	56	(797)	(458)	1,966

TOTAL BEQUESTS AND SPECIFIED FUNDS	5,750	1,431	180	(800)	(1,316)	5,245
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9. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Petty cash and imprest balances	11	10
Bank accounts and short term deposits	5,564	3,826
TOTAL CASH AND CASH EQUIVALENTS	5,575	3,836
Term deposits	6,320	8,920
TOTAL CASH AND CASH EQUIVALENTS AND TERM DEPOSITS	11,895	12,756

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.

Term deposits comprise fixed term deposits with original maturities of three months or more.

10. PREPAYMENTS AND RECEIVABLES

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Prepayments	210	189
Debtors and other receivables	337	131
PREPAYMENTS AND RECEIVABLES	547	320

Debtors and other receivables are recorded at amounts due less any provision for uncollectability.

Uncollectability 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 the provision is the difference between the carrying amount and the present value of the amounts expected to be collected.

11. INVENTORIES

Inventories held for commercial use are valued at the lower of cost or net realisable value cost after providing for obsolete items.

Inventories held for non-commercial use are measured at cost adjusted for any loss of service potential.

12. PROPERTY, PLANT AND EQUIPMENT

Movements in Property, Plant and Equipment for the year ended 30 June 2017 were:

AT VALUATION					
Cost and Valuation	Land owned	Land vested	Land controlled & managed	Buildings owned	Buildings vested
	\$000s	\$000s	\$000s	\$000s	\$000s
Opening balance July 1	13,778	5,143	1,645	15,391	5,643
Additions	-	6,750	-	82	16,080
Disposals	-	-	(176)	-	-
Losses/Gains on revaluation	(24)	-	(24)	-	-
CLOSING BALANCE JUNE 30, 2017	13,754	11,893	1,445	15,473	21,723
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT					
Opening balance July 1	-	-	-	154	56
Depreciation/Amortisation expense	-	-	-	156	57
Disposals	-	-	-	-	-
Losses/Gains on revaluation	-	-	-	-	-
CLOSING BALANCE JUNE 30, 2017	-	-	-	310	113
NET BALANCE JUNE 30, 2017	13,754	11,893	1,445	15,163	21,610

At 30 June, 2017 Heritage New Zealand had \$2,763,000 of work in progress (\$2016: \$260,000). This is largely comprised of the Melanesian Mission earthquake strengthening and redevelopment but also includes small projects at a number of other heritage properties.

On 26th July 2016 Heritage New Zealand entered into a memorandum of understanding for the vesting of the Rangiriri Pā and Te Whereo's Redoubt with Te Whakakitenga O Waikato Incorporated as Trustee of the Waikato Raupatu Lands Trust. The transfer of the properties under this agreement resulted in a \$176,000 reduction in the value of land and \$94,000 of improvements owned and managed by Heritage New Zealand. These losses were recorded against the property, plant and equipment revaluation reserve.

On June 30 2017 Old Government Building and Turnbull House, previously under the care of the Department of Conservation, were vested in Heritage New Zealand. The two properties were recognised in the books at independent market valuations of \$22,000,000 and \$750,000 respectively and the transfer was made by way of Crown Equity transfer between the two entities. The valuation of Old Government Building includes a provision of \$600,000 for outstanding repairs resulting from the 2016 earthquakes.

	AT VALUATION			AT COST			TOTAL
	Buildings controlled & managed	Heritage artefacts	Land development	Plant & equipment	Displays & interpretation	Other assets ²⁰	Total assets
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
	2,910	7,966	206	1,524	1,060	206	55,472
	-	-	-	62	-	17	22,991
	(94)	-	-	-	-	-	(270)
	-	(30)	-	-	(30)	-	(108)
	2,816	7,936	206	1,586	1,030	223	78,085
	29	-	43	1,339	278	107	2,006
	27	-	14	78	105	38	475
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	56	-	57	1,417	383	145	2,481
	2,760	7,936	149	169	647	78	75,604

²⁰ Includes Intangible assets of \$nil book value (2016: \$15k).

Movements in Property, Plant and Equipment for the year ended 30 June 2016 were:

AT VALUATION					
Cost and Valuation	Land owned	Land vested	Land controlled & managed	Buildings owned	Buildings vested
	\$000s	\$000s	\$000s	\$000s	\$000s
Opening balance July 1	13,778	5,143	1,645	15,427	5,643
Additions	-	-	-	34	-
Disposals	-	-	-	(68)	-
Losses/Gains on revaluation	-	-	-	-	-
CLOSING BALANCE JUNE 30, 2016	13,778	5,143	1,645	15,393	5,643

ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT					
Opening Balance July 1	-	-	-	-	-
Depreciation/Amortisation expense	-	-	-	154	56
Disposals	-	-	-	-	-
Losses/Gains on revaluation	-	-	-	-	-
CLOSING BALANCE JUNE 30, 2016	-	-	-	154	56

NET BALANCE JUNE 30, 2016	13,778	5,143	1,645	15,239	5,587
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2017 Capital Commitments

Future payments are disclosed as commitments at the point a contractual obligation arises, to the extent that there are equally unperformed obligations.

As at 30 June 2017 Heritage New Zealand had a capital commitment of \$703,000 for the completion of the Melanesian Mission earthquake strengthening and redevelopment.

In June 2017 the Board passed a resolution committing Heritage New Zealand to the rebuild of the Lyttleton Timeball tower. Contracts for \$2,200,000 have been entered into in relation to this project.

Property Plant and Equipment:

Property, plant and equipment comprises land, land development, buildings, leasehold improvements, heritage artefacts and equipment including library items, displays and interpretation, office furniture and equipment.

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

Heritage New Zealand has recognised interests 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 to 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 its 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. These 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. However, the Crown can require Heritage New Zealand to return these assets at any stage.

Revaluations:

Due to the nature of Heritage New Zealand's property portfolio it is difficult to obtain market valuation comparisons for many properties due to restrictions on their use and consequently there is a large degree of subjectivity inherent in the valuation process.

Heritage New Zealand employs an independent valuer to revalue Heritage New Zealand's property portfolio in line with the Crown accounting policies. Land and buildings are revalued at least every five years²¹ to ensure that the carrying amount does not differ materially from fair value. In the intervening years, enquiries are

	AT VALUATION			AT COST			TOTAL
	Buildings controlled & managed	Heritage artefacts	Land development	Plant & equipment	Displays & interpretation	Other assets ²⁰	Total assets
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
	2,910	8,005	206	1,432	1,060	154	55,403
	-	-	-	95	-	52	181
	-	-	-	(3)	-	-	(71)
	-	(39)	-	-	-	-	(39)
	2,910	7,966	206	1,524	1,060	206	55,472
	-	-	29	1,265	174	78	1,546
	29	-	14	74	104	29	460
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	29	-	43	1,339	278	107	2,006
	2,881	7,966	163	185	782	99	53,468

made of professional valuers to establish if there are any factors that may have given rise to significant changes in valuations.

Of the total land value, \$9,249,000 arises from land parcel valuations where a direct market based comparison can be made based on comparable sales for unrestricted properties as if the land is vacant.

For the remaining \$17,843,000 where a restriction of encumbrance is deemed to exist, the land is valued using the accepted method for the valuation of reserve zoned land. This approach assesses a restrictive land value based on fringe rural sales, plus an allowance for the effects of urban locations and amenities and the value of a potential chance of change in the land use. The value of the chance of change is based on the land value of the property assuming no restrictions multiplied by an estimated probability of change. The probability of change that has been applied is 5%. On average the discount applied to the unrestricted value of this land is 78%.

Other key assumptions inherent in the valuation are the estimated construction rates and useful lives that are used to calculate the replacement cost of buildings as part of the depreciated replacement cost calculations. The construction rates have been based on the Rawlinsons Construction Handbook 2012 edition with adjustments made where appropriate to reflect the specialist nature of some of the properties. All other asset classes are carried at depreciated historical cost.

Heritage collections and objects are by nature specialised and are managed by Heritage New Zealand in accordance with its general statement of policy and as required by the HNZPT Act. These items are revalued and measured on a fair market or replacement value but are not depreciated. The latest valuation as at 30 June 2017, part of a three year rolling cycle, was conducted by registered valuers specialising in art and objects.

²⁰ An independent valuation of Heritage New Zealand Pouhere Taonga's land and buildings was last performed as at 30 June 2015 by Nigel Hoskin, an appropriately qualified employee of Beca Valuations Ltd. Beca employs property valuers who are qualified to undertake specialised building valuations and who are members of the Property Institute of New Zealand (PINZ). Beca's valuers have recognised tertiary qualifications in the property sector as well as registration through the Valuers' Registration Board and the New Zealand Institute of Valuers (NZIV). The valuation conforms to the New Zealand Professional Practice Manual 2006, including International Valuation Standard (IVS) 3 Valuation Reporting, International Valuation Application (IVA) 1 Valuation for Financial Reporting, and NZ Valuation Guidance Note (NZVGN) 1 Valuations for Use in New Zealand Financial Reports

Heritage New Zealand accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing 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 property, plant and equipment is recognised as an asset when it is probable that associated future economic benefits or service potential will flow to Heritage New Zealand and the cost can be measured reliably.

Subsequent costs

Subsequent costs incurred by Heritage New Zealand to restore property and plant to their original condition are capitalised. Expenditure to maintain these assets once renovation is complete is recognised in net surplus when incurred.

Disposals

Gains and losses on disposals 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.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows. Heritage buildings owned, vested or managed in Heritage New Zealand are depreciated in accordance with IPSAS 17.

Buildings	100 years
Land development	15 years
Plant and equipment	3-5 years
Displays & interpretation	10 years
Other assets	3-10 years

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

Impairment

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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For assets not carried at a revalued amount, the total impairment loss is recognised in the net surplus or deficit for the year.

If an asset's carrying amount exceeds its recoverable amount the carrying amount is written down to the recoverable amount and an impairment loss is recognised. 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 or deficit for the year.

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.

13. PAYABLES

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
PAYABLES AND DEFERRED REVENUE UNDER EXCHANGE TRANSACTIONS		
Creditors	215	293
Income in advance	35	40
Accrued expenses	852	289
TOTAL PAYABLES AND DEFERRED REVENUE UNDER EXCHANGE TRANSACTIONS	1,102	622
PAYABLES UNDER NON EXCHANGE TRANSACTIONS		
Taxes payable (PAYE)	77	80
Grants payable	3,091	3,254
TOTAL PAYABLES UNDER NON EXCHANGE TRANSACTION	3,168	3,334

Short term payables are recorded at the amount payable.

14. INCENTIVE FUND AND OTHER GRANTS

INCENTIVE FUND		
	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Opening balance	1,050	1,148
Additional accruals made	901	387
Amounts used	(259)	(469)
Unused amounts returned to Fund	(228)	(16)
CLOSING BALANCE	1,464	1,050

OTHER GRANTS (CANTERBURY EARTHQUAKE HERITAGE BUILDINGS FUND AND TRUST)		
Opening balance	2,204	1,406
Additional accruals made	115	1,974
Amounts used	(623)	(1,176)
Unused amounts returned to Fund	(69)	-
BALANCE AS AT 30 JUNE 2017	1,627	2,204

All grants awarded by Heritage New Zealand and its subsidiaries are discretionary grants.

Discretionary grants are those grants where Heritage New Zealand has no obligation to award on receipt of the grant application. Approved grants are recognised as expenditure when the applicant has progressed to a stage where it can be determined with confidence that the terms of the grant are likely to be met and held as expense provision until such time as they are uplifted by the grantee.

15. EMPLOYEE ENTITLEMENTS

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
Current employee entitlements		
Accrued salaries and wages	246	167
Annual leave	491	469
Sick leave	12	16
Long service leave provision	35	23
TOTAL CURRENT EMPLOYEE ENTITLEMENTS	784	675
Non-current long service leave provision	63	65
TOTAL EMPLOYEE ENTITLEMENTS	847	740

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 also 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.

The value of the long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Due to the small size of the provision, no salary inflation factor has been allowed.

16. KEY MANAGEMENT PERSONNEL

Key Management Personnel Compensation	Head Count 2017	Group Actual 2017	Head Count 2016	Group Actual 2016
		\$000s		\$000s
Board Members and Māori Heritage Council	12	139	12	150
Leadership Team	9	1,272	9	1,233
TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION	21	1,411	21	1,383

Key management personnel include all Board members, Māori Heritage Council members, the Chief Executive and the eight members of the Leadership Team. There have been no other post-employment, long-term or termination benefits provided to key management personnel. (2016: NIL)

17. BOARD AND MĀORI HERITAGE COUNCIL MEMBER REMUNERATION

	2017 Start Date	2017 End Date	2017 \$000's	2016 \$000's
BOARD				
The Rt. Hon. W Creech, Chair			27	27
Mr J Clarke			13	13
Ms M Neazor			13	13
Mr B McGuinness		April	11	13
Mrs N Glavish		April	11	13
The Hon Sir Pita Sharples PhD			13	11
Mr W Marriott		April	11	13
Ms S McVay		April	11	13
Mrs M Ngarimu	May		2	-
Mr B Barnett	May		2	-
Mr D Nichol	May		-	-
Mr C Cochran	May		2	-
TOTAL BOARD REMUNERATION			116	116

	2017 Start Date	2017 End Date	2017 \$000's	2016 \$000's
MĀORI HERITAGE COUNCIL				
Mr J Clarke			5	8
Mrs N Glavish			2	4
Mr R Bradley		April	2	3
Ms M Ngarimu			3	7
Mr A Coffin		April	1	5
Mr W Marriott		April	4	3
Mr P McGarvey			1	2
The Hon Sir Pita Sharples PhD			2	2
Mr P White	May		1	-
Mr C Cochran	May		1	-
Ms E Mellish	May		1	-
TOTAL MĀORI HERITAGE COUNCIL REMUNERATION			23	34
TOTAL BOARD AND MĀORI HERITAGE COUNCIL REMUNERATION			139	150

Payments of \$6,600 were made to committee members who were not Board Members during the financial year (2016 \$35,118). These committee members are appointed by the Board.

No Board members received compensation or other benefits in relation to cessation (2016: \$nil).

Heritage New Zealand has effected Directors and Officers Liability and Professional Indemnity Insurance cover during the financial year in respect of the liability or costs of Board members and employees.

18. RELATED PARTY TRANSACTIONS

Heritage New Zealand Pouhere Taonga is a wholly owned entity of the Crown. The Government significantly influences the role of Heritage New Zealand in addition to being its major source of revenue.

Heritage New Zealand enters into transactions with government departments, state-owned enterprises and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Heritage New Zealand would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

There have been close family members of key management personnel employed by Heritage New Zealand. The terms and conditions of those arrangements are no more favourable than Heritage New Zealand would have adopted if there were no relationship to key management personnel.

There are no other transactions carried out with related parties other than those described above.

19. CONTINGENCIES

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

As at 30 June 2017, potential liabilities resulting from heritage covenants previously negotiated are estimated to be \$20,000 (June 2016: \$20,000).

Heritage New Zealand has future liabilities for the earthquake strengthening of Turnbull House and Old St Paul's. The size of these liabilities has not yet been quantified.

The Canterbury Earthquake Heritage Buildings Trust has contingent liabilities totalling \$500,000. These are for grants awarded where there is uncertainty as to whether the terms of the grant will be met by the recipient.

There are no other contingent liabilities.

20. EVENTS AFTER BALANCE DATE

2017

On 1 July 2017 the following five properties vested or controlled and managed by Heritage New Zealand, were transferred into the care of the Department of Conservation:

- Springvale Bridge
- Gabriel Read Memorial Site
- Whangamarino Redoubt
- Brunner Industrial Site
- Clifden Bridge

These properties were transferred at their book value of \$1,514,000 by capital transfer to the Crown. There were no other significant events after the balance date.

2016

On August 19 2017 Rangiriri and Te Wheoro's Redoubts were vested back to Waikato-Tainui. The combined land book values of these were \$177,000 and improvements of \$94,000. There were no other significant events after the balance date.

21. FINANCIAL INSTRUMENTS

Heritage New Zealand is party to financial instruments as part of its every-day 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 Statement of Comprehensive Revenue and Expense. All financial instruments are recognised in the Statement of Financial Position.

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS BY CATEGORY

	Group Actual 2017	Group Actual 2016
	\$000s	\$000s
LOANS AND RECEIVABLES		
Cash and cash equivalents	5,575	3,836
Debtors and other receivables	337	131
Term deposits	6,320	8,920
TOTAL LOANS AND RECEIVABLES	12,232	12,887
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables	1,102	622
Grants payable	3,091	3,254
Employee entitlements	784	675
	4,977	4,551

22. FINANCIAL INSTRUMENT RISKS

Heritage New Zealand's activities expose it to a variety of financial instrument risks, including market risk and credit risk. Heritage New Zealand has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not permit transactions of a speculative nature.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Heritage New Zealand's exposure is limited to its bank deposits which are held at fixed rates of interest.

Credit risk

Credit risk is the risk that a third party will default on its obligations to Heritage New Zealand, causing Heritage New Zealand to incur a loss.

Due to the timing of its cash inflows and outflows, Heritage New Zealand invests surplus cash with registered banks.

Heritage New Zealand's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note 9) and debtors (note 10). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Heritage New Zealand has no significant concentrations of credit risk, as it has a small number of credit customers and only invests funds with registered banks with specified Standard and Poor's credit ratings.

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Grants expenditure by the Canterbury Heritage Buildings Earthquake Fund and Trust is significantly below budget for the year. Whilst available funds were fully allocated during the year, not all of the applicants have progressed to a stage where the Trust can determine with confidence that the terms of the grants are likely to be met. As a result \$500,000 of grants has been recognised as a contingent liability. In addition, the Trust recognised \$69,000 of grants that will be returned to it during the 2018 financial year.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF HERITAGE NEW ZEALAND POUHERE TAONGA AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

The Auditor-General is the auditor of Heritage New Zealand Pouhere Taonga group (the Group). The Auditor-General has appointed me, Jacqueline Robertson, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the statement of service performance, of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 30 to 53, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expense, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Group on pages 14 to 29.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the statement of service performance:
 - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2017, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 October 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the Auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

The Board is responsible on behalf of the Group for preparing financial statements and statement of service performance that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as they determine is necessary to enable them to prepare financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004, the Public Finance Act 1989 and the Heritage New Zealand Pouhere Taonga Act 2014.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of service performance.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We evaluate the appropriateness of the reported statement of service performance within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



JACQUELINE ROBERTSON
for Deloitte Limited

On behalf of the Auditor-General
Wellington, New Zealand

HERITAGE NEW ZEALAND POUHERE TAONGA

HERITAGE DESTINATIONS PORTFOLIO

(50 PROPERTIES)

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 Site
Totara Estate

CO-OWNED (1 PROPERTY)

Highwic (with Auckland City Council)

LEASED (2 PROPERTIES)

Ewelme Cottage
Māngungu Mission House

PRIVATE HISTORIC RESERVE (4 PROPERTIES)

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

SITES PROPOSED FOR TRANSFER TO DEPARTMENT OF CONSERVATION (5 PROPERTIES)

Brunner Industrial Site (Tyneside)
Clifden Suspension Bridge
Gabriel Read Memorial Reserve
Springvale Suspension Bridge
Whangamarino Redoubt

HISTORIC RESERVE (15 PROPERTIES)

Coton's Cottage
Edmonds Ruins
Kaipara North Head Lighthouse
Matanaka
Old St Paul's
Ophir Post Office
Pencarrow Head Lighthouse
Pompallier Mission
Rai Valley Cottage
Runanga Stockade
Seddon House
Taupō Redoubt and Courthouse
Te Pōrere Redoubt
Tikirere Mill Race
Upper Hutt Blockhouse

MĀORI RESERVE (1 PROPERTY)

Opotaka Pā

SITES WITH MORE THAN ONE STATUS (2 PROPERTIES)

Fyffe House (part-owned by Heritage New Zealand,
part-leased from Kaikōura District Council)
Hayes Engineering (part-owned, part Historic Reserve)

SITES TRANSFERRED TO HERITAGE NEW ZEALAND POUHERE TAONGA (2 PROPERTIES)

Old Government Buildings Historic Reserve
Turnbull House Historic Reserve

SITES TRANSFERRED TO IWI UNDER TREATY SETTLEMENT LEGISLATION (2 PROPERTIES)

Rangiriri Redoubt
Te Wheoro's Redoubt

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Heritage New Zealand for the year ended 30 June 2017 included on Heritage New Zealand's web site. Heritage New Zealand's Board is responsible for the maintenance and integrity of the web site. We have not been engaged to report on the integrity of Heritage New Zealand's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 27 October 2017 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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