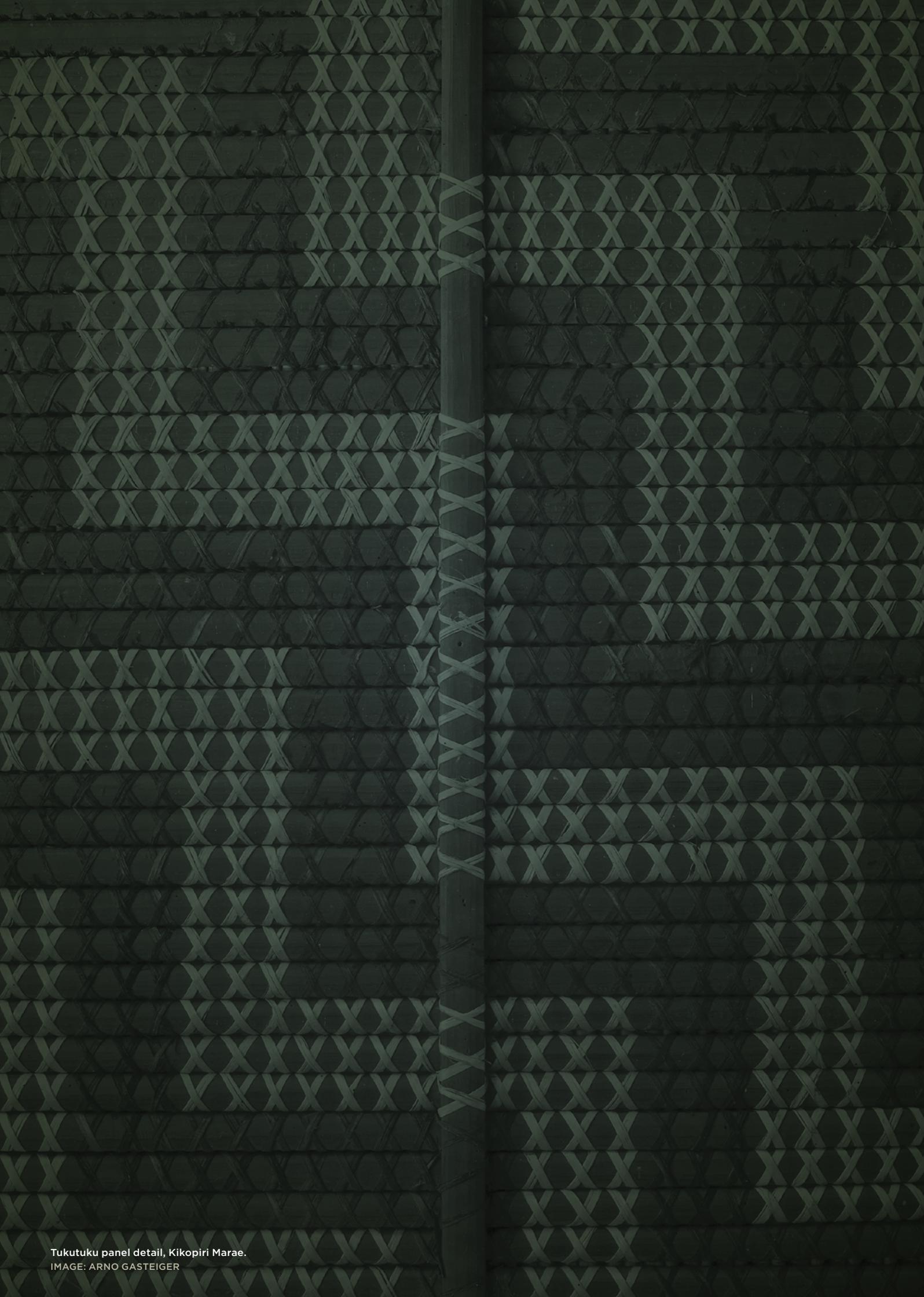




# HERITAGE NEW ZEALAND POUHERE TAONGA



## STATEMENT OF PERFORMANCE EXPECTATIONS 2016-2017



Tukutuku panel detail, Kikopiri Marae.  
IMAGE: ARNO GASTEIGER

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

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1.

## STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF PERFORMANCE EXPECTATIONS

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

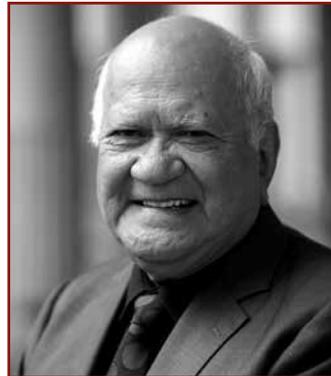
- The Board and the management of Heritage New Zealand have been responsible for the preparation of these Statement of Performance Expectations and Prospective Financial Statements, including the appropriateness of the assumptions underlying them, and the judgements used therein.
- The Statement of Performance Expectations and Prospective Financial Statements will be updated in accordance with section 139 of the Crown Entities Act 2004 (as amended by the Crown Entities Amendment Act 2013) obligation to prepare a Statement of Performance Expectations at the start of each financial year.
- Readers of this Statement of Performance Expectations are referred to the *Heritage New Zealand Statement of Intent 2015-19* for the strategic context in which this document has been developed. ■



A handwritten signature in dark ink, appearing to read 'Wyatt Creech'.

**RT HON WYATT CREECH**  
Chair Heritage New Zealand Board  
Tumuaki a te Poari Te Pouhere Taonga

23 June 2016



A handwritten signature in dark ink, appearing to read 'John Clarke'.

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

23 June 2016

## 2. CONNECTION TO HERITAGE NEW ZEALAND'S OUTCOMES

As outlined in the *Heritage New Zealand Pouhere Taonga Statement of Intent 2015-19*, the work of Heritage New Zealand falls into three broad areas: Knowledge, Conservation and Engagement. While all Heritage New Zealand's operations are interrelated, for clarity, the remainder of this document discusses the specific outputs under these three intermediate outcome areas. The following table summarises how the outputs that we are intending to deliver during 2016-2017 link to these outcomes:

<b>GOVERNMENT'S GOAL FOR THE CULTURAL SECTOR:</b> New Zealand's distinctive culture enriches our lives		
<b>ARTS CULTURE AND HERITAGE SECTOR – STRATEGIC FRAMEWORK:</b> The sector strategic framework identifies five priorities for the period 2015/19: <ul style="list-style-type: none"> <li>■ Fostering an inclusive New Zealand identity <ul style="list-style-type: none"> <li>■ Supporting Māori cultural aspirations</li> <li>■ Front-footing transformative technology</li> <li>■ Improving cultural asset sustainability, and</li> <li>■ Measuring and maximising cultural values.</li> </ul> </li> </ul>		
<b>MINISTRY FOR CULTURE AND HERITAGE OUTCOMES:</b>		
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)
<b>HERITAGE NEW ZEALAND'S OUTCOMES:</b> Present and future generations of New Zealanders appreciate their sense of place, identity and nationhood.		
<b>KNOWLEDGE/MĀTAURANGA</b> Places that contribute to New Zealand's culture and heritage are recognised and their stories recorded. <b>Long-term impact indicator</b> Knowledge about New Zealand's culture and heritage is increased and accessible.	<b>CONSERVATION/PENA PENA TAONGA</b> Places that are significant to New Zealand's culture and heritage are conserved. <b>Long-term impact indicator</b> 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.	<b>ENGAGEMENT/HONONGA</b> New Zealanders engage with those places that contribute to New Zealand's culture and heritage. <b>Long-term impact indicator</b> Public engagement, awareness and understanding of heritage is increased.
<b>HERITAGE NEW ZEALAND STRATEGIC PRIORITIES FOR HERITAGE:</b> In delivering the outputs below to achieve the outcomes above, the Board has identified the following strategic priorities: <ul style="list-style-type: none"> <li>■ Establishing the National Historic Landmarks List <ul style="list-style-type: none"> <li>■ Building public support for heritage through engagement and by working together with the community, property owners and heritage volunteers <ul style="list-style-type: none"> <li>■ Focusing on the most significant places</li> <li>■ Working with iwi to conserve Māori heritage</li> </ul> </li> <li>■ Improving the regulatory environment for heritage.</li> </ul> </li> </ul>		
<b>HERITAGE NEW ZEALAND OUTPUTS</b>		
<ol style="list-style-type: none"> <li>1. Establish a National Historic Landmarks List</li> <li>2. Enhance the New Zealand Heritage List/Rārangi Kōrero</li> <li>3. Capture heritage information from archaeological material.</li> </ol>	<ol style="list-style-type: none"> <li>1. Provide heritage conservation advice</li> <li>2. Conserve Māori Heritage</li> <li>3. Administer the National Heritage Preservation Incentive Fund</li> <li>4. Administer the Archaeological Authority process</li> <li>5. Conserve Heritage New Zealand's properties.</li> </ol>	<ol style="list-style-type: none"> <li>1. Encourage engagement with heritage in communities</li> <li>2. Heritage New Zealand's properties are accessible to the public</li> <li>3. Share heritage stories.</li> </ol>

### 3. HERITAGE NEW ZEALAND KEY PRIORITY OUTPUTS 2016-2017

#### 3.1 INTERMEDIATE OUTCOME 1: HERITAGE KNOWLEDGE/MĀTAURANGA

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

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

#### KEY STRATEGIC PRIORITIES RELEVANT TO THE KNOWLEDGE INTERMEDIATE OUTCOME:

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

Long-term impact indicator – Knowledge about New Zealand's culture and heritage is increased and accessible: <sup>1</sup>	2013-2014 Actual	2014-2015 Actual	2015-2016 Estimate	2016-2017 Forecast	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast
Total number of reports available in the Archaeological Report Digital Library increases	4,797 (343 added)	5,331 <sup>2</sup> (add 534)	5,570 (add 239)	5,870 (add 300)	6,170 (add 300)	6,470 (add 300)	6,770 (add 300)
Total number of New Zealand Heritage List Reports available increases	2,403 (increase of 96)	2,506 (increase of 103)	2,575 (increase by 69)	2,695 (increase by 120)	2,795 (increase by 100)	2,895 (increase by 100)	2,995 (increase by 100)

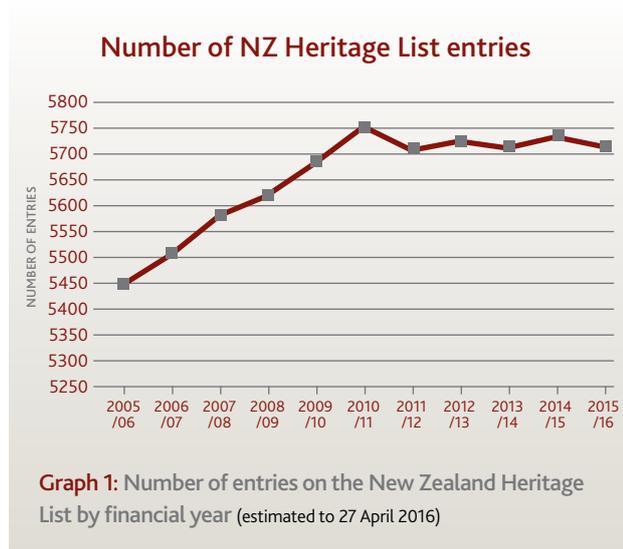
<sup>1</sup> Indicators in relation to accessing information from our website are recorded under Engagement (Intermediate Outcome 3) later in this document.

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

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

Implementation of the Heritage New Zealand Pouhere Taonga Act 2014 (the Act) was a focus of significant policy work for the organisation over the last two years, including the successful introduction of five policy statements. One of these policies relates to the introduction of the new status of National Historic Landmarks/Ngā Manawhenua o Aotearoa me ōna Kōrero Tūturu. National Historic Landmark status aims to promote appreciation of New Zealand's places of greatest heritage value; places of such significance that, if any were lost, the nation would lose a significant piece of its history. Over the 2016/17 year, Heritage New Zealand's work programme will focus on progressing six proposals for potential recognition as National Historic Landmarks, and working closely with the Ministry for Culture and Heritage, the Department of Conservation and Tourism New Zealand as part of a wider national project focusing on iconic visitor sites.

A broad range of the nation's significant heritage places are recognised through the New Zealand Heritage List/Rārangī Kōrero (New Zealand Heritage List).<sup>3</sup> With over 5700 List entries, it is the most comprehensive and authoritative information resource about historic heritage available for property owners, developers, local authorities, iwi, researchers, and anyone interested in New Zealand's heritage. List entries include historic places and areas, wāhi tupuna (of ancestral significance), wāhi tapu and wāhi tapu areas (sacred places).



A key focus for the New Zealand Heritage List is to increase the recognition of places of significance to Maori, and to progress this additional research will be undertaken in 2016/17 to enable an increased number of Māori heritage places to be considered for inclusion in the List in the 2017/18 year.

The New Zealand Heritage List with map functionality is available on the Heritage New Zealand website ([www.heritage.org.nz/the-list](http://www.heritage.org.nz/the-list)). The information on the New Zealand Heritage List supports property owners when making applications for financial assistance to both central and local government incentive funds, as well as grants from philanthropic organisations. Local government also places strong reliance on the List as a basis for recognising significant heritage in district plans.

To ensure the New Zealand Heritage List remains accessible, accurate and authoritative we:

- add significant heritage to the List
- work with iwi, hapū and whānau to progress listings of significance to Māori
- review List entries as requested within statutory timeframes<sup>4</sup>
- upgrade the information supporting individual List entries
- update location information for List entries
- ensure easy online access to List entries and the information supporting entries.

Given the level of public interest in local, regional and national heritage, Heritage New Zealand receives more nominations for the New Zealand Heritage List than we are able to process with the resources available. To manage this, our work is prioritised on the basis of significance, risk, impact and efficiency.

Under the Act, Heritage New Zealand is responsible for managing the archaeological authority process, which regulates changes to archaeological sites, to capture information from sites prior to their modification.<sup>5</sup> Where such modification is unable to be avoided, the aim is to capture information these sites hold about New Zealand's history before it is lost forever. The resulting reports commissioned by authority holders are made available through the Archaeological Report Digital Library. In addition, information on places removed from the New Zealand Heritage List that have been demolished or destroyed can continue to be accessed from our website.

<sup>3</sup> Formerly known as the Register of historic places, historic areas, wāhi tapu and wāhi tapu areas established in 1980, and continued under the Heritage New Zealand Pouhere Taonga Act 2014.

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

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

## HERITAGE KNOWLEDGE OUTPUTS TABLE:

Type of Measure	Output	2013-2014 Actual	2014-2015 Actual	2015-2016 Estimate	2016-2017 Forecast
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**OUTPUT 1: ESTABLISH A NATIONAL HISTORIC LANDMARKS LIST/  
NGĀ MANAWHENUA O AOTEAROA ME ŌNA KŌRERO TŪTURU**

<b>Performance Measures</b>	Partner with Ministry for Culture and Heritage and Department of Conservation to progress the national programme for visitor sites	-	-	-	With partners, deliver Northland pilot
	Progress potential National Historic Landmarks proposals	n/a	n/a	6 preliminary proposals prepared	Progress 6 proposals

**OUTPUT 2: ENHANCE THE NEW ZEALAND HERITAGE LIST/RĀRANGI KŌRERO**

<b>Performance Measures</b>	Additions to the New Zealand Heritage List (including those of significance to Māori)	28 <sup>6</sup>	25 <sup>7</sup>	10	12
	Additions to the New Zealand Heritage List that are of significance to Māori	10	10	8	6
	Percentage of New Zealand Heritage List entries with a statement of significance <sup>8</sup>	42%	44%	44%	46%
	Existing New Zealand Heritage List entries reviewed	46 <sup>9</sup>	13	11	12

**OUTPUT 3: CAPTURE HERITAGE INFORMATION**

<b>Performance Measure</b>	Percentage of authorities (granted and actioned in past decade) where a report has been received (or no report was required).	-	-	79%	80%
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<sup>6</sup> A reduction in additions to the List was proposed due to the continuation of inventory and the Deficient Listings projects.

<sup>7</sup> A reduction in additions to the List is expected with the completion of the Deficient Listings project and preparing for the new National Historic Landmarks List.

<sup>8</sup> Following the completion of the Citation Digitalisation Project in 2009, much more effort is required to add each percentage to this measure (1 percent is approximately equivalent to 50 upgrade reports). This measure is also influenced by additions to and removals from the List.

<sup>9</sup> 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.

## HERITAGE KNOWLEDGE OUTPUT COSTS:

	2013-2014 Actual (\$000s)	2014-2015 Actual (\$000s)	2015-2016 Estimate (\$000s)	2016-2017 Prospective (\$000s)
Heritage Knowledge Output Costs	2,340	2,353	2,535	2,547

### 3.2 INTERMEDIATE OUTCOME 2: HERITAGE CONSERVATION/PENA PENA TAONGA

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

Long-term conservation of the nation's most significant heritage places is key to ensuring heritage places can be understood and to deliver our primary outcome of enabling New Zealanders to experience a sense of place, identity and nationhood.

Most of New Zealand's significant heritage places are in private ownership. Recognising and taking into account the interests of owners is a key step in the long-term conservation of these sites, particularly where the public – and owners themselves – attach significant value to a place. Protection of heritage places is achieved through scheduling heritage properties on district plans and through other protection mechanisms such as reserve status. Heritage New Zealand will set the baseline for the percentage of entries on the New Zealand Heritage List that have adequate heritage protection.

Heritage New Zealand engages in many activities that focus on finding an appropriate balance between private property rights and public heritage values, including advisory services to owners and councils, provision of financial incentives, regulating archaeological sites, and property ownership.

#### KEY STRATEGIC PRIORITIES RELEVANT FOR 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.

Long-term impact indicator – Loss of heritage entered on the New Zealand 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 Estimate	2016-2017 Forecast	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast
Number of heritage sites entered on the New Zealand Heritage List as demolished or destroyed reduces (measured in calendar years, refer Graph 1)	18 (2013)	10 (2014)	4 (2015)	3 <sup>10</sup> (2016)	2 (2017)	1 (2018)	1 (2019)
Percentage of district plans that meet Heritage New Zealand defined standard (triennial assessment) <sup>11</sup> in four areas where district plan provisions include:	n/a		n/a	n/a	n/a		n/a
i. A Heritage Schedule that contains all properties entered on the List		34%				40%	
ii. Demolition of scheduled heritage as a non-complying activity <sup>12</sup>		67%				70%	
iii. Destruction of scheduled Māori heritage as a non-complying activity <sup>13</sup>		25%				28%	
iv. Regulatory incentives for retention of heritage		49%				50%	

<sup>10</sup> The forecast for the current year is based on knowledge of properties we know are likely to be demolished during the calendar year. The forecasts for the outlying years are based on trend data and include taking into account the proposed changes to the earthquake-prone policy in the Building Act 2004 review.

<sup>11</sup> The Heritage New Zealand National Assessment of Resource Management Act 1991 Policy and Plan Heritage Provisions is carried out biennially, considers 75 district plans and is posted on the Heritage New Zealand website. The 2013 assessment is located at <http://www.heritage.org.nz/resources/research-and-papers>.

<sup>12</sup> 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.

<sup>13</sup> 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.

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

### *Provide heritage advice*

Heritage New Zealand will continue work with iwi, hapū and whānau to assist their capacity to maintain and ensure conservation of their heritage places, including built heritage, sites and rock art. We will develop this capability through workshop training, specialist project and programme advice delivered on marae to assist Māori communities as kaitiaki of their heritage. During 2016/17 Heritage New Zealand will also establish a partnership programme with five specified iwi to identify programmes of work affecting heritage relevant to iwi. This may involve identification of significant Māori heritage, assistance in the conservation of heritage managed by iwi and increasing engagement with heritage.

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

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

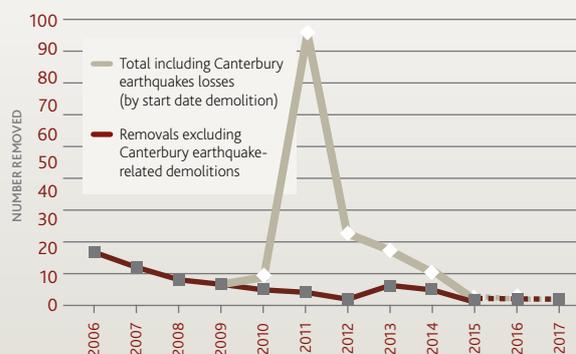
As respected advisers Heritage New Zealand will be working with local government, iwi and professional providers of heritage-focused advice and services to build and maintain skill levels. We will also continue to work with property owners to provide advice on modification and adaptive re-use of heritage properties, both as requested by owners and by local authorities.

Alongside growing community expectations that significant heritage places be conserved for future generations, we recognise that this must not unreasonably impact on the rights and interests of individual property owners. Our preferred approach is to engage early and constructively with private and public owners of such places. We will seek feedback from heritage property owners on the usefulness of our advice.

Following the devastating impact of the Canterbury earthquake sequence we are particularly mindful of the need to ensure public health and safety around buildings, especially in urban centres where there is even greater risk to life in the event of a significant natural disaster. There is an increased focus on earthquake-prone buildings policy and we will continue to advocate that all buildings need to be safe. We provide advice to heritage building owners throughout New Zealand on ways to structurally upgrade

## Number of heritage places on the NZ Heritage List demolished/destroyed

(by calendar year, actuals to 2015, estimated from 2016 as shown by the dashed line)



**Graph 2: Long-term trend of destruction of listed heritage**  
(as at 9 May 2016)

and adaptively reuse buildings, while retaining heritage values where possible, to encourage the ongoing safety and economic life for heritage places. We will continue to participate in policy discussions within central government including the review of the earthquake-prone building provisions of the Building Act 2004.

The recovery of Canterbury is a particular focus of the work of Heritage New Zealand. We will continue to work closely with Regenerate Christchurch<sup>14</sup> and the three district councils involved in the recovery. We will also continue to process emergency archaeological authorities in the greater Christchurch area within the shorter timeframes provided for by the Canterbury Earthquake (Historic Places Act) Order 2011,<sup>15</sup> to ensure archaeological material is recorded prior to its removal.

### *Administer incentive funds for heritage conservation*

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

In May 2014, Heritage New Zealand became the administrators of the Canterbury Earthquake Heritage Buildings Fund (CEHB Fund). Due to a sunset clause in the CEHB fund, the operations were transferred to the Canterbury Earthquake Heritage Buildings Trust (CEHB Trust) effective 1 July 2015. The purpose of the Fund/Trust is to provide assistance to owners of heritage buildings to repair damage caused by the Canterbury earthquake sequence that began in September 2010.

<sup>14</sup>The Canterbury Emergency Recovery Authority (CERA) became 'Regenerate Christchurch' in April 2016.

<sup>15</sup>The Canterbury Earthquake (Historic Places Act) Order 2011 was extended to 2021 by the Greater Christchurch Regeneration Act 2016.

*Administer the archaeological authority process*

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

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

*Conserve Heritage New Zealand properties*

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

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

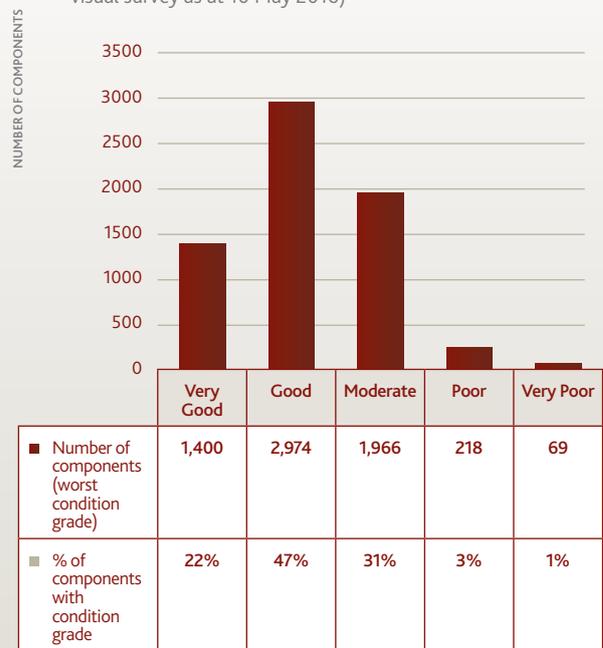
In addition to cyclical maintenance we will undertake a range of conservation projects to improve the overall condition of our properties. Heritage New Zealand strives to ensure the built components of its properties are in a moderate or better condition to ensure heritage values do not deteriorate.

Graph 3 shows the current condition of the components of Heritage New Zealand managed properties as assessed annually by Heritage New Zealand and recorded by component in the Capital Asset Management System.

Components graded as being Very Good, Good and Moderate are considered to have up to 80 percent of their useful life left while those graded as Poor or Very Poor are within the last 20 percent of their estimated useful life and therefore require attention. Projects to improve component condition will be prioritised on condition, significance, risk and funding available.

**Total property asset component condition**

(assessed by worst condition grade using non-intrusive visual survey as at 10 May 2016)



**Graph 3: Current condition of components of Heritage New Zealand managed properties: heritage destinations**  
(as at 10 May 2016)

Maintaining and conserving these properties over the long term means that we can contribute directly to the conservation of some of New Zealand’s most significant heritage places.

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

## HERITAGE CONSERVATION OUTPUTS TABLE:

Type of Measure		2013-2014 Actual	2014-2015 Actual	2015-2016 Estimate	2016-2017 Forecast
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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
	Establish partnership programme with specified iwi to identify a programme of work involving recognising, conserving and engaging with heritage.	-	-	-	5 specified iwi

### CONSERVATION OUTPUT 2: ADMINISTER THE NATIONAL HERITAGE PRESERVATION INCENTIVE FUND

Performance Measure	Percentage of Fund allocated, monitored and reported in accordance with the policy	100%	100%	100%	100%
	Total number of projects funded	18 projects	10 projects	15 projects	18 projects
	Total value of grants approved.	\$633,985 <sup>17</sup>	\$512,630	\$338,000 <sup>18</sup>	\$662,000

### 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	350 <sup>19</sup>	330
	Percentage of assessments of land proposed for disposal by Crown agencies completed within specified timeframes (number of assessments)	99.7% (294)	99.8% (412) <sup>20</sup>	100% (290)	99% (240)
	Number of cases heritage advice is given to property owners <sup>21</sup>	-	-	new	450 <sup>22</sup>

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

<sup>18</sup> A decision was made to hold the remaining fund balance over to assist with anticipated applications because of the timing changes for seismic strengthening across the country resulting from the Building Act 2004 review. It is anticipated that this will be allocated in the 2016/17 year.

<sup>19</sup> A decrease was signalled due to the uncertainty surrounding the reform of the Resource Management Act 1991 reducing the number of expected plan reviews and hence the numbers of heritage sites protected via district plan mechanisms.

<sup>20</sup> The increase is due to an unexpected high number of disposals coming from a single agency.

<sup>21</sup> Excluding Crown Land disposal assessments which are reported on separately. 'Property owners' include private individuals, companies, iwi, trusts, organisations, Crown agencies and local authorities in their capacity as property owners.

<sup>22</sup> A reduction is signalled due to the proposed change to the Resource Management Act 1991 which is expected to limit the range of consents Heritage New Zealand is considered to be an affected party for and is consulted on.

## HERITAGE CONSERVATION OUTPUTS TABLE: – CONTD

Type of Measure		2013-2014 Actual	2014-2015 Actual	2015-2016 Estimate	2016-2017 Forecast
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## CONSERVATION OUTPUT 4: ADMINISTER THE ARCHAEOLOGICAL AUTHORITY PROCESS

Performance Measures	Percentage of Archaeological Authorities processed within statutory timeframes <sup>23</sup> (number of authorities processed)	100% (411)	98.1% (391)	98% (450)	99% (450)
	Canterbury Earthquake emergency authorities <sup>24</sup> (number of emergency authorities processed)	99.9% (877)	100% (865)	98% (600)	98% (600)
	Percentage of Archaeological Authorities that avoid or protect archaeological sites <sup>25</sup>	23%	30%	20%	20%
	Number of Archaeology Area Strategies prepared to guide archaeological work approved as part of authorities.	-	-	-	1 (new)

## CONSERVATION OUTPUT 5: CONSERVE HERITAGE NEW ZEALAND PROPERTIES

Performance Measures	Maintain 95% of property asset components at or above Moderate condition grade assessed by annual non-intrusive visual survey (Refer Graph 3).	95% <sup>26</sup> (13 projects)	95% (11 projects)	95% (13 projects)	95% (7 projects)
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<sup>23</sup> Note the previous statutory timeframe for processing of authorities under the Historic Places Act 1993 was 90 working days. The Heritage New Zealand Pouhere Taonga Act 2014, which came into effect on 20 May 2014, has substantially shortened statutory timeframes for processing archaeological authorities to between 20 and 40 working days depending on the application.

<sup>24</sup> Emergency Authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 have a statutory timeframe of three or five working days in the case of a site of interest to Māori.

<sup>25</sup> The Act protects all archaeological sites from any work that may modify or destroy the site. Any person wishing to modify or destroy an archaeological site must apply for an authority from Heritage New Zealand. This target measures the percentage of authorities that provide some form of protection when works will be occurring but does not include avoidance achieved through negotiation which results in no authority being necessary. This measure excludes Emergency Authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 in relation to the demolition of buildings in Canterbury following the earthquakes in 2010 and 2011.

<sup>26</sup> 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 conservation of all components for all properties. Therefore a prioritised and sustainable work programme is undertaken.

## HERITAGE CONSERVATION OUTPUT COSTS:

	2013-2014 Actual (\$000s)	2014-2015 Actual (\$000s)	2015-2016 Estimate (\$000s)	2016-2017 Prospective (\$000s)
Heritage Conservation Output Costs	7,970	8,628	8,993	8,284

### 3.3 INTERMEDIATE OUTCOME 3: HERITAGE ENGAGEMENT/HONONGA

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

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

#### KEY STRATEGIC PRIORITIES RELEVANT FOR THE ENGAGEMENT INTERMEDIATE OUTCOME:

- 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.

Long-term impact indicator – Public engagement, awareness and understanding of heritage is increased	2013-2014 Actual	2014-2015 Actual	2015-2016 Estimate	2016-2017 Forecast	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast
Percentage of survey respondents who rate their personal interest in the protection of historic places as very interested <sup>27</sup> increases (survey conducted annually) <sup>28</sup>	57%	55%	57%	59%	61%	63%	65%

<sup>27</sup> 'Very interested' is considered to be a rating of 8 or above out of 10.

<sup>28</sup> The survey has a sample size of 500 with a margin of error of 4.7 percent.

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

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

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

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

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

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

Heritage New Zealand will continue to improve its website as a key source of information. Recent investment has enabled mobile device users to access a responsive site and a mapped version of the New Zealand Heritage List online. Digital-based storytelling has been established through apps with seven free driving tours available called the *Path to Nationhood* (Northland) and the *Waikato War Driving Tour*.

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

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

One of the most important groups of stakeholders we work with is the owners of sites of heritage significance. Heritage New Zealand has an approach of ongoing engagement with owners of places that are included on the New Zealand Heritage List or have a heritage covenant, and formalising this within a strategy will enable improved engagement with this group. There are challenging elements of maintaining contact, such as controlling the accuracy of the information held about owners, which changes when places are sold. Maintaining accurate information about owners will enable Heritage New Zealand to engage with current owners, establish initial contact with new owners, and better understand their needs and interests in relation to their properties. It will also enable the organisation to provide targeted advice and support at an early stage.

## HERITAGE ENGAGEMENT OUTPUTS TABLE:

Type of Measure		2013-2014 Actual	2014-2015 Actual	2015-2016 Estimate	2016-2017 Forecast
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### HERITAGE ENGAGEMENT OUTPUT 1: HERITAGE ENGAGEMENT WITH OWNERS AND COMMUNITIES

Performance Measures	Number of initiatives undertaken in partnership with regional organisations, iwi and others to enhance heritage engagement	37	31	38	34
	Number of heritage engagement events run (including Maori heritage events).	146	118	130	80

### 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	208,000	208,000
	Percentage of respondents who rate their visit to Heritage New Zealand staffed properties as "satisfied" or higher	93%	97%	93%	93%
	Number of school education-focused programmes/events/tours at Heritage New Zealand properties	-	-	75	80
	Number of visitor facility and interpretation projects completed at selected Heritage New Zealand properties.	2 <sup>29</sup> projects	3 projects	7 projects	2 projects

### HERITAGE ENGAGEMENT OUTPUT 3: SHARE HERITAGE STORIES

Performance Measures	Increase in the number of average page views per month of Heritage New Zealand webpages (including the List Online)	87,878 <sup>30</sup> (5% decrease)	66,573 <sup>31</sup> (24% decrease)	67,500	69,500 (3% increase)
	Audited readership of <i>New Zealand Heritage</i> <sup>32</sup>	12,722	12,098	13,250	12,000
	Number of email recipients of <i>Heritage this Month</i> e-newsletter averaged over 12 months.	9,655	12,212	12,400	13,500

## HERITAGE ENGAGEMENT OUTPUT COSTS:

	2013-2014 Actual (\$000s)	2014-2015 Actual (\$000s)	2015-2016 Estimate (\$000s)	2016-2017 Prospective (\$000s)
Heritage Engagement Output Costs	6,069	6,310	5,771	5,904

<sup>29</sup> Note one project spanned the 2013-2014 and 2014-2015 reporting years and has been counted in each year as a project. Stage 1 achieved consent requirements in the first year with Stage 2 construction occurring the following year.

<sup>30</sup> A decrease was signalled due to the change to the domain name following the rebranding of the organisation as search engines will need to re-index the website.

<sup>31</sup> This is tracking less than expected due to the fewer numbers of pages available for download following the merging of Heritage New Zealand's two websites, and it is now easier for users to go direct to content rather than clicking through from the home page on the website or searching within it (therefore resulting in less page views).

<sup>32</sup> *New Zealand Heritage* readership is independently audited by ABC.



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- 1 Seal on the roof of Fyffe House, Kaikoura  
IMAGE: HERITAGE NEW ZEALAND
- 2 An award winning magazine - Pride in Print Gold award for issue 137  
IMAGE: MIKE HEYDON
- 3 Stacked schist ruins of the Lindis Pass Hotel  
IMAGE: HERITAGE NEW ZEALAND
- 4 Guests and dignitaries at unveiling of plaque at Toitū Tauraka Waka, Dunedin  
IMAGE: HERITAGE NEW ZEALAND
- 5 Whangarei Butter Factory (former).  
IMAGE: STACEY MILICH
- 6 Melanesian Mission, Auckland  
IMAGE: HERITAGE NEW ZEALAND
- 7 Presentation of wāhi tūpuna report for Waitangi to the Waitangi National Trust Board Chair.  
IMAGE: HERITAGE NEW ZEALAND
- 8 Intrigued by Alberton, Auckland  
IMAGE: AMANDA TRAYES



## 4. PROSPECTIVE FINANCIAL STATEMENTS 2016-2017

### 4.1 FINANCIAL PLANNING ASSUMPTIONS

**HERITAGE NEW ZEALAND'S** forecast total operational income for 2016/17 is approximately \$16.2 million. This includes \$13 million from the Crown and \$3.2 million from Heritage New Zealand's membership base, properties, grants and other income.

During the 2016/17 year it will be a priority of Heritage New Zealand to continue delivery of asset maintenance programmes and prioritised service delivery levels within the limited resources available. Demand for our services exceeds our ability to supply within available resources so alternative revenue streams will continue to be actively pursued to try to reduce this gap.

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

- Total Crown baseline funding for Heritage New Zealand will remain constant over the next four years.
- A major strengthening and revitalisation project at Melanesian Mission House, Auckland is scheduled to commence in November 2016 and will continue over a 12 month period. This will be funded through grants, donations and prior Heritage New Zealand reserves.
- While significant planning has been undertaken to redevelop the Timeball Station, Lyttelton, a decision has been made to delay this project.
- Additional services required in the Canterbury region following the earthquakes continue to be absorbed within baseline by reprioritising other activities, both in that region and across the organisation.
- While continuing to maintain delivery of core services in other output classes, there will be continued focus on delivering key projects at a selected number of properties only within the Heritage New Zealand portfolio.
- To the extent that the ongoing gap in cyclical maintenance is unable to be met from ongoing baseline funding and alternative strategies, certain properties currently managed by Heritage New Zealand may either be divested or permitted to deteriorate.
- Property income from admissions, functions and merchandising revenue is targeted to rise slightly by increasing visitor numbers, but a plateau is likely to be reached unless further significant investment is possible.
- After a number of years of increased targets, grant and donation income is estimating to plateau in the 2016/17 year at a level that is believed to be realistically sustainable. However bequest income is projected to increase in out years. The strengthening and revitalisation of the Melanesian Mission House, Auckland is the main focus for third party funding during the 2016/17 year.
- Interest revenue will decline as the investment base declines once the capital investment project at Melanesian Mission commences.
- The functions of Heritage New Zealand do not change, but the level of activity within the functions will be prioritised to maximise the outcomes for heritage.
- In May 2014, Heritage New Zealand became the administrators of the Canterbury Earthquake Heritage Buildings Fund (CEHB Fund). Due to a sunset clause in the CEHB Fund, the operations were transferred to the Canterbury Earthquake Heritage Buildings Trust (CEHB Trust) effective 1 July 2015. The purpose of the Fund/Trust is to provide assistance to owners of heritage buildings to repair damage caused by the Canterbury earthquake sequence that began in September 2010. While these remain separate entities with their own trustees, they are now deemed to be controlled and managed organisations of Heritage New Zealand and included in the following group Prospective Financial Statements.
- Outcomes sought by the Government remain consistent.
- Heritage New Zealand will remain a going concern.

## 4.2 PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ending 30 June

	Actual 2014	Actual 2015	Estimated Outturn 2016	Prospective 2017
	\$000s	\$000s	\$000s	\$000s
<b>REVENUE</b>				
Government funding	12,988	12,988	12,988	12,988
Grants, donations and bequests	2,019	710	887	762
Timeball capital campaign	-	-	-	-
Property	1,367	1,490	1,651	1,599
Interest	407	432	440	330
Membership	582	617	600	570
Sundry	93	191	87	52
<b>TOTAL REVENUE</b>	<b>17,456</b>	<b>16,428</b>	<b>16,653</b>	<b>16,301</b>
<b>EXPENDITURE</b>				
Audit fees - external audit	56	56	60	56
Administration	2,064	1,889	1,884	1,859
Capital fundraising costs	-	71	-	-
Personnel	8,209	8,613	8,680	9,190
Property	2,201	2,270	1,995	1,490
Incentive Fund	548	424	338	662
Grant payments	-	852	1,562	750
Insurance premiums	775	682	477	372
Depreciation	431	457	475	451
Loss on write off of asset	30	13	60	-
Communications	546	523	513	482
Membership	715	612	478	598
Board fees	120	128	147	140
Travel & accommodation	684	701	630	685
<b>TOTAL EXPENDITURE</b>	<b>16,379</b>	<b>17,291</b>	<b>17,299</b>	<b>16,735</b>
<b>NET (DEFICIT) SURPLUS FOR THE YEAR</b>	<b>1,077</b>	<b>(863)</b>	<b>(646)</b>	<b>(434)</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
Gain on consolidation in Canterbury Heritage Buildings Earthquake Fund	2,131	-	-	-
Gain on revaluation of land and buildings	-	2,255	-	-
Gain on revaluation of heritage artefacts	376	134	(44)	-
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSES</b>	<b>3,584</b>	<b>1,526</b>	<b>(690)</b>	<b>(434)</b>

The accompanying accounting policies form an integral part of these Prospective Financial Statements.

## 4.3 PROSPECTIVE STATEMENT OF FINANCIAL POSITION As at 30 June

	Actual 2014	Actual 2015	Estimated Outturn 2016	Prospective 2017
	\$000s	\$000s	\$000s	\$000s
<b>EQUITY</b>				
Accumulated funds	8,244	9,146	9,214	12,069
Timeball capital fund	1,303	1,304	1,353	1,393
Specified funds and bequests	3,594	3,618	4,417	3,042
Property Maintenance and Development Fund [2]	2,129	1,264	1,230	-
Revaluation reserve	43,343	45,732	45,688	45,688
Canterbury Earthquake Heritage Buildings Fund and Trust	3,222	2,297	769	45
<b>TOTAL EQUITY</b>	<b>61,835</b>	<b>63,361</b>	<b>62,671</b>	<b>62,237</b>
<b>Equity is represented by:</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	6,443	3,047	2,873	1,149
Short term deposits	7,520	10,020	10,016	7,618
Accounts receivable	660	478	341	340
Stock on hand	252	244	240	240
GST receivable	127	123	125	125
<b>TOTAL CURRENT ASSETS</b>	<b>15,002</b>	<b>13,912</b>	<b>13,595</b>	<b>9,472</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	51,372	53,827	53,570	53,289
Work in progress	49	7	10	2,855
Intangible assets	45	30	15	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>51,466</b>	<b>53,864</b>	<b>53,595</b>	<b>56,144</b>
<b>TOTAL ASSETS</b>	<b>66,468</b>	<b>67,776</b>	<b>67,190</b>	<b>65,616</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable and accruals	804	751	600	600
Provision for Incentive Fund grants	1,143	1,148	1,140	1,000
Provision for other grants	1,722	1,406	2,104	1,104
Employee entitlements	907	1,036	600	600
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,576</b>	<b>4,341</b>	<b>4,444</b>	<b>3,304</b>
<b>NON-CURRENT LIABILITIES</b>				
	<b>61</b>	<b>74</b>	<b>75</b>	<b>75</b>
<b>TOTAL LIABILITIES</b>	<b>4,637</b>	<b>4,415</b>	<b>4,519</b>	<b>3,379</b>
<b>NET ASSETS</b>	<b>61,831</b>	<b>63,361</b>	<b>62,671</b>	<b>62,237</b>

RT HON WYATT CREECH  
Chair Heritage New Zealand Board



SUE POWELL  
Acting Chief Executive



The accompanying accounting policies form an integral part of these Prospective Financial Statements.

#### 4.4 PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 30 June

	Actual 2014	Actual 2015	Estimated Outturn 2016	Prospective 2017
	\$000s	\$000s	\$000s	\$000s
OPENING EQUITY	58,251	61,835	63,361	62,671
TOTAL COMPREHENSIVE REVENUE AND EXPENSES	3,584	1,526	(690)	(434)
CLOSING EQUITY	61,835	63,361	62,671	62,237

The accompanying accounting policies form an integral part of these Prospective Financial Statements.

## 4.5 PROSPECTIVE STATEMENT OF CASH FLOWS

For the year ended 30 June

	Actual 2014	Actual 2015	Estimated 2016	Prospective 2017
	\$000s	\$000s	\$000s	\$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was received from:</b>				
Government funding	12,988	12,988	12,988	12,988
Grants, donations and bequests	1,561	134	887	762
Other operating activities	2,563	3,038	2,475	2,222
Net goods and services tax	91	4	(2)	-
Interest	403	450	440	330
	<b>17,606</b>	<b>16,614</b>	<b>16,788</b>	<b>16,302</b>
<b>Cash was applied to:</b>				
Payment of suppliers	(7,808)	(8,564)	(7,541)	(8,234)
Payment to employees	(8,195)	(8,471)	(9,115)	(9,190)
	<b>(16,003)</b>	<b>(17,035)</b>	<b>(16,656)</b>	<b>(17,424)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,603</b>	<b>(421)</b>	<b>(132)</b>	<b>(1,122)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was applied to:</b>				
Purchase of fixed assets	(199)	(468)	(300)	(145)
Purchase intangibles	(49)	-	-	-
Work in progress	(49)	(7)	(10)	(2,855)
Purchase short-term investments	-	(2,500)	-	-
	<b>(297)</b>	<b>(2,975)</b>	<b>(310)</b>	<b>(3,000)</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(297)</b>	<b>(2,975)</b>	<b>(310)</b>	<b>(3,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was received from:</b>				
Sale short-term investments	525	-	4	2,398
Consolidation of CEHB Fund	3,792	-	-	-
	<b>4,317</b>	<b>-</b>	<b>4</b>	<b>2,398</b>
Net increase / (decrease) in cash	5,623	(3,396)	(174)	(1,724)
Opening cash balance	820	6,443	3,047	2,873
<b>Closing cash balance</b>	<b>6,443</b>	<b>3,047</b>	<b>2,873</b>	<b>1,149</b>
<b>Represented by:</b>				
Petty cash and imprest balances	10	10	10	10
Short-term deposits (less than 90 days)	6,433	3,037	2,863	1,139
	<b>6,443</b>	<b>3,047</b>	<b>2,873</b>	<b>1,149</b>

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

## 4.6 PROSPECTIVE STATEMENT OF ACCOUNTING POLICIES

### Reporting entity

Heritage New Zealand Pouhere Taonga is domiciled in New Zealand and is a statutory body established under section 9 of the Heritage New Zealand Pouhere Taonga Act 2014. Heritage New Zealand became an autonomous Crown entity for the purposes of section 7 of the Crown Entities Act 2004 as confirmed in section 9(3) of the Heritage New Zealand Pouhere Taonga Act 2014. As such, the ultimate parent is the New Zealand Government.

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

Heritage New Zealand's primary outcome is to ensure present and future generations of New Zealanders experience and enjoy a sense of place, identity and nationhood.

The Canterbury Earthquake Heritage Buildings Fund was transferred under the control of Heritage New Zealand in May 2014. As Heritage New Zealand substantively controls and manages the Fund it has been consolidated into the Group accounts.

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

The Prospective Financial Statements for Heritage New Zealand are for the year ended 30 June 2017, and were approved by the Board on 23 June 2016.

### Basis of preparation

#### *Statement of Compliance*

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

These Prospective Financial Statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied. The criteria under which an entity is eligible to report in accordance with Tier 2 PBE Standards are the entity is not publicly accountable (as defined) and they have expenses  $\leq$  \$30m.

The Prospective Financial Statements are prepared on the basis that Heritage New Zealand continues to be a going concern.

#### *Measurement base*

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

#### *Functional and presentation currency*

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

### Significant accounting policies

The Prospective Financial Statements (with the exception of cash flow information) are being prepared using the accrual basis of accounting.

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

#### *Prospective figures*

The prospective figures for 30 June 2017 are those approved by the Board at the beginning of the financial year. In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Heritage New Zealand has applied these standards in preparing the 30 June 2017 Prospective Financial Statements and they are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

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

#### *Revenue*

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

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

**Other grants:** Non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when the conditions of the grant are satisfied.

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

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

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

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

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

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

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

### Grant expenditure

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

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

Approved discretionary grants not yet paid are recognised as an expense at the time of committee approval of the grant and held as an accrued expense until such time as they are uplifted by the grantee.

### Leases

#### *Finance leases*

Heritage New Zealand does not enter into finance lease arrangements.

#### *Operating leases*

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Heritage New Zealand are classified as operating leases.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Income.

### Cash and cash equivalents

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

### Debtors and other receivables

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

### Inventories

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

### Property, plant and equipment

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

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

#### (i) *Heritage New Zealand owned land and historic buildings*

These are properties for which Heritage New Zealand has freehold title.

#### (ii) *Vested land and historic buildings*

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

#### (iii) *Controlled and managed buildings*

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

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

#### *Revaluations*

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

### Accounting for revaluations

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

### Subsequent costs

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

### Disposals

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

## Depreciation

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

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

Computer hardware	3 years
Leasehold improvements	5 years
Plant and equipment	5 years
Displays & interpretation	10 years
Land development	15 years
Buildings	100 years

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

### Amortisation

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

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

Acquired computer software	3 years
Developed computer software	4 years

### Impairment of non-financial assets

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

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

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

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

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

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

## Creditors and other payables

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

## Employee entitlements

### Short-term employee entitlements

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

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

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

#### *Long-term employee entitlements*

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information.

#### *Superannuation schemes*

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the prospective Statement of Comprehensive Income.

#### **Provisions**

Heritage New Zealand recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations.

#### **Goods and services tax (GST)**

All items in the Prospective Financial Statements are exclusive of GST with the exception of trade and other receivables and trade and other payables, which are stated inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of the receivables or payables in the prospective Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

#### **Financial instruments**

Heritage New Zealand is a party to financial arrangements as part of its everyday operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. Revenues and expenses in relation to all financial instruments are recognised in the prospective Statement of Comprehensive Income. All financial instruments are recognised in the Prospective Statement of Financial Position.

#### **Income tax**

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

#### **Cost allocation**

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

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

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

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

#### **Prospective Statement of Cash Flows**

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

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

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

#### **Commitments**

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

#### **Contingencies**

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

#### **Accounting 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.

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

## Judgements in applying accounting policies

The following are the judgements that have the most significant effect on the amounts recognised in these Prospective Financial Statements:

### *Controlled and managed buildings*

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

### *Major sources of estimation uncertainty*

The valuation of historical land and buildings is subject to considerable estimation uncertainty. During the 2014/15 year, Heritage New Zealand employed an independent valuer to revalue Heritage New Zealand's property portfolio in line with the Crown accounting policies and Treasury requirements. Valuations are undertaken biennially. Due to the nature of Heritage New Zealand's property portfolio, it is difficult to obtain market valuation comparisons for many properties due to restrictions on their use. Consequently there is a large degree of subjectivity inherent in the valuation process.

The following are the key assumptions concerning the future, and other major sources of estimation uncertainty used in the development of these Prospective Financial Statements:

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

## Changes in accounting policies

Heritage New Zealand has transitioned to the new PBE Standards as required under the External Reporting Board's Accounting Standards Framework. Heritage New Zealand is not expecting any significant changes from the accounting policies currently applied. However, there are likely to be some minor disclosure changes as new standards are introduced. ■

# HERITAGE NEW ZEALAND'S HERITAGE DESTINATIONS PORTFOLIO

## (48 PROPERTIES)

### HERITAGE NEW ZEALAND OWNED (16 PROPERTIES)

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

### CO-OWNED (1 PROPERTY)

Highwic (with Auckland City Council)

### LEASED (2 PROPERTIES)

Ewelme Cottage  
Māngungu Mission House

### PRIVATE HISTORIC RESERVE (4 PROPERTIES)

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

### HISTORIC RESERVE (22 PROPERTIES)

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

### 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  
Kaikoura District Council)  
Hayes Engineering  
(part-owned by Heritage New Zealand, part-historic reserve)



Tukutuku panel detail, Kikopiri Marae.  
IMAGE: ARNO GASTEIGER

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