



ANNUAL REPORT PURONGO Ā TAU



FOR THE YEAR ENDED 30 JUNE 2014

HERITAGE NEW ZEALAND POUHERE TAONGA OUTCOMES:

Present and future generations of New Zealanders experience and enjoy a sense of place, community and belonging

KNOWLEDGE/ MĀTAURANGA

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

Long-term impact indicator

Knowledge about New Zealand's culture and heritage is increased and available

SURVIVAL/ TIAKINA

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

Long-term impact indicator

Loss of registered heritage through demolition or destruction is minimised and the number of heritage sites protected or where damage is avoided is increased

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:

Auckland Council

ASB Community Trust

Beca

David and Genevieve Becroft Foundation

Chisholm Whitney Family Charitable Trust

Contact Energy

Friends of Old St Paul's

Holcim New Zealand

Mr W A & Mrs E C Holmes

Infinity Foundation

Lion Foundation

Lottery Grants Board World War One Commemorations,
Environment & Heritage Committee

Otago Community Trust

Parkinson Memorial Park Trust

Pelorus Trust

Pub Charity

Thames Coromandel District Council

The Stout Trust

Wellington Community Trust

HERITAGE NEW ZEALAND POUHERE TAONGA

ANNUAL REPORT PURONGO Ā TAU 2014

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Cover (from left): Art Deco Day Out at Highwic in Auckland (Hayden Asmith); Hurworth Cottage and its charming country garden, New Plymouth; Heritage New Zealand's Jim Schuster with rock art in the Kaingaroa Forest; Tug-o-war at the "Victorian Farm Comes Alive" day at Totara Estate, Oamaru.

ALL IMAGES BELONG TO HERITAGE NEW ZEALAND UNLESS OTHERWISE SPECIFIED.

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

This annual report comments on the work and achievements of the then New Zealand Historic Places Trust (NZHPT) for the recently concluded 2013/14 financial year. That noted, on 20 May 2014 Parliament overwhelmingly passed the *Heritage New Zealand Pouhere Taonga Act 2014*. This is a new start.

MANY GOOD FEATURES of the old New Zealand Historic Places Trust structure continue, including its important membership base and supporter programmes. Those public commitments to support our heritage work are and will continue to be valued by the new Board. Hopefully they can be extended. The change has met with strong public support, reflecting the increasing interest in our heritage. There is widespread recognition of the cultural, historical and economic value of our significant heritage places to New Zealand.

The changes at Board level are important. As a Crown entity, all members of the Board are now appointed by the Minister. The Chief Executive of the Ministry for Culture and Heritage is appointed to the Board as a special advisor to assist with information on government policy. The Māori Heritage Council continues, retaining its size and form with eight members in total, four of whom are also Board members.

We are now called Heritage New Zealand Pouhere Taonga.

The former New Zealand Historic Places Trust branch committees have been replaced with new regional heritage organisations. They can join if they choose with existing community-based advocacy groups to campaign freely for the protection of heritage in a way they were unable to under the previous structure. Heritage New Zealand will continue to work with these organisations and support local heritage initiatives where it is able to.

The new legislation requires us to develop national policy statements on the provisions relating to archaeology, statutory advocacy, the New Zealand Heritage List, the National Historic Landmarks List and the management of properties. This work must be completed within 18 months of the legislation coming into force. That is a very big task for our new organisation. It will require a significant chunk of our resources.

The new Act's general provisions and principles include an amendment to the Treaty clause to enhance provisions in the Act

that give effect to the Treaty of Waitangi. The new Act widens the range of parties Heritage New Zealand must work collaboratively with when performing functions under the Act to include tangata whenua, central government agencies and property owners.

New archaeological provisions, intended to improve efficiency, reduce costs, and improve alignment with the *Resource Management Act 1991*, have new processes to ensure shorter timeframes. In the case of general authorities, timeframes have reduced from three months to between 20 and 40 working days depending on the type of application. Along with general authorities (which include minor effects), there are three other types of authority: Exploratory, Scientific and Emergency.

Other changes include:

- Where a recorded archaeological site is to be modified and the effects of the activity on the site will be minor, no archaeological assessment need be submitted with the authority application;
- No archaeological authority is required for work on a pre-1900 building unless it is being demolished;
- Emergency authorities can be applied for following a declaration of a state of emergency with reduced information requirements and processing times;
- Archaeologists approved to undertake archaeological work under an authority on a site of interest to Māori must have skills and competencies relating to recognising and respecting Māori values and must have access to appropriate cultural support; and
- Consent of the appropriate iwi or hapū is required for applications to conduct a scientific investigation of a site of interest to Māori.

The New Zealand Historic Places Trust was well known for the Register of historic places. This continues, renamed as the New Zealand Heritage List/Rārangi Kōrero. The purpose of the List/te Rārangi Kōrero as a source of information about heritage places has been clarified and, to more fully recognise the range of Māori



Kerikeri Mission Station
IMAGE: AMANDA TRAYES

heritage, a new wāhi tūpuna classification has been established, recognising the ancestral significance of places.

The creation of National Historic Landmarks/Ngā Manawhenua o Aotearoa me ōna Kōrero Tūturu is new. This classification will recognise our places of outstanding national heritage value to assist in setting national priorities for heritage conservation. As mentioned above, development of the policy statement is a key first step to establishing this new list of highly significant national heritage.

Implementation of the new Act added to the already considerable workload for Heritage New Zealand staff. The Board and Māori Heritage Council thanks them for their efforts. We also thank the

volunteers who give freely of their time to staff and support the preservation and exhibition of our important heritage assets.

Over recent years the old New Zealand Historic Places Trust sought to decrease its reliance on Crown funding by enhancing revenue from third party sources. While that has helped there is still considerable pressure on resources. Implementing the requirements under the new Act adds to that pressure. Unless additional resources can be secured, work programmes and targets for the coming year will need to be reviewed, as will the expectations under the current Statements of Intent and Performance Expectations.

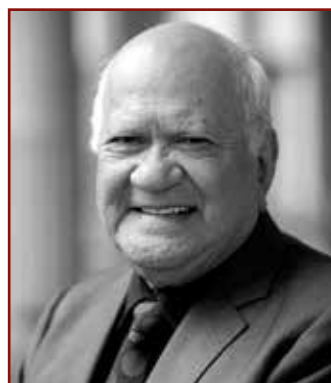
The new Board looks forward to the challenging work ahead. ■



Wyatt Creech

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

11 September 2014



John Clarke

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

11 September 2014



CHIEF EXECUTIVE'S INTRODUCTION AND YEAR IN REVIEW

This section of the annual report considers the four strategic priorities for the 2013/14 financial year identified by the former NZHPT Board:

- Repositioning the organisation
- Improving the regulatory environment for historic heritage
- Building public support for historic heritage through engagement and appreciation
- Achieving financial sustainability.

SUBSTANTIAL ACHIEVEMENT against these priorities and the resulting targets set for the organisation were achieved within a context of change created by legislative changes and transformation of the NZHPT's brand; both of which were realised with its transition to Heritage New Zealand in April and the *Heritage New Zealand Pouhere Taonga Act 2014* (HNZPT Act) coming into force on 20 May.

REPOSITIONING THE ORGANISATION

A substantial effort was made throughout the organisation to implement the new name and changes to our legislation, both of which are expected to reinforce Heritage New Zealand's status as a Crown entity. This continues to be an area of misunderstanding among stakeholders, with annual research showing only one-third of New Zealanders were aware the NZHPT was a Crown organisation. This figure has remained constant over the past four years despite continuous reinforcement of the organisation's status and regulatory functions through media releases, publications, public events and our website. The change to Heritage New Zealand will require a new baseline measure of public awareness.

The HNZPT Act resulted in changes to the governance of the organisation and disestablished the branch committee structure. Most branch committees had taken the opportunity to transition

ahead of the legislation, recognising the opportunity to work actively on local heritage advocacy matters. Ongoing relationships remain with Heritage New Zealand staff meeting regularly with local groups, and exploring opportunities for future partnership projects which are core to our outreach work programme.

Efforts to position the organisation as a respected advisor to local and central government, iwi and property owners continued, and the work of the organisation was clearly aligned to national priorities. An interim statutory advocacy policy was developed to help ensure our standard of advice and services remains high, is directed at heritage matters of utmost significance, and avoids regulatory duplication and excessive costs and delays for owners and other stakeholders.

IMPROVING THE REGULATORY ENVIRONMENT FOR HISTORIC HERITAGE

The HNZPT Act featured significantly in the work programme throughout the year and, notably, the second and third readings, Royal assent and enactment happened within a 10-day period.

Heritage New Zealand had provided information to the Select Committee processes and continued preparing for enactment.

This included the pilot programme for the streamlined archaeology process, which meant Heritage New Zealand was in a position to address the immediate requirement for changes in criteria, process, forms and delegations, and staff at all levels deserve recognition for helping to ensure the transition process went smoothly.

Under the HNZPT Act, Heritage New Zealand is required to deliver five general policy statements by November 2015 and initial planning work began on these. The policy statements relate to:

- Administration of archaeological site provisions;
- Management of properties owned, controlled by or vested in Heritage New Zealand;
- Administration of the New Zealand Heritage List/Rārangi Kōrero provisions;
- Administration of the National Historic Landmarks List provisions; and
- Heritage New Zealand's statutory advocacy role.

Heritage New Zealand has contributed to other legislative and regulatory matters, including providing substantial background information to the review of the *Building Act* 2004 and Resource Management Act.

At a local authority level, submissions to second generation plans continued, and Heritage New Zealand's success rate for submissions exceeded expectations with 92 percent of them contributing to a positive heritage outcome. Along with district plan processes, considerable time has been put into working alongside councils, providing expert advice and assistance on both general and specific heritage matters. A major undertaking was Heritage New Zealand's preparation of submissions on the Proposed Auckland Unitary Plan.

BUILDING PUBLIC SUPPORT FOR HISTORIC HERITAGE THROUGH ENGAGEMENT AND APPRECIATION

The number of New Zealanders reporting their interest in built heritage as very high increased over the past year to 57 percent (cf 53 percent in 2013 and 49 percent in 2012), exceeding the target of 55 percent.

Engagement and appreciation activities will help to maintain public awareness and interest, but are an area of discretionary expenditure for Heritage New Zealand.

The website is a key channel for public access to information, with over one million page views each year. This year the website was redeveloped, making it fully responsive for the increasing segment of users accessing the site from mobile devices, and providing access to an interactive map of places entered on the New Zealand Heritage List/Rārangi Kōrero (formerly the Register).

There were over 140 outreach events and activities held over the past year managed by staff through our offices and properties and

more than 208,000 visitors to staffed properties nationwide. Visitor satisfaction levels were ahead of target with 93 percent of visitors saying they were satisfied or very satisfied. Events at properties continue to be a highlight for communities, such as: Alberton's Garden Gala (the finale of this property's 150th anniversary celebrations) that attracted over 1000 visitors; the opening of the reconstructed Cotons' Cottage, which was severely damaged in the September 2010 earthquake, and Old St Paul's International Christmas Festival which was held in partnership with Wellington-based embassies and high commissions.

Another successful partnership with the New Zealand Film Archive (now called Ngā Taonga Sound & Vision), was recognised through the Museums Aotearoa awards when the *Reel Life in Rural New Zealand* programme, where films and shorts were shown in historic woolsheds, won the Most Innovative Public Programme category. Another partnership with HITLab and Canterbury University – the High Street Stories app and website – was a finalist in the awards.

Heritage New Zealand magazine was nominated for best business and trade magazine, best cover and best writer in the 2013 Magazine Publishers' Association Awards, winning best writer and taking a highly commended for the cover. In recognition of the centenary of World War I, the magazine's winter edition was a special commemorative issue, making it a flagship WW100 project.

ACHIEVING FINANCIAL SUSTAINABILITY

Heritage New Zealand has maintained an emphasis on balancing core mandatory activities, such as processing archaeological authorities, against three factors:

- No expected increase in government funding;
- Increasing self-generated revenue which currently contributes 20 percent of baseline funding, and increased demands for spending on discretionary activities such as heritage engagement;
- Conservation and development needs of the 48 properties we care for, and their collections.

While actual revenue was almost 99 percent against the annual target, expenditure was under by 4.8 percent. This was a result of some planned projects not being completed during the financial year, lower than expected visitor numbers to Northland properties where most property-related revenue is gathered, and lower spend per visitor than in previous years.

More information about Heritage New Zealand's work and achievements can be found in the next section of this report, which when read in full clearly shows that the organisation has sought to not only meet, but exceed, expectations. ■



BRUCE CHAPMAN

Chief Executive

STATEMENT OF GOVERNANCE

GOVERNANCE FRAMEWORK

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

- *Crown Entities Act 2004* (CEA)
- *Heritage New Zealand Pouhere Taonga Act 2014* (HNZPT Act) (prior to 20 May 2014 the governing legislation was the *Historic Places Act 1993* (HPA))
- Governance policies adopted by the Board, including terms of reference for Board committees
- Principles, practices and guidelines governing the relationship between the Board and the Māori Heritage Council.

BOARD OF HERITAGE NEW ZEALAND

1. Role

The Board is accountable to the key stakeholders for establishing Heritage New Zealand'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.

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).

Prior to 20 May 2014 under the HPA the Board was composed of:

- Three Board members elected by members of Heritage New Zealand; and
- Six 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).

3. Board members' remuneration

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

4. Board meetings and attendance at meetings

The Board's annual programme is set by the Board in conjunction with the Chief Executive. Due to the change in governing legislation and composition of the Board in May 2014 more meetings were required than were originally scheduled for the year.

The Board appointed under the HPA held six meetings in this financial year and one of these was a joint meeting with the Māori Heritage Council.

Board meetings were attended as follows:

BOARD MEMBERS	BOARD MEETINGS ATTENDED
Mrs Shonagh Kenderdine (Chair)	6
Sir Tumu te Heuheu	4
Mr Ian Athfield	5
Dr Anna Crighton	6
Ms Naida Glavish	3
Mr David Kiddey	6
Dr Apirana Mahuika	0
Mr Allan Matson	6
Mr Brian McGuinness	6

The Board appointed under the HNZPT Act (as of 20 May 2014) held two meetings in this financial year. Board meetings were attended as follows:

BOARD MEMBERS	BOARD MEETINGS ATTENDED
Mr Wyatt Creech (Chair)	2
Mr Ian Athfield	1
Mr John Clarke	2
Ms Naida Glavish	1
Mr Erima Henare	2
Mr Brian McGuinness	2
Ms Storm McVay	2
Ms Mary Neazor	2

5. Board committees

The Board has three committees: the New Zealand Heritage List/Rarangi Korero Committee (under the HPA called the Registration Committee), the Chief Executive's Employment Committee; and the Audit and Risk Committee.

The Audit and Risk Committee has one external member who is not a member of the Board or Māori Heritage Council appointed for their particular skills and experience. Prior to 20 May 2014 the New Zealand Heritage List/Rārangi Kōrero Committee (then called the Registration Committee) also had one external member who was not a member of the Board or Māori Heritage Council. 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/Rārangi Kōrero Committee (at that time called the Registration Committee) met five times in the 2013/14 financial year, the Chief Executive's Employment Committee twice, and the Audit and Risk Committee four times.

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 a conflict of interest exists, the Board member excuses themselves from the discussion, does not take part in any decision or vote, and they do not receive the relevant paper in respect of that interest.

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.

9. Evaluation of Board's performance

The Board has a process by which its performance is evaluated and the results of this are conveyed to the Minister. ■



Rock art in the Kaingaroa Forest
IMAGE: HERITAGE NEW ZEALAND

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 8.5 percent this year compared to 10 percent 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 2013/2014 are summarised next:

ELEMENT	HERITAGE NEW ZEALAND ACTIVITY
<p>1. LEADERSHIP, ACCOUNTABILITY AND CULTURE</p>	<p>The Chief Executive provides leadership and consistent messages by holding face-to-face meetings with all staff who are able to attend every two months, addresses all induction forums for new staff and emphasises key messages at staff affinity forums.</p> <p>Heritage New Zealand is a bicultural organisation and provides regular training to staff in the areas of tikanga and te reo Maori. All staff are encouraged to participate.</p> <p>Working Biculturally workshops were held throughout the organisation this year to inform and support staff in their roles.</p>
<p>2. RECRUITMENT, SELECTION AND INDUCTION</p>	<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 2013/14 year a two-day induction forum was held in February 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. Feedback from the participants was positive.</p>
<p>3. EMPLOYEE DEVELOPMENT, PROMOTION AND EXIT</p>	<p>During 2013/14 two vacancies were filled by internal applicants as promotions. A number of temporary acting roles to cover extended leave periods were also provided to enable staff development opportunities.</p> <p>Training and development opportunities are offered to all staff where appropriate. Affinity forums are held annually for staff working in professional disciplines, eg archaeology, planning.</p> <p>An exit interview is offered to all resigning staff. Those conducted in the past year have not identified any recurring themes that are of concern that need to be addressed.</p>
<p>4. FLEXIBILITY AND WORK DESIGN</p>	<p>While balancing the needs of the organisation's multi-disciplinary approach to our work which 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 to ensure they accurately reflect job design.</p>
<p>5. REMUNERATION, RECOGNITION AND CONDITIONS</p>	<p>Heritage New Zealand undertakes a transparent, equitable and gender-neutral job evaluation of all roles. All jobs are independently sized, and a market review is undertaken every two years.</p> <p>Annual performance reviews are undertaken for all staff which feeds into an annual remuneration review.</p> <p>A small Chief Executive staff reward scheme enables staff 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>
<p>6. HARASSMENT AND BULLYING PREVENTION</p>	<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>
<p>7. SAFE AND HEALTHY ENVIRONMENT</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 initiatives in particular are provided to ensure a safe work environment:</p> <ul style="list-style-type: none"> ■ Workplace assessments for new staff; ■ 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. <p>Ongoing refinements to the organisation's Business Continuity Plan have been made as learnings from the Christchurch earthquakes are reflected upon. A log of emergency contacts is held for all staff and these are updated monthly.</p> <p>The Emergency Management Team have been issued with memory sticks that hold health and safety information and essential documents, including staff contact details.</p>

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 2014, which had a 79% response rate showed the following;

AGE	<30	6.12%
	30-50	50%
	>50	40.82%
	Undisclosed	3.06%
ETHNICITY	Māori	16.33%
	New Zealand European	74.49%
	Pacific Island	2.04%
	Other	7.14%
GENDER	Male	29.59%
	Female	70.41%

As at 30 June 2014, there were 107 full-time equivalent staff. The average length of service in the organisation is six years, two months (2013: six years, three months).

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



Pompallier Mission, Russell
IMAGE: CATRINA SUTTER,
HERITAGE NEW ZEALAND

STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2014

IN TERMS OF the Crown Entities Act, the Board of Heritage New Zealand 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 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 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 Performance fairly reflect the financial position and operations of Heritage New Zealand for the year ended 30 June 2014. ■

RT HON WYATT CREECH CNZM
Heritage New Zealand Board Member

11 September 2014

BRIAN MCGUINNESS MNZM
Heritage New Zealand Board Member

11 September 2014

STATEMENT OF SERVICE PERFORMANCE

For the year ending 30 June 2014

THERE ARE THREE key outcome areas where Heritage New Zealand sought to make a difference: Heritage Knowledge, Heritage Survival and Heritage Engagement. 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		
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 experience and enjoy a sense of place, community and belonging		
KNOWLEDGE/MĀTAURANGA Places that contribute to New Zealand's culture and heritage are identified and their stories recorded Long-term impact indicator Knowledge about New Zealand's culture and heritage is increased and available	SURVIVAL/TIAKINA Places that are significant to New Zealand's culture and heritage survive Long-term impact indicator Loss of registered heritage through demolition or destruction is minimised and the number of heritage sites protected or where damage is avoided is increased	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 OUTPUTS		
<ol style="list-style-type: none"> 1. Prepare heritage inventories 2. Enhance the Register 3. Capture heritage information 	<ol style="list-style-type: none"> 1. Engage in heritage protection 2. Conserve Māori Heritage 3. Administer the National Heritage Preservation Incentive Fund 4. Administer the archaeological authority process 5. Conserve Heritage New Zealand's properties 	<ol style="list-style-type: none"> 1. Encourage engagement with heritage in communities 2. Open Heritage New Zealand properties to the public 3. Share heritage stories

HERITAGE NEW ZEALAND KEY PRIORITY OUTPUTS 2013-2014

2.1 INTERMEDIATE OUTCOME 1: HERITAGE KNOWLEDGE/MĀTAURANGA

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

THE WORKLOAD ARISING from implementing the HNZPT Act was a significant deliverable for Heritage New Zealand. Along with changing our name other resulting changes needed to be addressed. These included changing the Register of historic places, historic areas, wāhi tapu and wāhi tapu areas to the New Zealand Heritage List/Rārangi Kōrero (the List) across our website, updating application forms and other published material, and preparing to engage on policy development in relation to both the List and the National Landmarks.

Access to the information we hold about our significant heritage places was enhanced by providing a mapped version of the List on our website, with the website as a whole optimised for users accessing it from mobile devices. Changes to the site impacted the number of website page views in the final quarter of the year – for example, as users bookmarked links to www.historic.org.nz pages became obsolete with the new www.heritage.org.nz site. In spite of this, average monthly page views across the year saw this estimate exceeded. Although just over 82 percent of respondents to an online survey said they would recommend the website to others, this was against a target of 85 percent and the survey was suspended at the time the refreshed website was released to avoid skewing results. The survey will be reintroduced during the 2014/15 year.

The New Zealand Heritage List is widely considered to be the authoritative source of information about New Zealand's heritage places. While fewer than planned additions were made to the List, primarily as a result of required additional consultation with owners, extra work in reviews of existing entries, upgrading information associated with List entries, and work to resolve deficient entries on the List all exceeded estimates for the year. Notable additions to the List include two significant Māori rock art sites at Tarawera and Frenchman's Gully, Rangiaowhia which played an important role in the 1863-1864 Waikato War, Port Craig Sawmill and Settlement in Southland, the Nelson Boulder Bank, and the Colonial Ammunition Company Office and the World War I Memorial Beacon, both in Auckland.

In addition to progressing proposals for entry on the List, we undertook targeted inventory projects, which involve surveying a defined area and identifying and researching significant heritage. The most significant places identified may also be considered for inclusion on the List. This year's target of five was met with projects in Whangarei, Auckland, Matamata-Piako, Grey and Dunedin districts.

Long-term impact indicator – Knowledge about New Zealand’s culture and heritage is increased and accessible:	2010-2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Forecast	2013-2014 Actual	Tracking or not in line with forecast
Increase in the number of average page views per month of Heritage New Zealand website (including the Register Online)	20,810 (Register Online only)	55,000 ¹	91,826 ² (65% increase)	80,000 ³ (12.5% decrease)	87,878	Tracking higher than forecast. The URL for the website was changed as planned during the year and it was expected that many broken links would arise reducing the number of successful page views. However, the actual result was better than expected.
Increase in the percentage of website users who would recommend the website to others	86% (Online Register only)	81%	80.6%	85%	82.5%	Tracking lower than forecast. Significant changes to the website over the year may account for the lower increase.
Increase in the number of requests for reports from the Archaeological Report Digital Library	198 requests for 937 reports	268 requests for 1319 reports	228 requests for 1162 reports	270 requests for 1500 reports	283 requests for 3032 reports	Tracking higher than forecast due to one large request for over 1000 reports.
Increase in the total number of reports available in the Archaeological Report Digital Library	3,630	3,946 (316 added)	4,454 (508 added)	4,900 (446 added)	4,797 (343 added)	Tracking lower than forecast due to backlog of reports waiting to be entered into the library.
Increase in the total number of registration reports available	2,189	2,248	2,307	2,360	2,403	Tracking higher than forecast due to an unanticipated increase of upgrade reports becoming available and some completed as part of inventory projects.

¹ Measure now includes the Register Online and other web pages associated with telling heritage stories and heritage conservation information that contributes to the heritage appreciation outcome.

² The large increase is due to: improvements to the sitemap so search engines can more easily find the website; enhancing the all-of-site search (went live in July 2012) allowing users to more easily find what they’re looking for, and to stay on the site; and adding more content to the site including wāhi tapu information to the Register Online.

³ A decrease was signalled for this financial year as the domain name change was anticipated when the *Heritage New Zealand Pouhere Taonga Act 2014* came into force as search engines will need to re-index the site and there is a high potential for broken links to occur.

HERITAGE KNOWLEDGE OUTPUTS TABLE:

Type of Measure	Output	2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	Achieved/Not Achieved or Met, Above or Below Estimate
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OUTPUT 1: PREPARE HERITAGE INVENTORIES

Activity measures	Number of inventory projects completed and made accessible to district councils	–	New measure	6 projects	5 projects	5 projects	Met estimate.
	Number of new site assessments from Heritage Inventory work made available	–	New measure	236 assessments	200 assessments	185	Below estimate. A lesser number of assessments were completed due to staff being diverted to other higher priority work.

OUTPUT 2: ENHANCE THE REGISTER

Performance measures	Additions to the Register/List (including those of significance to Māori)	99	65 ⁴	42 ⁵	35	28	Not achieved. 7 proposals were delayed: 5 required additional consultation, 1 required additional land ownership research to establish the correct ownership, and 1 was unable to progress due to the new legislation taking effect and consequently requiring reappointments to Board committees.
	Additions to the Register/List that are of significance to Māori	14	8	9 (3 wāhi tapu and 6 historic places)	9	10 (6 wāhi tapu area, 2 historic places and 1 historic area)	Exceeded.

⁴ A reduction in additions to the Register occurred because essential work was undertaken to check location information of existing registrations and to remove entries from the Register that have been demolished following the Canterbury earthquakes.

⁵ A reduction in additions to the Register is proposed while there is increased focus on inventory work undertaken.

Type of Measure	Output	2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	Achieved/Not Achieved or Met, Above or Below Estimate
Performance measures	Percentage of Register/List entries with a statement of significance ⁶	38.4%	39.5%	40.7%	41%	42%	Exceeded.
Activity measures	Existing registrations reviewed	40	121 ⁷	24	25	46	Above estimate 21 unanticipated reviews to remove entries from the List arose.
	Register/List location information updated	274	251	217	180	182	Above estimate.
	Deficient registrations resolved	87	59	103 ⁸	85	98	Above estimate.

OUTPUT 3: CAPTURE HERITAGE INFORMATION

Performance measures	Number of archaeological reports that are overdue from authority holders is decreased (biennial audits)	232 reports accounted for a 36% reduction	–	248 reports no longer overdue and of these 94 reports received being a 38% reduction	–	N/a	N/a
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⁶ 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 and this measure is also influenced by additions to and removals from the Register).

⁷ Includes removing entries from the Register for places that were demolished as a result of the Canterbury earthquakes.

⁸ At 1 July 2013 it is expected that there will be 168 deficient registrations remaining to be resolved.

2.2 INTERMEDIATE OUTCOME 2: HERITAGE SURVIVAL/TIAKINA

Places that are significant to New Zealand’s culture and heritage survive.

IMPROVING OWNER and community awareness of the significance of places, and providing tools to help with their conservation, is likely to contribute to the long-term survival of heritage places. Long term we should expect to see a reduction in loss of heritage through demolition or destruction and an increase in the number of heritage sites protected or where damage to heritage is avoided.

Loss of heritage is inevitable; even without major events a certain number will be lost entirely, or damaged to a point where demolition is the only realistic option, as a result of fire or a lack of maintenance that results in a building being ‘beyond repair’. Following the spike in losses after the Canterbury earthquakes, the number of places on the New Zealand Heritage List demolished or destroyed has returned to pre-earthquake levels.

A much higher than expected number of heritage sites were protected or avoided damage as a result of our involvement in resource management, advocacy, archaeological authority, and Crown land disposal processes. In part, this was due to higher numbers of archaeological and resource consent matters resulting in better avoidance and/or protection of heritage sites.

Submissions to local and central government policy and plan documents and processes were a significant component of our work programme. Heritage New Zealand continued to input into key policy reviews relating to disaster preparedness and recovery, accessibility, and the Building Act and Resource Management Act legislation reviews.

Eight planned Māori heritage projects were completed through the year around the country. The projects were: Hauti Marae, Tolaga Bay; Te Houhanga Marae, Dargaville; Okorihī Marae pouhaki, Kaikohe; Kauhanganui Building, Morrinsville; Muriwai Marae, Gisborne; Whakarewarewa Church, Rotorua; Maungaroa Marae, Te Kaha, Bay of Plenty, and Te Hau ki Turanga Whareniui, Rongowhakaata.

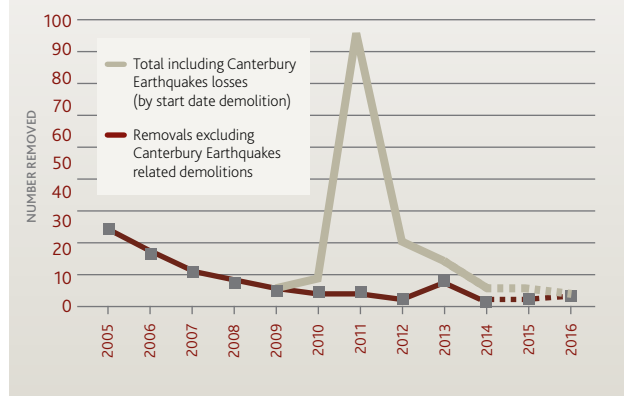
Supporting iwi and hapū as kaitiaki of their significant places means Heritage New Zealand is continuing to provide skills and advice, as well as technical expertise, often providing marae-based training and practical experience that will enable local people to maintain these places over years to come.

Building and maintaining skills and knowledge is our approach in the wider community with over 140 heritage engagement events and 40 training events held for professionals over the past year. The training events included presentations on the change of legislation and role of Heritage New Zealand, archaeological authority training for consultants, infrastructure companies and Councils, and presentations to property owners and Councils about earthquake-prone buildings.

Maintaining our properties at an appropriate level of repair and maintenance is an important part of our work programme. Not only does it contribute to the ongoing safety of visitors and staff, which is the primary consideration, but crucially it contributes to the survival of some of New Zealand’s most significant places. This year’s maintenance programme resulted in the completion of 11 projects, including exterior lighting and security upgrade at Kerikeri Mission Station and Old St Paul’s, front steps reconstruction and interior conservation at Alberton, works to improve management of UV damage at Clendon House, cob repair to the Hayes Engineering Homestead, and resurfacing of the driveway and repairs to the verandah at Antrim House. Completion of work at Wallaceville Blockhouse was delayed when rot was found at the building’s base, necessitating archaeological investigation and additional repairs.

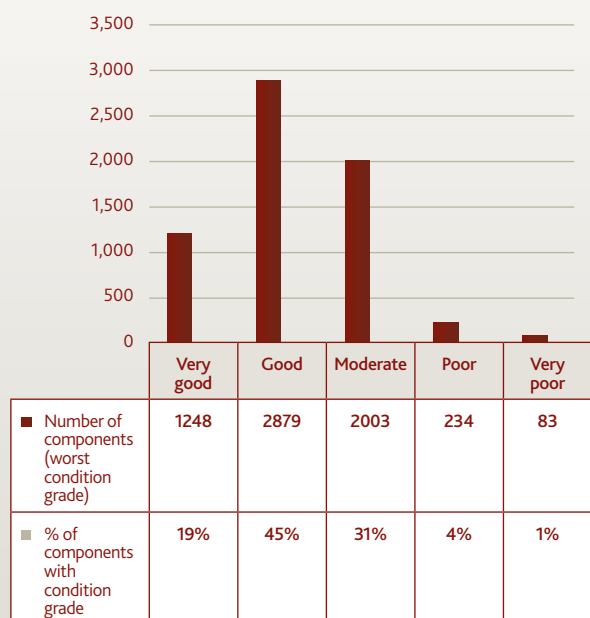
Graph 1: Number of heritage places on the New Zealand Heritage List demolished/destroyed

(by calendar year, actuals to 2013, estimated from 2014 as shown by the dashed line)



Graph 2: Total property asset component condition

(assessed by worst condition grade using non-intrusive visual survey as at 30 June 2014)



Three specific deferred maintenance and safety projects were planned which saw repairs to Springvale Bridge completed. However, the Thames School of Mines and Clarks Mill work programmes were delayed due to additional consultation being needed. These work programmes are scheduled for completion in the 2014/15 financial year.

Long-term impact indicator – Loss of registered heritage through demolition or destruction is minimised and the number of heritage sites protected or where damage is avoided is increased:	2010-2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Forecast	2013-2014 Actual	Tracking or not in line with forecast
Number of Registered/Listed heritage sites demolished or destroyed reduces (measured in calendar years, refer Graph 1)	8 (2010)	92 (2011)	21 (2012)	17 ⁹ (2013)	17 (2013)	Tracking in line with forecast.
Number of heritage sites protected, or damage avoided at a site, as a result of Heritage New Zealand involvement in resource management, advocacy, archaeological authority, and Crown land disposal processes increases	681	497	492	340	529	Tracking higher than forecast. A higher than expected number of sites were either avoided or protected in archaeological and consent processes.

⁹ The forecast for the coming year is based on knowledge of registered properties we know are likely to be demolished during the year. The forecasts for the outlying years are based on trend data excluding the Canterbury earthquake events but considering proposed changes to earthquake-prone policy.

HERITAGE SURVIVAL OUTPUTS TABLE:

Type of Measure		2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	Achieved/Not Achieved or Met, Above or Below Estimate
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SURVIVAL OUTPUT 1: ENGAGE IN PROTECTION PROCESSES

Performance measures	Percentage of resource consents responses that result in positive heritage outcomes (where decision is known)	92%	95%	92% ¹⁰	80%	81% ¹¹	Exceeded.
	Percentage of district plans that meet Heritage New Zealand defined standard (biennial assessment) ¹² in four areas where district plan provisions include:					N/a	N/a
	i. A Heritage Schedule that contains all registered properties;	21%		28%			
	ii. Demolition of scheduled heritage as a non-complying activity; ¹³	43%		56%			
	iii. Destruction of scheduled Māori heritage as a non-complying activity; and	9%		17%			
iv. Regulatory incentives for retention of heritage	28%		32%				

– CONTD OVER

¹⁰ This includes all resource consents where Heritage New Zealand was consulted and includes responses (submissions, advice and affected party approvals) where we have had an impact on the work being proposed as well as where it supported the proposed work. This measure has been altered from the 2012-15 Statement of Intent to more accurately reflect what is being measured.

¹¹ This includes all resource consents where Heritage New Zealand was consulted and includes responses (submissions, advice and affected party approvals) where Heritage New Zealand had an impact on the work being proposed as well as where it supported the proposed work.

¹² The National Assessment of RMA Policy and Plan Heritage Provisions, undertaken biennially, considers all district and unitary plans and the resulting report is posted on the Heritage New Zealand website. The 2013 assessment is located at www.heritage.org.nz/resources/research-and-papers/research

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

SURVIVAL OUTPUT 1: ENGAGE IN PROTECTION PROCESSES – CONTD

Type of Measure		2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	Achieved/Not Achieved or Met, Above or Below Estimate
Performance measures	Percentage of our submissions that result in positive heritage outcomes (where decision is known)	88%	98%	89% ¹⁵	60%	92% ¹⁶	Exceeded.
	Percentage of assessments of land proposed for disposal by Crown agencies completed within specified timeframes	91%	100%	100%	100%	99.7%	Not achieved. One assessment was delayed due to staff illness.
Activity measures	Number of policy submissions relating to plan and policy documents submitted to local authorities and central government	171	135	95	70 ¹⁷	55	Below estimate. Some district plan reviews are on hold pending the finalisation of legislation reviews relating to the Building Act and Resource Management Act. In addition, several plan reviews are tracking slower than originally proposed by Councils.
	Number of occasions advice is given on resource consents and related processes including the Building Act	1860	1516	1642 ¹⁸	1300	1207	Below estimate.

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

¹⁵ This includes submissions where Heritage New Zealand had an impact on the provisions as well as those where Heritage New Zealand supported the proposed provisions.

¹⁶ This includes submissions where Heritage New Zealand has had an impact on the provisions as well as those where Heritage New Zealand supported the proposed provisions.

¹⁷ The reduction in expected policy submissions reflects the reduction in district plan reviews resulting from uncertainty due to the government's Resource Management Act reform.

¹⁸ A reduction in instances of advice is expected due to the approach being taken in Christchurch where advice is being given on CERA projects covering larger areas of land than previously where we dealt with individual landowners.

Type of Measure		2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	Achieved/Not Achieved or Met, Above or Below Estimate
Activity measures	Number of assessments provided as part of disposal of Crown land processes	308	319	353 ¹⁹	300	294	Below estimate.
	Number of covenants negotiated over heritage properties	17	14	18	10	9	Below estimate.
	Number of heritage training events to professionals delivered	51	53	50	30	41	Above estimate.

SURVIVAL OUTPUT 2: CONSERVE MĀORI HERITAGE

Activity measures	Number of Māori built heritage, sites and rock art projects completed working with specific iwi and hapū	10	8	8	8	8	Met estimate.
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SURVIVAL OUTPUT 3: ADMINISTER THE NATIONAL HERITAGE PRESERVATION INCENTIVE FUND

Performance measures	Percentage of Fund allocated in accordance with the policy	100%	100%	100%	100%	100%	Achieved.
	Percentage of approved applications monitored and reported	100%	100%	100%	100%	100%	Achieved.

– CONTD OVER

¹⁹ The increase is due to an unexpected high number of disposals coming from a single agency.

SURVIVAL OUTPUT 3: ADMINISTER THE NATIONAL HERITAGE PRESERVATION INCENTIVE FUND – CONTD

Type of Measure		2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	Achieved/Not Achieved or Met, Above or Below Estimate
Activity measures	Total number of projects funded	8	9	17	15	18	Above estimate.
	Total value of grants approved	\$269,000	\$213,000	\$664,345	\$500,000	\$633,985	Above estimate.

SURVIVAL OUTPUT 4: ADMINISTER THE ARCHAEOLOGICAL AUTHORITY PROCESS

Performance measures	Percentage of archaeological authorities processed within statutory timeframes ²⁰	100%	100%	99.5%	100%	100%	Achieved (excludes Emergency Authorities).
			99.8% emergency authorities	99.4% emergency authorities	100%	99.9% emergency authorities	Not achieved – 876 of 877 emergency authorities were processed within statutory timeframes.
	Percentage of archaeological authorities that avoid or protect archaeological sites ²¹	36% ²²	17%	25.2%	20%	23.3%	Exceeded.
Activity measures	Number of archaeological authorities processed (excluding emergency authorities)	503 ²³	377	422	420	411	Below estimate.

²⁰ Note the statutory timeframe for processing of authorities is 90 working days for standard authorities under the *Historic Places Act 1993* which was in force up until 19 May 2014. The HNZPT Act came into effect on 20 May 2014 and shortens the timeframes for authority processing to 20, 30 or 40 working days depending on the application. The statutory timeframe for emergency authorities under the Canterbury Earthquake (Historic Places Act) Order 2011 and the HNZPT Act is three or five days in the case of a site of interest to Māori.

²¹ The HNZPT Act (which replaced the *Historic Places Act 1993*) 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.

²² The 2010/11 percentage is substantially higher than the previous year as a larger number of authorities were processed relating to a national infrastructure project where sites were able to be avoided.

²³ A higher number of authorities were processed due to a higher number of large infrastructure projects being undertaken by local authorities.

Type of Measure		2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	Achieved/Not Achieved or Met, Above or Below Estimate
Activity measures	Number of emergency authorities processed	62	608	508	350	877	Above estimate. The number of emergency authorities was higher than estimated due to the pace with which the Residential Red Zone was cleared being higher than we anticipated.

SURVIVAL 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 2)	New measure	85%	92%	95%	95% ²⁴	Achieved.
	Percentage of identified deferred maintenance and safety projects completed	34%	53%	91% ²⁵	100%	96%	Not achieved. 2 projects were delayed due to legal and consultation issues, now resolved, and will be completed in 2014/15.

²⁴ 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.

²⁵ Note this total also includes deferred maintenance and safety projects.

2.3 INTERMEDIATE OUTCOME 3: HERITAGE ENGAGEMENT/HONONGA

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

FINDING WAYS to share information and encourage people to engage with heritage is the heart of this outcome area, which resulted in a very high number of outreach activities nationwide, as well as public engagement with the properties cared for by Heritage New Zealand.

Outreach projects and events delivered were significantly higher than planned, which reflected an increase in community demand, including the desire for repeat events, such as the Heritage Lost and Found exhibition run in partnership with the Otago Museum that was repeated and expanded to meet the interest. Other events run included tours and presentations on the High Street Stories app, gold panning, fish trap demonstrations, Heartland Archaeology talks, and various exhibitions, garden festivals and music events held at Heritage New Zealand properties throughout the country.

After years of preparatory work, the 90th anniversary of the establishment of the Norwegian Whalers' Base on Stewart Island was celebrated, attended by 180 people including the Honorary Consul General for Norway, and a bronze plaque unveiled recognised this important archaeological site. The Base was also declared an archaeological site by the Board.

Considerable investment has been made in developing a new app (release date, October 2014). Free to download, *Path to Nationhood* will allow users to explore stories of Māori and Pākehā engagement between 1814 and 1840, and learn about events leading up to the signing of Te Tiriti o Waitangi. This app uses a platform that will allow up to 100 tours to be developed and will be a core part of future outreach work.

Partnership and support is crucial, not only to our work, but the success of others. Heritage New Zealand staff worked with organising committees throughout the Waikato and Bay of Plenty who were tasked with commemorating key events in the New Zealand Wars (particularly at Rangiriri, Orakau, Gate Pa and Te Ranga). Heritage New Zealand also promoted and attended these events.

The centenary of the start of World War I was also marked with a commemorative edition of the award-winning *Heritage New Zealand* magazine, which was devoted to New Zealand's presence, experiences and contributions to the war effort, and the influence on our heritage.

With satisfaction levels of visitors to our properties exceeding the year's target, we also exceeded our target for visitor numbers. Although the number of visitors declined slightly overall in comparison with the previous financial year, this was anticipated given major changes in visitor origin and a decline in visitation from our traditional overseas markets. Added to our focus on domestic tourism is engagement with the regional and national tourism market. Focusing on international visitors, this year saw our third annual presence at TRENZ, the expo for tourism operators and travel buyers, to raise awareness of our properties as experiences and destinations.

Although much of what's achieved under this outcome area is funded on a discretionary basis, the organisation had some significant results over the year, receiving acknowledgement from within the sector and industry groups for our achievements, which is encouraging. The award for the Reel Life in Rural New Zealand partnership with the New Zealand Film Archive (now called Ngā Taonga Sound & Vision) is an endorsement of a programme that screens historic films at heritage venues and has been enjoyed by thousands of people to date. Work has begun to expand this programme into marae-based events over the coming year as well.

Long-term impact indicator – Public engagement, awareness and understanding of heritage is improved:	2010-2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Forecast	2013-2014 Actual	Tracking or not in line with forecast
Increase in the percentage of survey respondents who rate their personal interest in heritage as very interested ²⁶ (survey conducted annually) ²⁷	New measure	49%	53%	55%	57%	Tracking higher than forecast.
Increase in the percentage of survey respondents who stated their level of interest in the protection of historic places had increased over the past year (survey conducted annually)	New measure	45%	50%	52%	43%	Tracking lower than forecast. It is likely that the increase observed in the percentage of respondents who rate their interest in heritage as 'very interested' (see above) has had an impact on this measure, effectively reducing the pool of respondents who may perceive their level of interest has increased over the past year.

²⁶ 'Very interested' is considered to be a rating of 8 or above out of 10.

²⁷ Survey has a sample size of 500 with a margin of error of 4.7%

HERITAGE ENGAGEMENT OUTPUTS TABLE:

Type of Measure		2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	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 to enhance heritage engagement	New measure	40	59	35	37	Exceeded.
	Number of heritage engagement events run	New measure	90	89	40	146	Achieved. Additional opportunities presented themselves during the year so many unanticipated heritage engagement events were run.

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

Performance measures	Increase visitor numbers at Heritage New Zealand staffed properties	194,186	206,680	215,007	205,000	208,046	Exceeded.
	Maintain the percentage of respondents who rate their visit to Heritage New Zealand staffed properties as satisfied or higher	96%	93%	94%	92%	93%	Exceeded.
	Number of visitor facility and interpretation projects completed at selected Heritage New Zealand properties	4 projects	4 projects	3 projects	2 projects	2 projects	Achieved. 2 projects were completed: – Alberton House (interpretation) and Clendon Cottage Development at Pompallier Mission (project planning).

Type of Measure		2010 -2011 Actual	2011-2012 Actual	2012-2013 Actual	2013-2014 Planned Outputs	2013-2014 Actual	Achieved/Not Achieved or Met, Above or Below Estimate
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HERITAGE ENGAGEMENT OUTPUT 3: SHARE HERITAGE STORIES

Activity measures	Number of media releases, comment, features and articles produced	180	211	226	180	172	Below estimate.
	Audited readership of New Zealand Heritage (Audit Bureau of Circulations)	15,819	14,123	13,102	14,000	12,722	Below estimate.
	Number of e-mail recipients of <i>Heritage this Month</i> newsletter averaged over 12 months	7861	8389	8597	8700	9655	Above estimate.

STATEMENT OF COMPREHENSIVE INCOME For the year ending 30 June 2014

	Note	Group Actual 2014	Parent Actual 2014	Parent Budget 2014	Parent Actual 2013
		\$000s	\$000s	\$000s	\$000s
INCOME					
Revenue from Crown	2	12,988	12,988	12,988	12,988
Grants		1,472	387	744	303
Property	3	1,367	1,367	1,486	1,321
Interest		407	390	380	366
Membership		582	582	609	569
Donations and bequests	24	547	547	289	2,343
Sundry		93	93	32	222
INCOME FROM OPERATIONS		17,456	16,354	16,528	18,112
EXPENDITURE					
Fees paid to the auditors	4	56	52	53	53
Administration	24	2,064	2,057	1,585	2,573
Personnel	5	8,209	8,209	8,340	8,381
Property	24	2,201	2,201	3,540	2,677
Incentive Fund		548	548	500	664
Insurance premiums		775	775	760	725
Depreciation and amortisation	10,11	431	431	463	436
Loss on write off of asset	10	30	30	0	0
Communications		546	546	554	695
Membership		715	715	533	840
Board fees	18	120	120	121	116
Travel and accommodation		684	684	757	805
TOTAL EXPENDITURE		16,379	16,368	17,206	17,965
NET (DEFICIT) SURPLUS FOR THE YEAR BEFORE EXCEPTIONAL ITEMS		1,077	(14)	(678)	147
Gain on consolidation in Canterbury Heritage Buildings Earthquake Fund	25	2,131	0	0	0
NET (DEFICIT) SURPLUS FOR THE YEAR		3,208	(14)	(678)	147
OTHER COMPREHENSIVE INCOME					
Gain on revaluation of land and buildings	6,10	0	0	0	3,771
Gain on revaluation of heritage artefacts	6,10	376	376	0	3,791
TOTAL COMPREHENSIVE INCOME		3,584	362	(678)	7,709

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

Expenditure allocated by outputs is broken down as follows:

	Group Actual 2014	Parent Actual 2014	Parent Budget 2014	Parent Actual 2013
	\$000s	\$000s	\$000s	\$000s
Heritage Knowledge	2,340	2,340	2,539	2,542
Heritage Survival	7,970	7,959	8,474	8,789
Heritage Engagement	6,069	6,069	6,193	6,634
TOTAL OPERATING EXPENDITURE	16,379	16,368	17,206	17,965

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION as at 30 June 2014

	Note	Group Actual 2014	Parent Actual 2014	Parent Budget 2014	Parent Actual 2013
		\$000s	\$000s	\$000s	\$000s
EQUITY					
Accumulated funds	6	8,244	8,244	8,521	7,888
Branch accumulated funds	6	0	0	0	57
Specified funds & bequests	6,7	4,897	4,897	5,188	4,816
Heritage New Zealand Property Maintenance & Development Fund	6	2,129	2,129	1,150	2,523
Revaluation reserve	6	43,343	43,343	35,405	42,967
Canterbury Earthquake Heritage Buildings Fund		3,222	0	0	0
TOTAL EQUITY		61,835	58,613	50,264	58,251
Equity is represented by:					
CURRENT ASSETS					
Cash and cash equivalents	8	6,443	1,586	1,502	820
Short-term deposits	8	7,520	7,520	7,200	8,045
Trade and other receivables	9	660	572	500	719
Inventory		252	252	200	218
GST receivable		127	127	220	218
TOTAL CURRENT ASSETS		15,002	10,057	9,622	10,020
NON-CURRENT ASSETS					
Property, plant and equipment	10	51,372	51,372	43,287	50,979
Work in progress		49	49	0	273
Intangible assets	10	49	45	60	6
TOTAL NON-CURRENT ASSETS		51,470	51,466	43,347	51,258
TOTAL ASSETS		66,472	61,523	52,969	61,278
CURRENT LIABILITIES					
Trade and other payables	11	804	799	1,000	1,076
Provision for other grants		1,722	0	0	0
Provision for Incentive Fund grants	12	1,143	1,143	800	996
Employee entitlements	13	907	907	850	888
TOTAL CURRENT LIABILITIES		4,576	2,849	2,650	2,960
NON-CURRENT LIABILITIES	13	61	61	55	67
TOTAL LIABILITIES		4,637	2,910	2,705	3,027
NET ASSETS		61,835	58,613	50,264	58,251

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

STATEMENT OF MOVEMENTS IN EQUITY For the year ending 30 June 2014

	Note	Group Actual 2014	Parent Actual 2014	Budget 2014	Parent Actual 2013
		\$000s	\$000s	\$000s	\$000s
Opening Equity		58,251	58,251	50,942	50,542
Net Comprehensive Income		3,584	362	(678)	7,709
CLOSING EQUITY		61,835	58,613	50,264	58,251

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION For the year ending 30 June 2014

	Note	Group Actual 2014	Parent Actual 2014	Parent Budget 2014	Parent Actual 2013
		\$000s	\$000s	\$000s	\$000s
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was received from:					
Government funding		12,988	12,988	12,988	12,988
Grants		1,561	564	744	243
Other operating activities		2,560	2,560	2,416	5,785
Net goods and services tax		91	91	0	33
Interest		406	389	380	328
		17,606	16,592	16,528	19,377
Cash was applied to:					
Payment of suppliers		(7,808)	(7,863)	(8,403)	(8,639)
Payment to employees		(8,195)	(8,195)	(8,340)	(8,324)
		(16,003)	(16,058)	(16,743)	(16,963)
NET CASH FROM OPERATING ACTIVITIES	14	1,603	534	(215)	2,414
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was applied to:					
Purchase of fixed assets		(199)	(199)	(500)	(769)
Purchase of intangibles		(49)	(45)	(60)	0
Work in progress		(49)	(49)	0	(273)
Purchase short-term investments		0	0	0	(1,956)
NET CASH FROM INVESTING ACTIVITIES		(297)	(293)	(560)	(2,998)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was received from:					
Sale of short-term investments		525	525	800	0
Consolidation of Canterbury Earthquakes Heritage Building Fund	25	3,792	0	0	0
NET CASH FROM FINANCING ACTIVITIES		4,317	525	800	0
Net increase/(decrease) in cash		5,623	766	25	(584)
Opening cash balance		820	820	1,477	1,404
Closing Cash Balance		6,443	1,586	1,502	820
Represented by:					
Petty cash & imprest balances		10	10	11	10
Short-term deposits (less than 90 days)		6,433	1,576	1,491	810
		6,443	1,586	1,502	820

The GST (net) component of operating activities reflects the GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. ■

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

For the year ending 30 June 2014

Reporting entity

Heritage New Zealand Pouhere Taonga is domiciled in New Zealand and is a statutory body corporate established under section 9 of the *Heritage New Zealand Pouhere Taonga Act 2014*. Heritage New Zealand is 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 objective is to identify, protect and promote heritage in New Zealand (as enshrined in its Vision, Mission and Values Statements and Statement of Service Performance).

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. No comparatives are provided as only the Parent existed in the previous year.

Accordingly, Heritage New Zealand (as the Parent) and its subsidiaries have designated themselves as Public Benefit Entities for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Basis of preparation

Statement of Compliance

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

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities.

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

The financial operations of Heritage New Zealand and the Group are included in these financial statements.

Measurement base

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

Adoption of new and revised standards and interpretations

Standards and interpretations in issue not yet adopted

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

Significant accounting policies

The financial statements (with the exception of cash flow information) have been prepared using the accrual basis of accounting.

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

Basis of Group

The Group financial statements comprise the financial statements of Heritage New Zealand and its subsidiaries (the Group) as at 30 June each year.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent company, using consistent accounting policies.

There have been no inter-entity balances or transactions.

Investments in subsidiaries held by the Parent are accounted for at cost in the financial statements.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners

of the acquiree, the equity issued by the Group, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

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 the Heritage New Zealand Statement of Intent. Revenue from the Crown is recognised as revenue when received and is reported in the financial period to which it relates. Crown funding received as a capital injection is accounted for in the 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 if the 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 grants approval committee 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.

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 or weighted average cost after making appropriate provision for obsolete items.

Property, plant and equipment

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

Heritage New Zealand has interests 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 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 Heritage New Zealand's interest is deemed to be permanent.

(iii) *Controlled and managed buildings*

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

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

Revaluations: Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every two years.

Heritage collections and objects 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 or replacement 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 income. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed. Any subsequent increase on revaluation that off-sets 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 income.

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 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 NZIAS 16.

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

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

Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the net surplus 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 Income, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Income.

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

Creditors and other payables

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

Employee entitlements

Short-term employee entitlements

Employee entitlements that Heritage New Zealand expects to be settled within 12 months of balance date are measured at

undiscounted nominal values based on accrued entitlements at current rates of pay.

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

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

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

Long-term employee entitlements

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

Superannuation schemes

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the 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, 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 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.

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

Commitments and contingencies are disclosed exclusive of GST.

Financial instruments

Heritage New Zealand is a party to financial instruments 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 Statement of Comprehensive Income. All financial instruments are recognised 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 Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by Heritage New Zealand for the preparation of the financial statements.

Cost allocation

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 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.

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 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. Last 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. 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.

The following are the key assumptions concerning the future and other major sources of estimation uncertainty at 30 June 2014:

- The valuation of historic buildings includes an estimation of the residual values and useful lives of these buildings. 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. Refer note 10 for further detail.

Changes in accounting policies

There have been no changes in accounting policies.

2. REVENUE FROM CROWN

Heritage New Zealand has been provided with funding from the Crown for the specific purposes of Heritage New Zealand as set out in the Heritage New Zealand Pouhere Taonga Act 2014 and the scope of the Vote Arts Culture and Heritage appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2013: nil).

3. PROPERTY INCOME

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
Functions	241	241	246
Admissions	438	438	358
Rents	162	162	154
Grants	39	39	47
Merchandising	487	487	516
	1,367	1,367	1,321

4. AUDIT FEES

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
Deloitte – statutory audit	56	52	53
Deloitte – other advice on consolidation of CEHBF	4	4	0
	60	56	53

5. PERSONNEL

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
Salaries & wages	7,932	7,932	8,112
Government Superannuation Fund	162	162	117
(Decrease)/Increase employee leave entitlements	(17)	(17)	28
Recruitment costs	35	35	43
Temporary staff	26	26	4
Other staff costs	71	71	77
TOTAL PERSONNEL COSTS	8,209	8,209	8,381

Heritage New Zealand contributed two percent of employees salary/wages into the Kiwisaver Scheme from 1 April 2009. This increased to three percent from 1 April 2013.

6. EQUITY

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
ACCUMULATED FUNDS			
Represents balance of general accumulated funds from Heritage New Zealand's operations not earmarked for a specific purpose.			
Balance at 1 July	7,888	7,888	8,209
Surplus	3,584	362	7,709
Transfer to Other Equity Funds	(5,732)	(2,510)	(11,960)
Transfer from Other Equity Funds	2,504	2,504	3,930
BALANCE AT 30 JUNE	8,244	8,244	7,888
CROWN CAPITAL FUND			
Balance at 1 July	0	0	163
Amounts used	0	0	(163)
BALANCE AT 30 JUNE	0	0	0
BRANCH ACCUMULATED FUND			
Represents balance of funds raised by Heritage New Zealand's Branch Committees for local community projects.			
Balance at 1 July	57	57	215
(Deficit)	(57)	(57)	(158)
BALANCE AT 30 JUNE	0	0	57
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	4,816	4,816	3,122
Tagged Funds received during the year	1,663	1,663	3,626
Funds used during the year	(1,582)	(1,582)	(1,932)
BALANCE AT 30 JUNE (SEE NOTE 7)	4,897	4,897	4,816
PROPERTY MAINTENANCE & DEVELOPMENT FUND			
Funds earmarked specifically to address critical maintenance safety issues at Heritage New Zealand properties.			
Balance at 1 July	2,523	2,523	3,428
Revenue transferred to the fund during the year	471	471	772
Expenditure incurred during the year	(865)	(865)	(1,677)
BALANCE AT 30 JUNE	2,129	2,129	2,523

– CONTD OVER

6. EQUITY – CONTD

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
PROPERTY PLANT AND EQUIPMENT REVALUATION RESERVE			
Represents movements following regular revaluation of Heritage New Zealand land, buildings and heritage artefacts.			
Opening Balance	42,967	42,967	35,405
Gain on Revaluation of Heritage Artefacts	376	376	3,771
Transfer to Equity following derecognition (see Note 3)	0	0	3,791
BALANCE AT 30 JUNE	43,343	43,343	42,967
CANTERBURY EARTHQUAKE HERITAGE BUILDINGS FUND			
Gain on Acquisition	2,131	0	0
Transfer to Equity	1,091	0	0
BALANCE AT 30 JUNE	3,222	0	0
	61,835	58,613	58,251

7. SPECIFIED FUNDS AND BEQUESTS

NZ Lottery Grants Board	30 06 2013	Receipts	Interest	Expenditure	Capitalised	30 06 2014
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Timeball feasibility, condition report and peer review	18	(5)	0	(13)	0	0
Te Waimate roof	0	64	0	0	(64)	0
TOTAL LOTTERY GRANTS BOARD	18	59	0	(13)	(64)	0

Other funds	30 06 2013	Receipts	Interest	Expenditure	Capitalised	30 06 2014
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
National Heritage Incentive Fund	73	500	0	(548)	0	25
Ruatuna Fund	1	44	0	(44)	0	1
Bulk store and Stone Store donations	209	0	8	0	0	217
Kemp House general donations fund	20	0	1	0	0	21
Branch Committee fund	80	49	0	(54)	0	75
Ewelme Cottage Committee fund	30	0	1	(3)	0	28
Timeball restoration – Parkinson Trust	14	0	0	0	0	14
ASB Community Trust	0	133	0	(133)	0	0
Lion Foundation	0	20	0	(20)	0	0
Old St Paul's festival funds	28	14	0	(10)	(10)	22
Chisholm Whitney Family Charitable Trust	52	0	0	(52)	0	0
Stout Trust	0	30	0	(30)	0	0
Wellington Community Trust	0	25	0	(25)	0	0
Pub Charity	0	75	0	0	(50)	25
Friends of Old St Paul's	4	0	0	(3)	0	1
Environment Southland	1	0	0	(1)	0	0
Landmark	1,009	144	50	0	0	1,203
Contact Energy	0	16	0	(16)	0	0
Holcim	0	100	0	0	0	100
Others	541	274	0	(316)	(26)	473
TOTAL OTHER FUNDS	2,062	1,424	60	(1,255)	(86)	2,205

– CONTD OVER

7. SPECIFIED FUNDS AND BEQUESTS – CONTD

Bequests	30 06 2013	Receipts	Interest	Expenditure	Capitalised	30 06 2014
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Richardson Bequest	42	0	2	0	0	44
McKay Bequest	221	0	8	0	0	229
Granville Travers Zohrab Trust Bequest	319	0	11	(121)	0	209
Rosier Bequest	171	0	7	0	0	178
Spencer Bequest	153	0	6	0	0	159
Bedlington Bequest	2	0	0	0	0	2
OR Lee	47	0	2	0	0	49
Hudson Bequest	259	0	10	(37)	0	232
Stringer Bequest	15	0	1	0	0	16
McBurnie Bequest	20	0	1	0	0	21
Williams Bequest	2	0	0	0	0	2
K Seagar Bequest	88	0	4	0	0	92
Estate of CIC Collett	926	0	37	0	0	963
Foulkes Estate	91	0	4	0	0	95
Shankland Estate	13	0	0	0	0	13
Anderson	10	0	0	0	0	10
Yarnell Bequest	2	0	0	0	0	2
Slack	3	0	0	0	0	3
Appelby	159	0	6	0	0	165
Fuller	61	0	2	0	0	63
Fergusson	21	0	1	0	0	22
Stout	101	0	4	0	0	105
EP Brown	10	0	0	(5)	0	5
Rothwell	0	5	0	0	0	5
Stenson	0	8	0	0	0	8
TOTAL BEQUESTS	2,736	13	106	(163)	0	2,692
TOTAL FUNDS AND BEQUESTS	4,816	1,496	166	(1,431)	(150)	4,897

8. CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
Petty cash and imprest balances	10	10	10
Cheque and call deposits	6,433	1,576	810
TOTAL CASH AND CASH EQUIVALENTS	6,443	1,586	820
Short-term deposits	7,520	7,520	8,045
TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	13,963	9,106	8,865

9. TRADE AND OTHER RECEIVABLES

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
Debtors and other receivables	660	572	719
Less: provision for impairment	0	0	0
TOTAL DEBTORS AND OTHER RECEIVABLES	660	572	719

The carrying value of receivables approximates their fair value. As at 30 June 2014 all overdue receivables have been assessed for impairment and \$ nil (2013: nil) were assessed as impaired.

10. PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment are as follows:

	AT VALUATION			
	Land	Land managed	Buildings	Buildings managed
	\$000s	\$000s	\$000s	\$000s
Opening Balance July 2012	16,560	1,731	18,325	2,312
Additions	0	0	751	0
Disposals	0	0	0	0
Losses/gains on revaluation	1,103	(215)	1,517	(6)
Losses on derecognition	0	0	0	0
BALANCE 30 JUNE 2013	17,663	1,516	20,593	2,306
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
Opening Balance July 2012	0	0	658	90
Depreciation expense	0	0	184	23
Writeback on revaluation	0	0	(834)	(114)
BALANCE 30 JUNE 2013	0	0	8	(1)
NET BALANCE 30 JUNE 2013	17,663	1,516	20,585	2,307
Opening Balance July 2013	17,663	1,516	20,593	2,306
Additions	0	0	241	175
Disposals	0	0	(30)	0
Losses/gains on revaluation	0	0	0	0
Losses on derecognition	0	0	0	0
BALANCE 30 JUNE 2014	17,663	1,516	20,804	2,481
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
Opening Balance July 2013	0	0	8	(1)
Depreciation expense	0	0	207	24
Writeback on revaluation	0	0	0	0
BALANCE 30 JUNE 2014	0	0	215	23
NET BALANCE 30 JUNE 2014	17,663	1,516	20,589	2,458

				AT COST			TOTAL
	Heritage artefacts	Displays and interpretation	Land development	Plant and equipment	Leasehold improvements	Library	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
	3,702	950	143	1,269	16	18	45,026
	0	64	28	30	62	0	935
	0	0	0	0	0	0	0
	3791	80	35	0	0	0	6,305
	0	0	0	0	0	0	0
	7,493	1,094	206	1,299	78	18	52,266
	0	301	17	1,060	16	0	2,142
	0	97	10	79	9	0	402
	0	(294)	(15)	0	0	0	(1,257)
	0	104	12	1,139	25	0	1,287
	7,493	990	194	160	53	18	50,979
	7,493	1,094	206	1,299	78	18	52,266
	2	0	0	54	0	0	472
	0	0	0	0	0	0	(30)
	376	0	0	0	0	0	376
	0	0	0	0	0	0	0
	7,871	1,094	206	1,353	78	18	53,084
	0	104	12	1,139	25	0	1,287
	0	109	14	59	12	0	425
	0	0	0	0	0	0	0
	0	213	26	1,198	37	0	1,712
	7,871	881	180	155	41	18	51,372

10. PROPERTY, PLANT AND EQUIPMENT – CONTD

An independent valuation of Heritage New Zealand's land and buildings was last performed as at 30 June 2013 by Nigel Hoskin, an appropriately qualified employee of Beca Valuations Ltd. Beca has under its employment property valuers who are qualified to undertake specialised building valuations and 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 valuers involved in the 2013 update valuation for Heritage New Zealand are qualified to provide valuations for financial reporting purposes. 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.

An independent valuation of heritage artefacts has been undertaken by a number of specialists reflecting the variety within Heritage New Zealand's collections. The collections valuation as at 30 June 2014 on a rolling basis was conducted by Art and Object registered valuers.

Of the total land value, \$3,587,000 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 \$15,772,500 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 probabilities of change that are applied range from 5 percent to 10 percent. On average the discount applied to the unrestricted value of this land is 70 percent.

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.

INTANGIBLE ASSETS

	PARENT		GROUP	
	Acquired Software	Total	Acquired Software	Total
	\$000s	\$000s	\$000s	\$000s
COST				
Balance at 1 July 2012	944	944		
Additions	0	0		
Disposals	0	0		
BALANCE AT 30 JUNE 2013	944	944		
Balance at 1 July 2013	944	944	944	944
Additions	45	45	51	51
Disposals	0	0	0	0
BALANCE AT 30 JUNE 2014	989	989	995	995
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Balance at 1 July 2012	905	905		
Amortisation expense	33	33		
Disposals	0	0		
Impairment losses	0	0		
BALANCE AT 30 JUNE 2013	938	938		
Balance at 1 July 2013	938	938	938	938
Amortisation expense	6	6	8	8
Disposals	0	0	0	0
Impairment losses	0	0	0	0
BALANCE AT 30 JUNE 2014	944	944	946	946
CARRYING AMOUNTS				
At 1 July 2012	39	39		
At 30 June and 1 July 2013	6	6		
At 30 June 2014	45	45	49	49

During 2014 there was no internally generated software, disposal of intangible assets or impairment losses on intangibles.

11. TRADE AND OTHER PAYABLES

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
Trade creditors	133	128	222
Income in advance	66	66	34
Accrued expenses	605	605	820
TOTAL CREDITORS AND OTHER PAYABLES	804	799	1,076

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

12. PROVISION FOR INCENTIVE FUND GRANTS

Approved incentive fund grants not yet paid are recognised as an expense at the time of Board approval of the grant and held as an accrued expense until such time as they are uplifted by the grantee. The movement in this provision is set out below.

	\$000s
2013	
Balance at 1 July 2012	651
Additional provisions made	712
Amounts used	(320)
Unused amount reversed	(47)
BALANCE AS AT 30 JUNE 2013	996
2014	
Balance at 1 July 2013	996
Additional provisions made	625
Amounts used	(400)
Unused amount reversed	(78)
BALANCE AS AT 30 JUNE 2014	1,143

13. EMPLOYEE ENTITLEMENTS

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
Current employee entitlements are represented by:			
Accrued salaries and wages	367	367	340
Annual leave	517	517	516
Sick leave	18	18	15
Long service leave	5	5	17
TOTAL CURRENT PORTION	907	907	888
Non-current employee entitlements are represented by:			
Long service leave	61	61	67
TOTAL NON-CURRENT PORTION	61	61	67
TOTAL EMPLOYEE ENTITLEMENTS	968	968	955

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

14. RECONCILIATION OF NET (DEFICIT)/SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	Note	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
		\$0	\$0	\$0
Net Overall Surplus (Deficit)		1,077	(14)	147
Add/(remove) non-cash items:				
Depreciation		431	431	436
Loss on derecognition of fixed asset		30	30	0
Provision for doubtful debts		0	0	0
Movement in Provision for Grants		1,869	147	345
Gain on consolidation of CEHBT	25	(1,661)	0	0
		1,746	594	928
Movements in Working Capital:				
Decrease (Increase) in trade debtors		59	147	1,232
Decrease (Increase) in inventory		(34)	(34)	(11)
Decrease (Increase) in GST Receivable		91	91	33
Increase (Decrease) in trade payables and accruals		(259)	(264)	232
NET CASH FLOW FROM OPERATING ACTIVITIES		1,603	534	2,414

15. CAPITAL COMMITMENTS AND OPERATING LEASES

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
LEASES PAYABLE			
Not later than 1 year	576	576	838
Later than 1 year and not later than 5 years	410	410	565
Later than 5 years	0	0	0
TOTAL NON-CANCELLABLE OPERATING LEASES PAYABLE	986	2,389	1,403
These leases relate to non-cancellable accommodation and equipment leases and contracted repairs and maintenance.			
LEASES RECEIVABLE			
Not later than 1 year	124	124	95
Later than 1 year and not later than 5 years	80	80	112
Later than 5 years	0	0	0
TOTAL NON-CANCELLABLE OPERATING LEASES RECEIVABLE	204	204	207

16. COMMITMENTS AND CONTINGENCIES

As at 30 June 2014 potential liabilities resulting from heritage covenants previously negotiated are estimated to be \$20,000. (As at 30 June 2013, liabilities resulting from heritage covenants were \$20,000.)

The Canterbury Heritage Buildings Fund has approved further grants of \$813,287 as at 30 June 2014 where conditions for full payment have not yet been met. These grants will only be recognised as an expense when all conditions for the grant payment have been met.

There are no other contingent liabilities.

17. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

Related party transactions:

Heritage New Zealand 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 has a wholly owned non-trading subsidiary – Heritage New Zealand Ltd.

Heritage New Zealand, the group, has a further related party transaction between the Canterbury Earthquake Heritage Buildings Fund and the Crown of \$1,098,578 in grant funding.

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

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.

KEY MANAGEMENT PERSONNEL COMPENSATION

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
Salaries and other short-term employee benefits	1,329	1,329	1,291
	1,329	1,329	1,291

Key management personnel include all Board members, Māori Heritage Council members, the Chief Executive and the eight members of the Lead Team. There has been no other post-employment, long-term or termination benefits provided to key management personnel (2013: nil).

18. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

Member	2014 \$	2013 \$
Mrs S Kenderdine (Chair from August 2010-May 2014)	21,240	24,000
The Rt. Hon. W Creech (Chair from May 2014)	3,105	0
Mr I Athfield	10,787	10,500
Dr A Crighton (ceased May 2014)	9,292	10,500
Mrs N Glavish	10,787	10,500
Mr D Kiddey (ceased May 2014)	9,292	10,500
Mr A Matson (ceased May 2014)	9,292	10,500
Mr B McGuinness	10,787	10,500
Sir T te Heuhehu (ceased May 2014)	9,292	10,500
Dr A Mahuika (ceased May 2014)	9,346	10,500
Mr H Clarke (commenced August 2013)	3,895	0
Ms S McVay (commenced May 2014)	1,495	0
Ms M Neazor (commenced May 2014)	1,495	0
Mr E Henare (commenced May 2014)	1,495	0
Mr M Nathan (ceased May 2014)	3,600	6,000
Mr G O'Regan (ceased May 2014)	3,200	1,600
Mr J Tuuta (ceased May 2013)	0	800
Mr R Bradley (commenced May 2014)	450	0
Mr A Coffin (commenced May 2014)	450	0
Mr P McGarvey (commenced May 2014)	450	0
Ms M Ngarimu (commenced May 2014)	450	0
	120,200	116,400

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. A premium of \$4,950 was paid for the insurance period 1 July 2013 to 30 June 2014 (2013: \$6,600).

19. EMPLOYEE REMUNERATION

Total remuneration and benefits	No of Employees		
	\$000s	2014	2013
100-110		3	3
110-120		6	8
120-130		2	0
130-140		1	1
250-260		1	1

The current Chief Executive was appointed in May 2006 and is currently employed in the remuneration band \$250,000-260,000 (2013: remuneration band \$250,000-260,000).

20. EVENTS AFTER BALANCE SHEET DATE

There were no significant events after the balance sheet date. (2013: None)

21. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Group Actual 2014	Parent Actual 2014	Parent Actual 2013
	\$000s	\$000s	\$000s
LOANS AND RECEIVABLES			
Cash and cash equivalents	6,433	1,586	820
Debtors and other receivables	660	572	719
TOTAL LOANS AND RECEIVABLES	7,093	2,158	1,539
HELD TO MATURITY INVESTMENTS			
Cash and equivalents – equity investments	7,520	7,520	8,045
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
Creditors and other payables	804	799	1,076

22. FINANCIAL INSTRUMENT RISKS

Heritage New Zealand's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity 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 allow any transactions that are speculative in nature to be entered into.

Market risk

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.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose Heritage New Zealand to cash flow interest rate risk. Heritage New Zealand's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. Heritage New Zealand currently has no variable interest rate investments.

Heritage New Zealand is not permitted to borrow so is not exposed to this risk on borrowings.

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 Investment policy limits the amount of credit exposure to any one institution.

Heritage New Zealand has processes in place to review the credit quality of customers prior to granting of credit.

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 8) and net debtors (note 9). 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. CAPITAL MANAGEMENT

Heritage New Zealand's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

Heritage New Zealand is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing of guarantees and indemnities and the use of derivatives.

Heritage New Zealand manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure Heritage New Zealand effectively achieves its objectives and purpose, whilst remaining a going concern.

24. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Donations and bequests: Income received from Community Trusts has been treated as a donation on receipt but as a grant for budgeting purposes.

Administration costs: There was higher than anticipated costs associated with District Plan appeals, archaeological authority appeals and other statutory advocacy activity.

Property costs: Some projects have been delayed until the next financial year due to delays in negotiating all the necessary pre-implementation requirements.

25. GAIN ON CONSOLIDATION OF CHRISTCHURCH EARTHQUAKE HERITAGE BUILDINGS FUND

Following a Cabinet decision, on 23 May 2014 Heritage New Zealand Pouhere Taonga gained control of the Christchurch Earthquake Heritage Buildings Fund to simplify the administration of the Fund.

The following table summarises the fair value of assets acquired and liabilities assumed at the consolidation date. ■

	23 May 14
	\$000s
CONSIDERATION AT 23 MAY 2014	
Cash	–
TOTAL CONSIDERATION	–
RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash & cash equivalents	3,792,115
Intangible assets	5,270
Trade and other receivables	121,774
Trade and other payables	(1,788,038)
TOTAL IDENTIFIABLE NET ASSETS	2,131,121
GAIN ON ACQUISITION	2,131,121

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF HERITAGE NEW ZEALAND POUHERE TAONGA AND GROUP'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2014.

The Auditor-General is the auditor of Heritage New Zealand Pouhere Taonga ("HNZPT") and group. The Auditor-General has appointed me, Jacqueline Robertson, using the staff of Deloitte, to carry out the audit of the financial statements and non-financial performance information of HNZPT and group on her behalf.

We have audited:

- The financial statements of HNZPT and group on pages 28 to 53, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year ended on that date and a summary of the significant accounting policies and other explanatory information; and
- The non-financial performance information of HNZPT and group on pages 12 to 27 that comprises the statement of service performance, and which includes outcomes.

OPINION

In our opinion:

- The financial statements of HNZPT and group on pages 28 to 53:
 - Comply with generally accepted accounting practice in New Zealand; and
 - Fairly reflect HNZPT and group's:
 - Financial position as at 30 June 2014; and
 - Financial performance and cash flows for the year ended on that date.
- The non-financial performance information of HNZPT and group on pages 12 to 27:
 - Complies with general accepted accounting practice in New Zealand; and
 - Fairly reflects HNZPT and group's service performance and outcomes for the year ended 30 June 2014, including for each class of outputs:
 - The service performance forecasts in the statement of forecast service performance at the start of the financial year; and
 - The actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 11 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

We carried out our audit in accordance with Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgment, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the HNZPT and group's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control 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 HNZPT and group's internal control.

An audit also involves evaluating:

- The appropriateness of accounting policies used and whether they have been consistently applied
- The reasonableness of the significant accounting estimates and judgements made by the Board
- The appropriateness of the reported non-financial performance information within HNZPT and group's framework for reporting performance
- The adequacy of all disclosures in the financial statements and non-financial performance information; and
- The overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing financial statements and non-financial performance information that:

- Comply with generally accepted accounting practice in New Zealand
- Fairly reflect HNZPT and group's financial position, financial performance and cash flows; and
- Fairly reflect HNZPT and group's service performance and outcomes.

The Board is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

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

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the *Public Audit Act 2001* and the *Crown Entities Act 2004*.

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship or interests in HNZPT or any of its subsidiaries.



JACQUELINE ROBERTSON

Deloitte

On behalf of the Auditor-General

Wellington, New Zealand

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 2014 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 11 September 2014 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.

HERITAGE NEW ZEALAND'S HERITAGE DESTINATIONS PORTFOLIO (48 PROPERTIES)

HERITAGE NEW ZEALAND OWNED (16 PROPERTIES)

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

CO-OWNED (1 PROPERTY)

Highwic (with Auckland City Council)

LEASED (2 PROPERTIES)

Ewelme Cottage
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
Kaipara North Head 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

MAORI RESERVE (1 PROPERTY)

Opotaka Pa

SITES WITH MORE THAN ONE STATUS (2 PROPERTIES)

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

Northern Regional Office

Premier Buildings
Level 2, 2 Durham Street East
Private Box 105-291,
Auckland 1143
Ph: (64 9) 307 9920
infonorthern@heritage.org.nz

Central Regional Office

Level 7, 69 Boulcott Street
PO Box 2629
Wellington 6140
Ph: (64 4) 494 8320
infocentral@heritage.org.nz

Southern Regional Office

International Antarctic Centre
38 Orchard Road
PO Box 4403
Christchurch Mail Centre 8140
Ph: (64 3) 357 9629
infosouthern@heritage.org.nz

Northland Area Office

Level 1, 62 Kerikeri Road
PO Box 836, Kerikeri 0245
Ph: (64 9) 407 0470
infonorthland@heritage.org.nz

Lower Northern Area Office

Level 1, 28 Wharf Street
PO Box 13339, Tauranga 3141
Ph: (64 7) 577 4530
infolowernorthern@heritage.org.nz

Otago/Southland Area Office

Level 4, 109 Princes Street
PO Box 5467, Dunedin 9058
Ph: (64 3) 477 9871
infodeepsouth@heritage.org.nz

FREE PHONE 0800 HERITAGE

WWW.HERITAGE.ORG.NZ

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