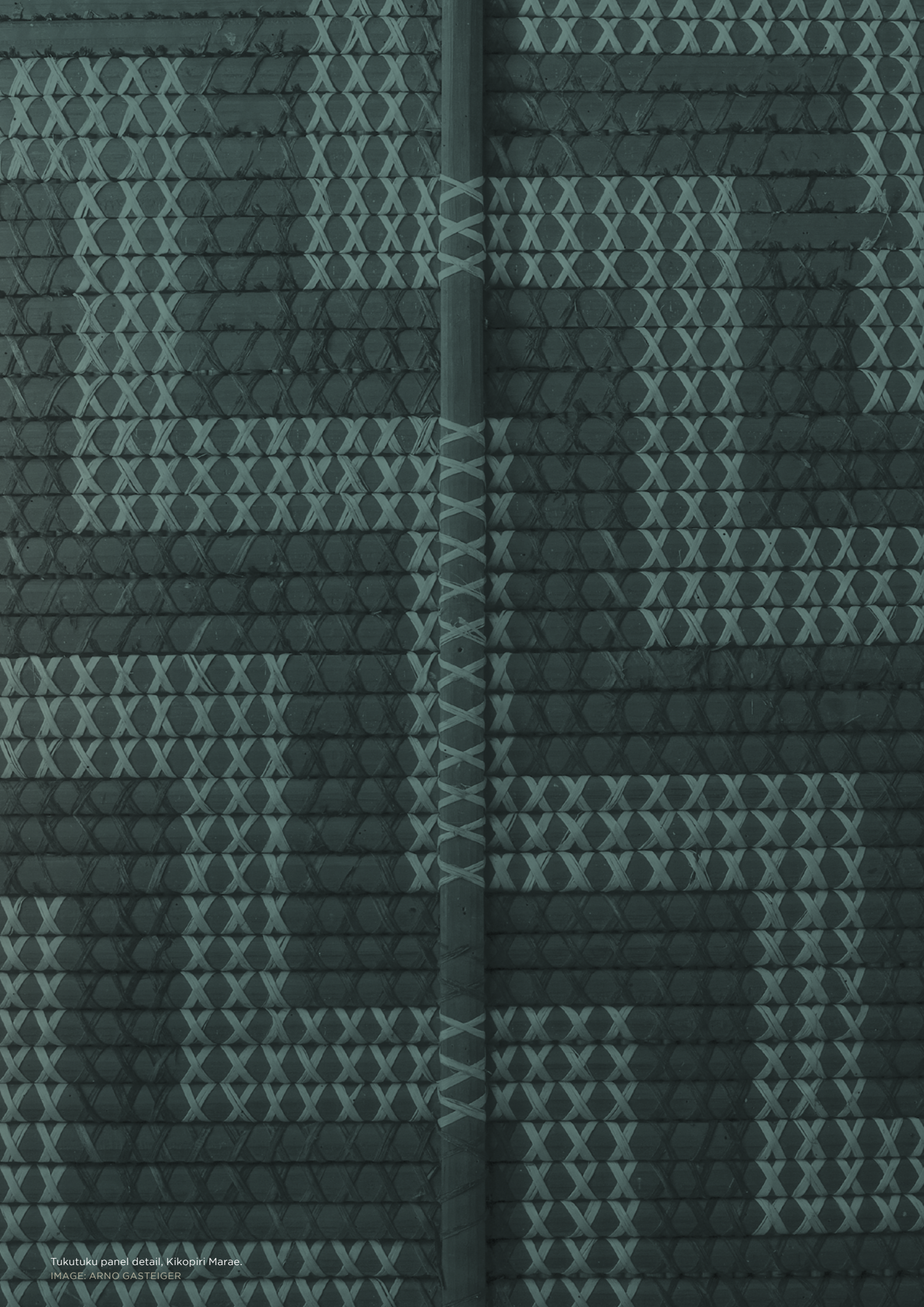




HERITAGE NEW ZEALAND POUHERE TAONGA STATEMENT OF PERFORMANCE EXPECTATIONS 2017-2018



Tukutuku panel detail, Kikopiri Marae.

IMAGE: ARNO GASTEIGER

HERITAGE NEW ZEALAND POUHERE TAONGA STATEMENT OF PERFORMANCE EXPECTATIONS 2017-2018

1: STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF PERFORMANCE EXPECTATIONS	2
2: HERITAGE NEW ZEALAND POUHERE TAONGA OUTCOMES	3
3: HERITAGE NEW ZEALAND POUHERE TAONGA KEY PRIORITY OUTPUTS 2017-2018	4
3.1 Intermediate Outcome 1: Heritage Knowledge/Mātauranga	4
3.2 Intermediate Outcome 2: Heritage Conservation/Pena Pena Taonga	7
3.3 Intermediate Outcome 3: Heritage Engagement/Hononga	13
4: PROSPECTIVE FINANCIAL STATEMENTS 2017-2018	18
4.1 Financial planning assumptions	18
4.2 Prospective Statement of Comprehensive Revenue and Expense	19
4.3 Prospective Statement of Financial Position	20
4.4 Prospective Statement of Movements in Equity	21
4.5 Prospective Statement of Cash Flows	22
4.6 Prospective Statement of Accounting Policies	23
HERITAGE NEW ZEALAND POUHERE TAONGA HERITAGE DESTINATIONS PORTFOLIO PROPERTIES	28

COVER: *Pompallier Mission and Printery, Russell. This French-style printery and tannery combines momentous Māori and Pākehā history, and stands 175 years on as New Zealand's oldest industrial building.*
IMAGE: GRANT SHEEHAN

1. STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF PERFORMANCE EXPECTATIONS

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

- The Board and the management of Heritage New Zealand Pouhere Taonga have been responsible for the preparation of the Statement of Performance Expectations and Prospective Financial Statements, including the appropriateness of the assumptions underlying them, and the judgements used therein.
- The Statement of Performance Expectations and Prospective Financial Statements will be updated in accordance with section 139 of the Crown Entities Act 2004 (as amended by the Crown Entities Amendment Act 2013) obligation to prepare a Statement of Performance Expectations at the start of each financial year.
- Readers of this Statement of Performance Expectations are referred to the Heritage New Zealand Statement of Intent 2017-2021 for the strategic context in which this document has been developed. ■

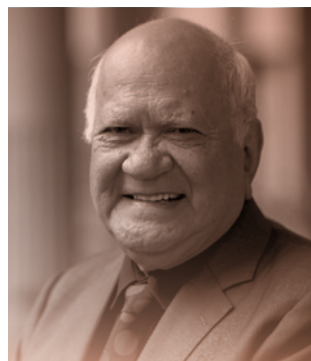


A handwritten signature in black ink, reading 'Wyatt Creech'.

RT HON WYATT CREECH CNZM

Chair Heritage New Zealand Board
Tiamana o te Poari o te Pouhere Taonga

25 May 2017



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

JOHN CLARKE CNZM

Chair Māori Heritage Council and
Board member Heritage New Zealand
Tiamana o te Kaunihera Māori o te Pouhere Taonga
Mema o te Poari o te Pouhere Taonga

25 May 2017

2. HERITAGE NEW ZEALAND POUHERE TAONGA OUTCOMES

As outlined in the *Heritage New Zealand Pouhere Taonga Statement of Intent 2017-2021*, the work of Heritage New Zealand Pouhere Taonga falls into three broad areas: Knowledge, Conservation and Engagement. While all Heritage New Zealand Pouhere Taonga operations are interrelated, for clarity, the remainder of this document discusses the specific outputs under these three intermediate outcome areas. The following table summarises how the outputs that we are intending to deliver during 2017-2018 link to these outcomes:

GOVERNMENT'S GOAL FOR THE CULTURAL SECTOR: New Zealand's distinctive culture enriches our lives		
ARTS CULTURE AND HERITAGE SECTOR – SECTOR STRATEGIC FRAMEWORK PRIORITIES: <ul style="list-style-type: none"> ■ Fostering an inclusive New Zealand identity ■ Supporting Māori cultural aspirations ■ Front-footing transformative technology ■ Improving cultural asset sustainability ■ Measuring and maximising cultural values 		
RELEVANT 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 POUHERE TAONGA HERITAGE PURPOSE: Tairangahia a tua whakarere; tātakihiā ngā reanga o amuri ake nei Honouring the past; inspiring our future		
PRIMARY OUTCOME: Present and future generations of New Zealanders appreciate their sense of place, identity and nationhood		
STRATEGIC HERITAGE PRIORITIES: <ul style="list-style-type: none"> ■ Prioritising and celebrating the most significant places ■ Building support by working with iwi, local authorities, volunteers, owners, members and communities <ul style="list-style-type: none"> ■ Promoting the vision of <i>Tapuwae</i> to conserve Māori heritage ■ Prioritising our advocacy with a focus on educating, promoting, advising and regulating 		
HERITAGE PLACES OUTCOMES:		
MĀTAURANGA/KNOWLEDGE People access and contribute to the growing pool of knowledge, information and stories about New Zealand's significant heritage places. Key outputs <ol style="list-style-type: none"> 1. Prioritise recognition of significant heritage 2. Capture heritage information 3. Share heritage stories 	PENA PENNA TAONGA/ CONSERVATION New Zealand's significant heritage places are conserved for the future. Key outputs <ol style="list-style-type: none"> 1. Actively support heritage owners 2. Actively assist iwi to conserve heritage 3. Promote outcomes from and administer the archaeological authority process 4. Sustain our heritage destinations 	HONONGA/ENGAGEMENT People engage with places that contribute to New Zealand's significant heritage. Key outputs <ol style="list-style-type: none"> 1. Celebrate heritage with communities 2. Engagement with Landmarks properties 3. Quality experiences at our heritage destinations
CAPABILITY:		
OUR PEOPLE Expert Motivated Respectful	OUR SYSTEMS Fit for Purpose Modern	

3. HERITAGE NEW ZEALAND POUHERE TAONGA KEY PRIORITY OUTPUTS 2017-2018

3.1 INTERMEDIATE OUTCOME 1: HERITAGE KNOWLEDGE/MĀTAURANGA

People access and contribute to the growing pool of knowledge, information and stories about New Zealand's significant heritage places.

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

KEY STRATEGIC PRIORITIES RELEVANT TO THE KNOWLEDGE INTERMEDIATE OUTCOME:

- Building support by working with iwi, local authorities, volunteers, owners, members and communities
- Promoting the vision of *Tapuwae* to conserve Māori heritage
- Prioritising and celebrating the most significant places.

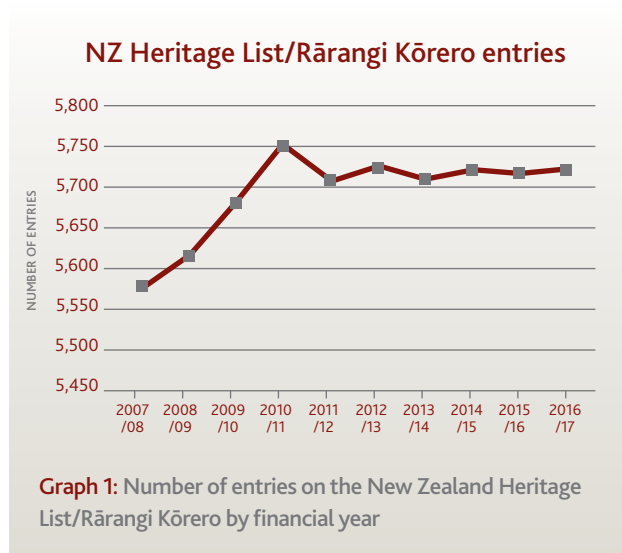
Long-term impact indicator Knowledge about New Zealand's culture and heritage is increased and accessible:	2014-2015 Actual	2015-2016 Actual	2016-2017 Estimate	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast
Total number of reports available in the Archaeological Report Digital Library increases	5,331 ¹ (534 increase)	5,828 (497 increase)	6,130 (add 300)	6,430 (add 300)	6,730 (add 300)	7,030 (add 300)	7,330 (add 300)
Total number of New Zealand Heritage List Reports available increases	2,506 (increase by 103)	2,575 (increase by 69)	2,743 (add 168)	2,880 (add 137)	2,980 (add 100)	3,080 (add 100)	3,180 (add 100)

¹ Given the high numbers of Emergency Authorities issued it is expected that there will be an increase in the number of reports added to the Digital Library over the next few years.

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

A broad range of the nation's significant heritage places are recognised through the New Zealand Heritage List/Rārangi Kōrero (New Zealand Heritage List)². With over 5,700 List entries, it is the most comprehensive and authoritative information resource about historic heritage available for property owners, developers, local authorities, iwi, researchers, and anyone interested in New Zealand's heritage. List entries include historic places and areas, wāhi tūpuna (of ancestral significance), wāhi tapu and wāhi tapu areas (sacred places).

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



The New Zealand Heritage List with map functionality is available on the Heritage New Zealand Pouhere Taonga website (www.heritage.org.nz/the-list). The New Zealand Heritage List supports property owners and those working with heritage to access information that we have available about the significance of places on the List including heritage buildings, structures, places of significance to Māori, historic sites, archaeological sites and historic areas. This information is also useful when making applications for financial assistance to both central and local government incentive funds, as well as grants

from philanthropic organisations. Local government also places strong reliance on the List as a basis for recognising significant heritage in district plans.

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

- add significant heritage to the List
- work with iwi, hapū and whānau to progress listings of significance to Māori
- review List entries as requested within statutory timeframes³
- upgrade the information supporting individual List entries
- update location information for List entries
- ensure easy online access to List entries and the information supporting entries.

Given the level of public interest in local, regional and national heritage, Heritage New Zealand Pouhere Taonga receives a high number of nominations for entry on the New Zealand Heritage List. To manage this workload nominations, selected annually to be considered for Listing, are prioritised on the basis of significance, risk, impact and efficiency.

Under the Heritage New Zealand Pouhere Taonga Act 2014, we are responsible for managing the archaeological authority process, which regulates changes to archaeological sites, to capture information from sites prior to their modification.⁴ Where such modification is unable to be avoided, the aim is to capture information these sites hold about New Zealand's history before it is lost forever. The resulting reports commissioned by authority holders are made available through the Archaeological Report Digital Library. In addition, information on places removed from the New Zealand Heritage List that have been demolished or destroyed can continue to be accessed from our website.

Heritage New Zealand Pouhere Taonga aims to share the information about our important heritage places widely, both nationally and internationally. The work in this area sees heritage stories reach a wide audience, demographics and ethnicities through media features and releases, events and interpretation at Heritage New Zealand Pouhere Taonga properties, the website and *Heritage New Zealand* and *Heritage Quarterly* (our magazine and newsletter published four times a year) and our monthly e-newsletter *Heritage This Month*. Digital-based storytelling has been established through apps with seven free driving tours available called the *Path to Nationhood* (Northland) and the Waikato War Driving Tour, and the use of social media platforms enables further engagement.

² Formerly known as the Register of historic places, historic areas, wāhi tapu and wāhi tapu areas established in 1980, and continued under the Heritage New Zealand Pouhere Taonga Act 2014.

³ Any person may request a review of an entry on the New Zealand Heritage List after three years has passed from the date of entry or last review. Heritage New Zealand must consider the review application within 12 months of its receipt. The result of a review may be to vary, change the category, confirm or remove the entry.

⁴ Refer to 3.2 Intermediate Outcome: Heritage Conservation for a description of the archaeological authority process.

HERITAGE KNOWLEDGE OUTPUTS TABLE:

Type of Measure	Output	2014-2015 Actual	2015-2016 Actual	2016-2017 Estimate	2017-2018 Forecast
HERITAGE KNOWLEDGE OUTPUT 1: ENHANCE THE NEW ZEALAND HERITAGE LIST/RĀRANGI KŌRERO					
Performance Measures	Additions to the New Zealand Heritage List (including those of significance to Māori)	25 ⁵	16	12	19
	Additions to the New Zealand Heritage List that are of significance to Māori	11	8	6	11
	Percentage of New Zealand Heritage List entries with a statement of significance ⁶	44%	45%	48%	50%
	Existing New Zealand Heritage List entries reviewed	13	25 ⁷	15	11
HERITAGE KNOWLEDGE OUTPUT 2: CAPTURE HERITAGE INFORMATION					
Performance Measure	Percentage of authorities (granted and actioned in past decade) where a report has been received (or no report was required)	-	new	82%	80%
HERITAGE KNOWLEDGE OUTPUT 3: SHARE HERITAGE STORIES					
Performance Measures	Increase in the number of average page views per month of Heritage New Zealand Pouhere Taonga webpages (including the List Online)	66,573 ⁸ (24% decrease)	75,569 (14% increase)	79,802 (6% increase)	77,000 (3% decrease)
	Audited readership of <i>New Zealand Heritage</i> ⁹	12,098	11,752	11,669	11,500
	Number of email recipients of <i>Heritage this Month</i> newsletter averaged over 12 months	12,212	13,151	14,330	15,500

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

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). This measure is also influenced by additions to and removals from the List.

7 Six reviews completed were delayed from the previous year.

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

9 *Heritage New Zealand* readership is independently audited by ABC in September biennially.

HERITAGE KNOWLEDGE OUTPUT COSTS:

	2014-2015 Actual (\$000s)	2015-2016 Actual (\$000s)	2016-2017 Estimate (\$000s)	2017-2018 Prospective (\$000s)
Heritage Knowledge Output Costs	2,406	2,353	2,448	2,570

3.2 INTERMEDIATE OUTCOME 2: HERITAGE CONSERVATION/PENA PENA TAONGA

New Zealand's significant heritage places are conserved for the future.

LONG-TERM CONSERVATION of the nation's most significant heritage places will ensure they can be understood and will deliver our primary outcome of enabling present and future New Zealanders to appreciate a sense of place, identity and nationhood.

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

We engage in many activities that focus on finding an appropriate balance between private property rights and public heritage values, including advisory services to owners and local authorities including councils, the provision of financial incentives, regulating archaeological sites, and property ownership.

KEY STRATEGIC PRIORITIES RELEVANT FOR THE CONSERVATION INTERMEDIATE OUTCOME:

- Building support by working with iwi, local authorities, volunteers, owners, members and communities
- Promoting the vision of *Tapu wae* to conserve Māori heritage
 - Prioritising our advocacy with a focus on educating, promoting, advising and regulating
- Prioritising and celebrating the most significant places.

Long-term impact indicator – Loss of heritage entered on the New Zealand Heritage List through demolition or destruction is minimised and conservation measures in district plans meet Heritage New Zealand Pouhere Taonga standards	2014-2015 Actual	2015-2016 Actual	2016-2017 Estimate	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast
Number of heritage sites entered on the New Zealand Heritage List demolished or destroyed reduces (measured in calendar years, refer Graph 1)	10 (2014)	4 (2015)	5 (2016)	4 (2017)	2 (2018)	2 (2019)	2 (2020)
Percentage of district plans that meet Heritage New Zealand Pouhere Taonga defined standard (triennial assessment) ¹⁰ in four areas where district plan provisions include:	n/a		n/a	n/a	n/a		n/a
i. A Heritage Schedule that contains all properties entered on the List		34%				40%	
ii. Demolition of scheduled heritage as a non-complying activity ¹¹		67%				70%	
iii. Destruction of scheduled Māori heritage as a non-complying activity ¹²		25%				28%	
iv. Regulatory incentives for retention of heritage		49%				50%	

¹⁰ The Heritage New Zealand National Assessment of RMA Policy and Plan Heritage Provisions is carried out triennially, considers 75 district plans and is posted on the Heritage New Zealand website. The 2016 assessment is located at www.heritage.org.nz/resources/research-and-papers/-/media/ab49085e597e4e3d8855b7a7e0a1b95d.ashx

¹¹ A district plan is considered to meet this standard where a non-complying activity status is given for the demolition of scheduled heritage or, where a ranking system is used in the schedule, the most highly ranked heritage.

¹² A district plan is considered to meet this standard where a non-complying activity status is given for the destruction of scheduled Māori heritage or, where a ranking system is used in the schedule, the most highly ranked Māori heritage.

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

Conserve Māori heritage

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

Provide heritage advice

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

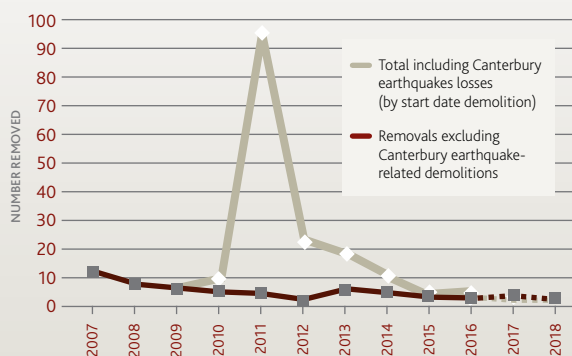
Heritage New Zealand Pouhere Taonga engages in local and central government processes to encourage the retention of significant heritage. We will continue to provide heritage assessments for Crown agencies disposing of Crown-owned land, that are seeking heritage protection measures for significant heritage.

An increased focus for Heritage New Zealand Pouhere Taonga over the 2017-18 year is education and the promotion of our heritage advice service to the most important groups of stakeholders with whom we work – kaitiaki and owners of sites of heritage significance. We have an approach of ongoing engagement with owners of places that are included on the New Zealand Heritage List or that have a heritage covenant, and formalising this within a strategy will enable improved engagement with this group. This will require maintaining accurate information about owners, enabling Heritage New Zealand Pouhere Taonga to establish and maintain contact with owners, establish initial contact with new owners and better understand their needs and interests in relation to their properties. It will also enable the organisation to provide targeted advice and support at an early stage.

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

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

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



Graph 2: Long-term trend of destruction of heritage entered on the New Zealand Heritage List (as at 3 April 2017)

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

Recovery of earthquake affected areas

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

The recovery of Canterbury and Kaikōura is a particular focus of the work of Heritage New Zealand Pouhere Taonga. We will continue to work closely with Regenerate Christchurch¹³ and affected district councils to assist with the recovery. We will also continue to process emergency archaeological authorities in affected areas within the shorter timeframes provided for by legislation to ensure archaeological material is recorded prior to its removal.

¹³ The Canterbury Emergency Recovery Authority (CERA) became 'Regenerate Christchurch' in April 2016.

In addition, Heritage New Zealand Pouhere Taonga will work closely with the Ministry for Culture and Heritage to provide support and advice to ensure the success of the new Heritage EQUIP fund, which will provide financial assistance to owners wishing to strengthen earthquake-prone buildings.

Administer incentive funds for heritage conservation

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

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

Administer the archaeological authority process

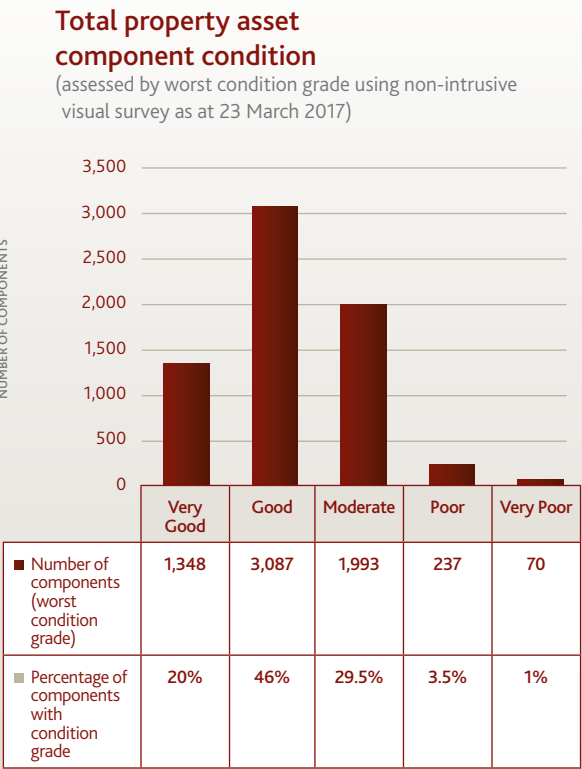
A key statutory function for Heritage New Zealand Pouhere Taonga is to regulate the modification of archaeological sites through the archaeological authority (consent) process. Any activity that may disturb an archaeological site requires an authority from Heritage New Zealand Pouhere Taonga under the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

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

Archaeological sites contain important information about the historical and cultural heritage of New Zealand. The information that results from archaeological work required by an authority brings this history to light and tells us more about our earlier ways of life.

Conserve Heritage New Zealand Pouhere Taonga properties

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



Graph 3: Current condition of components of Heritage New Zealand Pouhere Taonga managed properties: Heritage Destinations (as at 23 March 2017)

Heritage New Zealand Pouhere Taonga cares for one of the most important heritage property portfolios in New Zealand,¹⁴ together with their collections of some 80,000 items. Many are well-known and highly visited properties and part of developing tourism networks. The Stone Store and Mission House in Kerikeri, Pompallier Mission and Printery at Russell, New Zealand war sites such as Te Pōrere Redoubt, Old St Paul's in Wellington, Hayes Engineering Works and Homestead in Otago and Totara Estate near Oamaru are examples of these.

Heritage New Zealand Pouhere Taonga is working with the Ministry for Culture and Heritage and the Department of Conservation to ensure the management of significant heritage properties is as efficient as possible and that properties are placed with the most appropriate agency. To this end, a number of property transfers have been agreed.¹⁵ This project will see the Old Government Buildings and Turnbull House, both in central Wellington, move to the property portfolio of Heritage New Zealand Pouhere Taonga at the beginning of the 2017–18 financial year.

¹⁴ Refer to the inside back cover of this document for a full list.
¹⁵ See inside back cover for the list of properties agreed for transfer.

In addition to cyclical maintenance we will undertake a range of conservation projects to improve the overall condition of our properties, which will include planning for work required for properties coming into our portfolio. Heritage New Zealand Pouhere Taonga strives to ensure the built components¹⁶ of its properties are in a moderate or better condition to ensure heritage values do not deteriorate. Graph 3 shows the current condition of the components of properties managed by Heritage New Zealand Pouhere Taonga as assessed annually and recorded by component in our Capital Asset Management System.

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

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

HERITAGE CONSERVATION OUTPUTS TABLE:

Type of Measure		2014-2015 Actual	2015-2016 Actual	2016-2017 Estimate	2017-2018 Forecast
CONSERVATION OUTPUT 1: CONSERVE MĀORI HERITAGE					
Performance Measure	Number of Māori built heritage, sites and rock art projects completed working with specific iwi and hapū	7	6	6	6
	Establish partnership programme with specified iwi to identify a programme of work involving recognising, conserving and engaging with heritage	-	-	5 specified iwi	5 specified iwi
CONSERVATION OUTPUT 2: PROVIDE HERITAGE ADVICE					
Performance Measures	Number of heritage sites protected or damage avoided at a site, as a result of Heritage New Zealand Pouhere Taonga involvement in resource management, advice, archaeological authority, and Crown land disposal processes	503	462	330	330
	Percentage of assessments of land proposed for disposal by Crown agencies completed within specified timeframes (number of assessments)	99.8% (412) ¹⁷	100% (297)	100% (240)	100%
	Number of cases heritage advice is given to property owners ¹⁸	-	new	500	800

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

¹⁷ The increase was due to an unexpected high number of disposals coming from a single agency.

¹⁸ Excluding Crown Land disposal assessments which are reported on separately. 'Property owners' include private individuals, companies, iwi, trusts, organisations, Crown agencies and local authorities in their capacity as property owners.

HERITAGE CONSERVATION OUTPUTS TABLE: – CONTD

Type of Measure		2014-2015 Actual	2015-2016 Actual	2016-2017 Estimate	2017-2018 Forecast
-----------------	--	------------------	------------------	--------------------	--------------------

CONSERVATION OUTPUT 3: ADMINISTER THE NATIONAL HERITAGE PRESERVATION INCENTIVE FUND

Performance Measures	Percentage of fund allocated, monitored and reported in accordance with the policy	100%	100%	100%	100%
	Total number of projects funded	10	16	19	15
	Total value of grants approved	\$521,800	\$387,050 ¹⁹	\$723,531	\$500,000

CONSERVATION OUTPUT 4: ADMINISTER THE ARCHAEOLOGICAL AUTHORITY PROCESS

Performance Measures	Percentage of archaeological authorities processed within statutory timeframes ²⁰	100%	100%	100%	99%
	(number of authorities processed)	(391)	(501)	(500)	(530) ²²
	(number of emergency authorities processed) ²¹	(865)	(564)	(300)	(150)
	Percentage of archaeological authorities that avoid or protect archaeological sites ²³	30%	20%	20%	20%
	Number of archaeology area strategies prepared to guide archaeological work approved as part of authorities	-	new	1	1

CONSERVATION OUTPUT 5: CONSERVE HERITAGE NEW ZEALAND POUHERE TAONGA PROPERTIES

Performance Measures	Maintain 95 percent of property asset components at or above 'moderate' condition grade assessed by annual non-intrusive visual survey (Refer Graph 3)	95.5%	95.6%	95%	95%
		(11 projects)	(10 projects)	(6 projects)	(6 projects)

HERITAGE CONSERVATION OUTPUT COSTS:

	2014-2015 Actual (\$000s)	2015-2016 Actual (\$000s)	2016-2017 Estimate (\$000s)	2017-2018 Prospective (\$000s)
Heritage Conservation Output Costs	7,776	7,307	8,284	7,684

19 A Board decision was made to hold the remaining fund balance over to assist with anticipated applications resulting from the timing changes for seismic strengthening across the country due to the Building Act review. It is anticipated that this will be allocated in the 2016–17 year.

20 Note the previous statutory timeframe for processing of authorities under the Historic Places Act 1993 was 90 working days. The Heritage New Zealand Pouhere Taonga Act 2014, which came into effect on 20 May 2014, has substantially shortened statutory timeframes for processing archaeological authorities to between 10 and 40 working days depending on the application.

21 Emergency Authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011, Hurunui/Kaikōura Earthquakes Recovery (Coastal Route and Other Matters) Order 2016 and under the Heritage New Zealand Pouhere Taonga Act 2014 have a statutory timeframe of three or five working days in the case of a site of interest to Māori.

22 An increase is expected due to infrastructure works required following the 2016 Kaikōura earthquakes.

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

3.3 INTERMEDIATE OUTCOME 3: HERITAGE ENGAGEMENT/HONONGA

People engage with places that contribute to New Zealand's significant heritage.

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

KEY STRATEGIC PRIORITIES RELEVANT FOR THE ENGAGEMENT INTERMEDIATE OUTCOME:

- Building support by working with iwi, local authorities, volunteers, owners, members and communities
- Prioritising and celebrating the most significant places.

Long-term impact indicator – Public engagement, awareness and understanding of heritage is increased	2014-2015 Actual	2015-2016 Estimate	2016-2017 Forecast	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast
Percentage of survey respondents who rate their personal interest in the protection of historic places as very interested ²⁴ increases (survey conducted annually ²⁵)	57%	55%	59%	61%	62%	63%	64%

²⁴ 'Very interested' is considered to be a rating of 8 or above out of 10.

²⁵ The survey has a sample size of 500 with a margin of error of 4.7 percent.

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

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

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

Over the 2016–17 year and with partners the Ministry for Culture and Heritage, the Department of Conservation and Northland Inc, Heritage New Zealand Pouhere Taonga launched the Landmarks Whenua Tohunga programme in Northland. Nine significant heritage sites were selected to be part of the programme which focuses on sharing our most important stories with visitors from around the world, and helping New Zealanders understand who we are as a nation. The programme is proposed to roll out progressively in other regions across the country.

In addition to the Landmarks Whenua Tohunga programme, Heritage New Zealand Pouhere Taonga will continue to progress potential sites for recognition as National Historic Landmarks. This is the highest national heritage status and recognises the country's most significant places.

We will achieve higher levels of public engagement by working in partnership with other organisations and our volunteers, expanding our work with other community-based heritage organisations to enhance New Zealanders' appreciation of and engagement with heritage. This will include maintaining and developing relationships with heritage organisations and working together on initiatives that may include events, displays, interpretation and publications.

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

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

HERITAGE ENGAGEMENT OUTPUTS TABLE:

Type of Measure		2014-2015 Actual	2015-2016 Actual	2016-2017 Estimate	2017-2018 Forecast
-----------------	--	------------------	------------------	--------------------	--------------------

HERITAGE ENGAGEMENT OUTPUT 1: HERITAGE ENGAGEMENT WITH OWNERS AND COMMUNITIES

Performance Measures	Number of initiatives undertaken in partnership with regional organisations, iwi and others to enhance heritage engagement	31	46	30	30
	Number of heritage engagement events (including Māori heritage events) run	118	159	110	90

HERITAGE ENGAGEMENT OUTPUT 2: ESTABLISH A NATIONAL HISTORIC LANDMARKS LIST/ NGĀ MANAWHENUA O AOTEAROA ME ŌNA KŌRERO TŪTURU

Performance Measures	Partner with Ministry for Culture and Heritage and Department of Conservation to progress the Landmarks Tohunga Whenua programme for visitor sites	-	new	With partners, delivered Northland pilot	With partners implement the programme
	Progress potential National Historic Landmarks initiatives	new	6 preliminary proposals prepared	Progress preliminary proposals	Progress preliminary proposals

HERITAGE ENGAGEMENT OUTPUT 3: OPEN HERITAGE NEW ZEALAND POUHERE TAONGA MANAGED PROPERTIES TO THE PUBLIC

Performance Measures	Visitor numbers at Heritage New Zealand Pouhere Taonga staffed properties are maintained	208,000	234,858	210,000	210,000
	Percentage of respondents who rate their visit to Heritage New Zealand Pouhere Taonga staffed properties as "satisfied" or higher	97%	97%	97%	97%
	Number of school education-focused programmes/events/tours at Heritage New Zealand Pouhere Taonga properties	-	new	50	50
	Number of visitor facility and interpretation projects completed at selected Heritage New Zealand Pouhere Taonga properties	3 projects	7 projects	2 projects	3 projects

HERITAGE ENGAGEMENT OUTPUT COSTS:

	2014-2015 Actual (\$000s)	2015-2016 Actual (\$000s)	2016-2017 Estimate (\$000s)	2017-2018 Prospective (\$000s)
Heritage Engagement Output Costs	6,069	6,310	8,284	6,420



- 1 An award-winning magazine – Pride in Print Gold award for issue 143. IMAGE: DANIEL ALLEN
- 2 Taking tea at Alberton, Auckland. IMAGE: GRANT SHEEHAN
- 3 Stairwell at Old Government Buildings, Wellington. IMAGE: GRANT SHEEHAN
- 4 Telling tales around the campfire at Totara Estate, Oamaru. IMAGE: GRANT SHEEHAN
- 5 Traditional materials like kākaho (toetoe plant stems) are used in Māori built heritage restoration and conservation. IMAGE: AMANDA TRAYES
- 6 Archaeological investigation at the Melanesian Mission, Auckland. IMAGE: HERITAGE NEW ZEALAND POUHERE TAONGA
- 7 Making a good impression in the printery at Pompallier Mission, Russell. IMAGE: GRANT SHEEHAN
- 8 Tapuwae – taking footsteps into the future. IMAGE: HERITAGE NEW ZEALAND POUHERE TAONGA





5



6

HERITAGE NEW ZEALAND
POUHERE TAONGA

TAPUWAE

NĀ TE KAUNIHERA MĀORI MŌ TE POUHERE TAONGA MĀORI
THE MĀORI HERITAGE COUNCIL STATEMENT ON MĀORI HERITAGE

8



7

4. PROSPECTIVE FINANCIAL STATEMENTS 2017-2018

4.1 FINANCIAL PLANNING ASSUMPTIONS

HERITAGE NEW ZEALAND'S forecast total operational income for 2017–18 is approximately \$19.5 million. This includes \$13 million from the Crown and \$6.5 million from Heritage New Zealand's membership base, properties, grants and other income.

During the 2017–18 year it will be a priority of Heritage New Zealand to continue delivery of its asset maintenance programmes and prioritised service delivery levels within the limited resources available. As demand for our services exceeds our ability to supply within available resources, alternative revenue streams will continue to be actively pursued to reduce this gap.

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

- These Statements include the financial transactions and balances of the Canterbury Earthquake Heritage Building Fund and Trust, which are controlled by Heritage New Zealand.
- Outcomes sought by the government remain consistent.
- Heritage New Zealand remains a going concern.
- Total Crown baseline funding for Heritage New Zealand will remain constant over the next four years.
- Two significant properties, Old Government Buildings and Turnbull House, will be transferred to Heritage New Zealand from the Department of Conservation on 30 June 2017. This is part of a scheme to ensure properties sit with the organisation that is best suited for their care and protection. A small number of properties will be transferred from Heritage New Zealand to the Department on 1 July 2017 as part of this scheme. These transfers are being made by capital transfer and thus do not impact the Statement of Comprehensive Revenue and Expense.
- Earthquake repairs and other capital work are planned for Old Government Buildings in the 2017–18 year, funded from lease revenue.
- Planning for work on Turnbull House will commence in the 2017–18 year. However the commencement of work will be dependent on the availability of externally sourced funding.
- The major strengthening and revitalisation project at the Melanesian Mission House, Auckland, will be completed in the 2016–17 year. This project is being funded through grants, donations and prior Heritage New Zealand reserves.
- The rebuild of the Timeball Station Tower, Lyttelton, will be completed in the 2017–18 financial year, funded through grants, donations and the prior year's reserves.
- Earthquake strengthening work at Old St Paul's is planned to commence during the 2017–18 year with the majority of the work being undertaken in the following year. Significant fund-raising efforts will be undertaken to finance this work.
- While maintaining delivery of core services in other output classes, there will be continued focus on delivering key projects at a selected number of properties within the Heritage New Zealand portfolio.
- To the extent that the ongoing gap in cyclical maintenance is unable to be met from ongoing baseline funding and alternative strategies, certain properties currently managed by Heritage New Zealand may either be divested or permitted to deteriorate.
- Property income from admissions, functions and merchandising revenue is targeted to rise slightly by increasing visitor numbers but a plateau is likely to be reached unless further significant investment is possible.
- Due to the static level of funding, grants and donations will be sought to fund major capital projects.
- Interest revenue is declining as the investment base is declining due to significant capital investments in the Melanesian Mission and the Timeball Station, Lyttelton, rebuild.
- The functions of Heritage New Zealand do not change, but the level of activity within the functions will be prioritised to maximise the outcomes for heritage.

4.2 PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ending 30 June

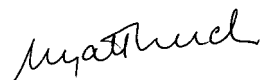
	Actual 2015	Actual 2016	Estimated Outturn 2017	Prospective 2018
	\$000s	\$000s	\$000s	\$000s
REVENUE				
Government funding	12,988	12,988	12,988	12,988
Grants, donations and bequests	710	765	624	125
Capital campaigns	-	-	372	1,470
Property	1,490	1,699	1,731	4,028
Interest	432	440	390	215
Membership	617	646	570	642
Sundry	191	114	52	10
TOTAL REVENUE	16,428	16,652	16,727	19,478
EXPENDITURE				
Audit fees – external audit	56	63	56	54
Administration	1,889	1,927	1,662	1,616
Award of costs	-	118	-	-
Capital fundraising costs	71	60	-	-
Personnel	8,613	8,608	9,161	9,482
Property	2,270	1,745	1,462	1,720
Incentive fund	424	371	517	500
Insurance premiums	682	465	387	682
Depreciation	457	460	471	657
Loss on write-off of asset	13	71	-	-
Communications	523	510	512	652
Membership and promotion	612	514	565	673
Board and Māori Heritage Council fees	128	150	141	136
Travel & accommodation	701	636	633	502
TOTAL OPERATING EXPENDITURE	16,439	15,698	15,567	16,674
NET (DEFICIT) SURPLUS FOR THE YEAR BEFORE CEHB FUND AND TRUST	(11)	954	1,160	2,804
Grant Payments CEHB Fund and Trust	852	1,700	619	-
NET OPERATING (DEFICIT)/SURPLUS FOR THE YEAR	(863)	(746)	541	2,804
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Gain (Loss) on revaluation of land and buildings	2,255	-	(271)	-
Gain on revaluation of heritage artefacts	134	(39)	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	1,526	(785)	270	2,804

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

4.3 PROSPECTIVE STATEMENT OF FINANCIAL POSITION As at 30 June

	Actual 2015	Actual 2016	Estimated Outturn 2017	Prospective 2018
	\$000s	\$000s	\$000s	\$000s
EQUITY				
Accumulated funds	9,146	9,237	35,465	39,279
Timeball capital fund	1,304	1,429	1,379	-
Specified funds and bequests	3,618	4,321	2,582	2,951
Property maintenance and development fund	1,264	1,264	-	-
Revaluation reserve	45,732	45,693	45,407	43,837
Canterbury Earthquake Heritage Buildings Fund and Trust	2,297	632	13	13
TOTAL EQUITY	63,361	62,576	84,846	86,080
Equity is represented by:				
CURRENT ASSETS				
Cash and cash equivalents	3,047	3,836	2,810	1,141
Short-term deposits	10,020	8,920	7,720	7,720
Accounts receivable	478	320	450	450
Stock on hand	244	239	290	290
GST receivable	123	149	150	150
TOTAL CURRENT ASSETS	13,912	13,464	11,420	9,751
NON-CURRENT ASSETS				
Property, plant and equipment	53,827	53,453	75,221	80,476
Work in progress	7	260	3,294	320
Intangible assets	30	15	5	125
TOTAL NON-CURRENT ASSETS	53,864	53,728	78,520	80,921
TOTAL ASSETS	67,776	67,192	89,940	90,672
CURRENT LIABILITIES				
Accounts payable and accruals	751	622	618	616
Provision for Incentive Fund grants	1,148	1,050	1,544	1,544
Provision for other grants	1,406	2,204	2,171	1,671
Employee entitlements	1,036	675	696	696
TOTAL CURRENT LIABILITIES	4,341	4,551	5,029	4,527
NON-CURRENT LIABILITIES	74	65	65	65
TOTAL LIABILITIES	4,415	4,616	5,094	4,592
NET ASSETS	63,361	62,576	84,846	86,080

RT HON WYATT CREECH
Board Chair



ANDREW COLEMAN
Chief Executive



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

4.4 PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 30 June

	Actual 2015	Actual 2016	Estimated Outturn 2017	Prospective 2018
	\$000s	\$000s	\$000s	\$000s
OPENING EQUITY	61,835	63,361	62,576	84,846
EQUITY TRANSFER FROM (TO) CROWN	-	-	22,000	(1,570)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	1,526	(785)	270	2,804
CLOSING EQUITY	63,361	62,576	84,846	86,080

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

4.5 PROSPECTIVE STATEMENT OF CASH FLOWS

For the year ended 30 June

	Actual 2015	Actual 2016	Estimated 2017	Prospective 2018
	\$000s	\$000s	\$000s	\$000s
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was received from:				
Government funding	12,988	12,988	12,988	12,988
Grants, donations and bequests	134	10	996	1,595
Other operating activities	3,038	3,405	2,223	4,679
Net goods and services tax	4	(26)	-	-
Interest	450	407	390	215
	16,614	16,784	16,597	19,477
Cash was applied to				
Payment of suppliers	(8,564)	(7,683)	(6,472)	(6,990)
Payment to employees	(8,471)	(8,978)	(8,816)	(9,529)
	(17,035)	(16,661)	(15,288)	(16,519)
NET CASH FROM OPERATING ACTIVITIES	(421)	123	1,309	2,958
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was received from:				
Sale short-term investments	-	1,100	1,200	-
	-	1,100	1,200	
Cash was applied to:				
Purchase of fixed assets	(468)	(174)	(501)	(4,187)
Purchase intangibles	-	-	-	(120)
Work in progress	(7)	(260)	(3,034)	(320)
Purchase short-term investments	(2,500)	-	-	-
	(2,975)	(434)	(3,535)	(4,627)
NET CASH FROM INVESTING ACTIVITIES	(2,975)	(566)	(2,335)	(4,627)
Net increase / (decrease) in cash	(3,396)	789	(1,026)	(1,669)
Opening cash balance	6,443	3,047	3,836	2,810
CLOSING CASH BALANCE	3,047	3,836	2,810	1,141
Represented by:				
Cash and cash equivalents	3,047	3,836	2,810	1,141

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

4.6 PROSPECTIVE STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

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

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

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

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

The prospective financial statements for Heritage New Zealand are for the year ended 30 June 2018, and were approved by the Board on 25 May 2017.

Basis of preparation

Statement of Compliance

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

These prospective financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied. The criteria under which an entity is eligible to report in accordance with Tier 2 PBE Standards are **the entity is not publicly accountable (as defined) and it has expenses ≤\$30m.**

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

Measurement base

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

Functional and presentation currency

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

Significant accounting policies

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

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

Prospective figures

The prospective figures for 30 June 2017 are those approved by the Board at the beginning of the financial year. In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Heritage New Zealand has applied these standards in preparing the 30 June 2018 prospective financial statements and they are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

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

Revenue

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

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

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

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

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

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

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

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

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

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

Grant expenditure

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

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

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

Leases

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

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

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

Cash and cash equivalents

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

Debtors and other receivables

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

Inventories

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

Property, plant and equipment

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

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

Heritage New Zealand owned land and historic buildings: These are properties for which the Heritage New Zealand has freehold title.

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

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

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

Revaluations

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

Accounting for revaluations

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

Additions

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

Subsequent costs

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

Disposals

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

Depreciation

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

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

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

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

Amortisation

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

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

Acquired computer software	3 years
Developed computer software	4 years

Impairment of non-financial assets

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

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

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

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

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

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

Creditors and other payables

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

Employee entitlements

Short-term employee entitlements

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

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

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

Long-term employee entitlements

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

Superannuation schemes

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

Provisions

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Financial instruments

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

Income tax

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

Cost allocation

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

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

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

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

Prospective Statement of Cash Flows

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

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

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

Commitments

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

Contingencies

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

Accounting judgements and major sources of estimation uncertainty

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

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

Judgements in applying accounting policies

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

Controlled and managed buildings

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

Major sources of estimation uncertainty

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

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

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

Changes in accounting policies

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

HERITAGE NEW ZEALAND POUHERE TAONGA

HERITAGE DESTINATIONS PORTFOLIO PROPERTIES

OWNED (16 PROPERTIES)

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

CO-OWNED (1 PROPERTY)

Highwic (with Auckland City Council)

LEASED (2 PROPERTIES)

Ewelme Cottage
 Māngungu Mission House

PRIVATE HISTORIC RESERVE (4 PROPERTIES)

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

SITES TRANSFERRED TO DEPARTMENT OF CONSERVATION (5 PROPERTIES)

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

HISTORIC RESERVE (15 PROPERTIES)

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

MĀORI RESERVE (1 PROPERTY)

Opotaka Pā

SITES WITH MORE THAN ONE STATUS (2 PROPERTIES)

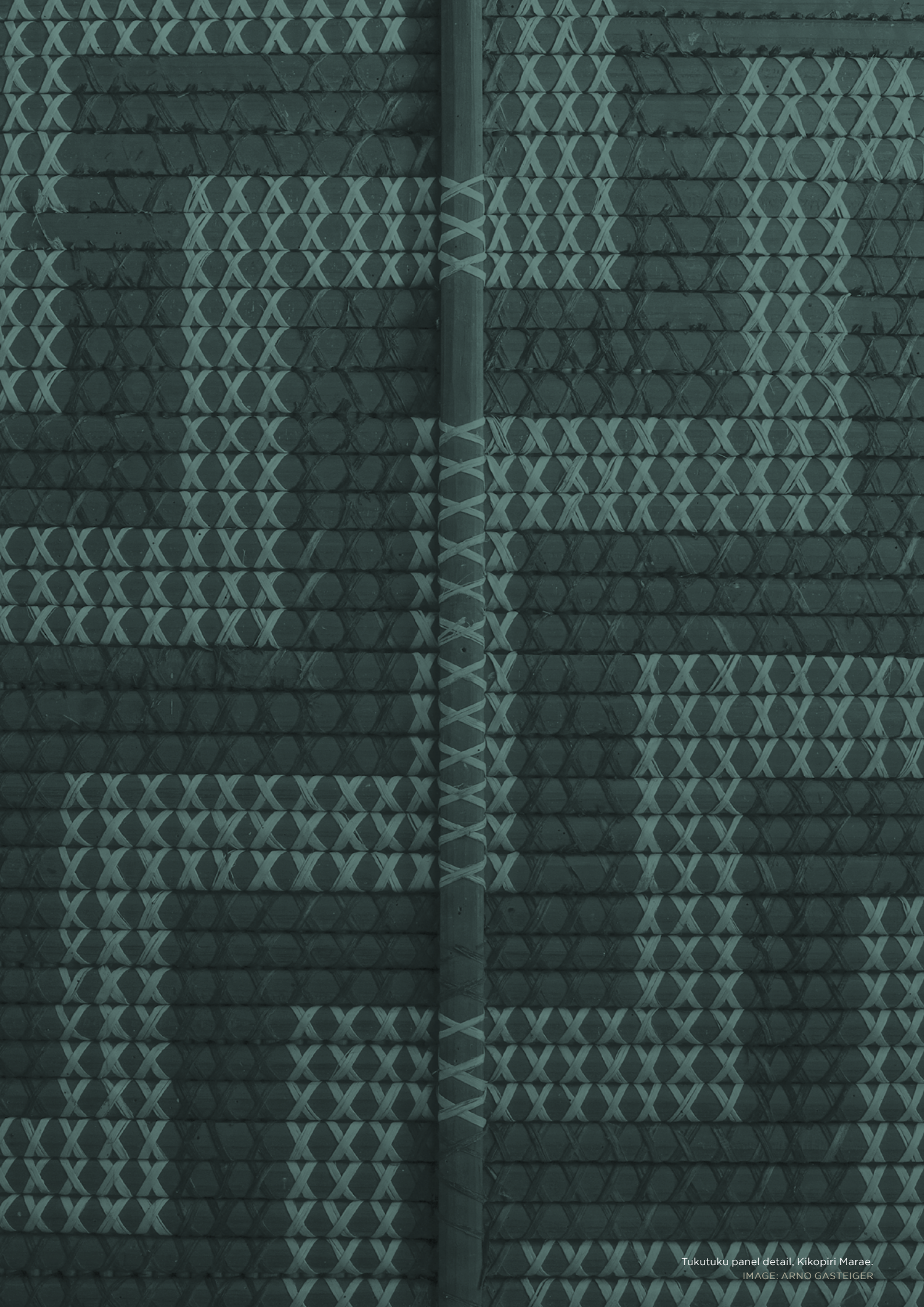
Fyffe House (part-owned by Heritage
 New Zealand, part-leased from
 Kaikōura District Council)
 Hayes Engineering (part-owned, part Historic
 Reserve)

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

Old Government Buildings Historic Reserve
 Turnbull House Historic Reserve

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

Rangiriri Redoubt
 Te Wheoro's Redoubt



Tukutuku panel detail, Kikopiri Marae.
IMAGE: ARNO GASTEIGER

National Office

Antrim House, 63 Boulcott Street
Wellington 6011
P O Box 2629, Wellington 6140
Phone 04 472 4341
information@heritage.org.nz

Northland Area Office

Level 1, 62 Kerikeri Road
Kerikeri 0245
PO Box 836, Kerikeri 0245
Phone 09 407 0470
infonorthland@heritage.org.nz

Northern Regional Office

Level 2, Premier Buildings
2 Durham Street East
Auckland 1143
PO Box 105-291, Auckland 1143
Phone 09 307 9920
infonorthern@heritage.org.nz

Lower Northern Area Office

Level 1, 26 Wharf Street
Tauranga 3141
PO Box 13339, Tauranga 3141
Phone 07 577 4530
infoLowernorthern@heritage.org.nz

Central Regional Office

Level 7, 69-71 Boulcott Street
Wellington 6011
PO Box 2629, Wellington 6140
Ph: 04 494 8320
infoCentral@heritage.org.nz

Southern Regional Office

64 Gloucester Street
Christchurch 8013
PO Box 4403, Christchurch 8140
Phone 03 363 1880
infosouthern@heritage.org.nz

Otago / Southland Area Office

Level 4, 109 Princes Street
Dunedin 9058
P O Box 5467, Dunedin 9058
Phone 03 477 9871
infodeepsouth@heritage.org.nz