



# ANNUAL REPORT PURONGO Ā TAU



FOR THE YEAR ENDED 30 JUNE 2016

## HERITAGE NEW ZEALAND'S OUTCOMES:

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

### KNOWLEDGE/MĀTAURANGA

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

#### Long-term impact indicator

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

### CONSERVATION/PENA PENA TAONGA

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

#### Long-term impact indicator

*Loss of heritage entered on the New Zealand Heritage List through demolition or destruction is minimised. The conservation measures in district plans meet Heritage New Zealand standards.*

### ENGAGEMENT/HONONGA

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

#### Long-term impact indicator

*Public engagement, awareness and understanding of heritage is increased.*

## WE ACKNOWLEDGE THE FOLLOWING INDIVIDUALS AND ORGANISATIONS FOR THEIR SUPPORT:

Auckland Council

Pat and Oroya Day

Foundation North

Friends of Old St Paul's

J S Bayes Charitable Trust

Mr W A & Mrs E C Holmes

Lottery Grants Board

Lyttelton Engineering

Mainland Foundation

Murray family

David Nicoll

Stark Bros Ltd

Stout Trust

Thames Coromandel District Council

Wellington Community Trust

# HERITAGE NEW ZEALAND POUHERE TAONGA

## ANNUAL REPORT PURONGO Ā TAU 2016

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Tukutuku panel being prepared for repair using traditional materials.  
IMAGE: AMANDA TRAYES

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

**IN PASSING THE** Heritage New Zealand Pouhere Taonga Act 2014 (HNZPT Act), in May 2014, Parliament replaced the former New Zealand Historic Places Trust with a newly named Crown entity, Heritage New Zealand Pouhere Taonga. Its purpose is to promote the identification, protection, preservation and conservation of the historical and cultural heritage of New Zealand

Heritage New Zealand Pouhere Taonga had a productive start-up. We consulted on and approved new policies on the New Zealand Heritage List/Rārangi Kōrero, Statutory Advocacy, Archaeology, management of the properties the organisation cares for, and the National Historic Landmarks List. These were all completed within the 18-month statutory timeframe. Public recognition of the organisation's name rose from 46% to 55%. We are actively working to increase awareness and interest in historic heritage and the taonga of our shared past.

The Māori Heritage Council is charged with the identification and conservation of heritage of particular significance to Māori. It is required to ensure that, in the protection of wāhi tūpuna, wāhi tapu, wāhi tapu areas, and other historic places and historic areas of interest to Māori, Heritage New Zealand Pouhere Taonga meets the needs of Māori in a culturally sensitive manner. The Council gave effect to the new classification of wāhi tūpuna in the New Zealand Heritage List/Rārangi Kōrero by its approval of Waitangi as the first wāhi tūpuna site in September 2015. Two additional sites were added to te Rārangi Kōrero in 2016, Toitu Tauraka Waka in Dunedin in January, and Whakarewarewa's Te Awa i Manukau in March.

More changes are in store. In the wake of the departure of our long-serving Chief Executive in February 2016, the Minister for Arts, Culture and Heritage commissioned an external review to recommend on the direction Heritage New Zealand Pouhere Taonga

should take as it moves forward. The wide-ranging review, conducted by Martin, Jenkins and Associates (the Martin Review), recommended a shift in focus that would stress the organisation's role as the leading advocate for heritage in New Zealand and advancing its significance to Māori. The new Chief Executive, Andrew Coleman, will take the reins in October 2016. Andrew will be charged with increasing Heritage New Zealand Pouhere Taonga's engagement with the people of New Zealand/Aotearoa and their unique heritage, strengthening the focus on working and communicating with iwi, and with strengthening relationships with communities and volunteers while consolidating the interests of owners in our processes and fostering stronger relationships with local government.

The organisation has limited resources; so the focus is on maximising heritage outcomes within the available resources. Much more will be achieved through collaborative partnerships with other government agencies and members of the community. A joint working group of the Ministry for Culture and Heritage, the Department of Conservation and Heritage New Zealand Pouhere Taonga has developed a pilot in Northland for a landmark-focused programme that will enliven the heritage experience of the whole region for visitors.

Heritage New Zealand Pouhere Taonga and the Māori Heritage Council will continue to be enthusiastic in their support of collaborative efforts to remember the key heritage sites of the land wars.

Volunteers who are active in heritage work in their own communities, and in supporting staff at properties cared for by Heritage New Zealand Pouhere Taonga and the Māori Heritage (such as Auckland's Highwic) already make a valuable and appreciated contribution, so our objective is to see that volunteer commitment and community involvement expanded. The Martin Review reinforced the need for a comprehensive and focused stakeholder engagement strategy to maximise outcomes over

coming years, particularly where it can support specialist work teams such as the Tira, the Māori Heritage Team who work to conserve Māori heritage. Around the country whareniui – and the people who cherish them – have benefited from the specialist conservation advice and services that have helped to conserve whakairo, tukutuku and kōwhaiwhai.

Heritage New Zealand Pouhere Taonga has a modest national property portfolio. While we will ensure that the heritage values of those properties are conserved for future generations, we need to find ways to enhance our resources and thereby spread our conservation efforts way beyond that narrow group of properties we own by working with heritage site owners up and down the country to maximise national heritage outcomes.

This organisation remains responsible for the New Zealand Heritage List/Rārangi Kōrero. The objective is to inform members of the public about historic places, historic areas, wāhi tūpuna, wāhi tapu and wāhi tapu areas and be a source of information for the purposes of the Resource Management Act 1991. While all listed sites are important, as a matter of policy conservation of places of special or outstanding historical or cultural heritage significance or value will be prioritised.

Through the Act, Parliament also confirmed Heritage New Zealand Pouhere Taonga as the national regulatory agency for archaeology. While we will work to minimise costs for applicants and the public, that work will continue alongside the expansive heritage advocacy work.

Once again we extend our thanks to our Board and Māori Heritage Council member colleagues for their contributions and insights, and to staff and volunteers, Heritage New Zealand Pouhere Taonga's supporters and members, and to the communities and wider public who demonstrate their support for this nation's heritage. ■

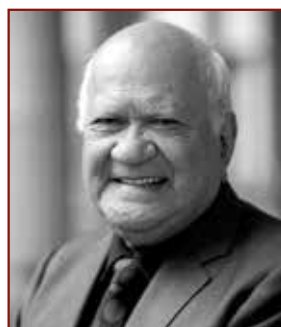


A handwritten signature in black ink, reading 'Wyatt Creech'.

**RT HON WYATT CREECH CNZM**

Chair Heritage New Zealand Board  
Tumuaki a te Poari o Te Pouhere Taonga

22 September 2016



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

**JOHN CLARKE CNZM**

Chair Māori Heritage Council  
Tiamana o te Kaunihera Tuku Iho Māori

22 September 2016

## THE YEAR IN REVIEW

The Heritage New Zealand Board set five strategic priorities under the *Heritage New Zealand Pouhere Taonga Statement of Intent 2015-19*, forming the basis for the 2015/16 financial year work programme:

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

**THE HERITAGE NEW ZEALAND** *Statement of Performance Expectations 2015-2016* described the organisation's role and functions under three broad outcome areas: Knowledge, Conservation and Engagement. Details of performance over the year against specific measures, and how the Board's expectations in relation to priorities were met, are included later in this report under each outcome area.

### a) Establishing the National Historic Landmarks List

With the completion of the National Historic Landmarks List/Ngā Manawhenua o Aotearoa me ōna Kōrero Tūturu Policy, the focus of the work programme shifted to supporting the establishment of the National Historic Landmarks List, which will recognise those places that are so linked with our national identity that additional recognition is desirable. This work continues in future years.

It is noted that the policy that underpins this piece of work was required under the HNZPT Act, alongside delivery of four other general policy statements by 20 November 2015. This substantial body of work was completed and, along with the National Historic Landmarks List, the four policy statements delivered under the 2015/16 work programme relate to:

- Administration of the 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; and
- Heritage New Zealand's statutory advocacy role.

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

Engaging with the community continues to be a priority for Heritage New Zealand's Board and Māori Heritage Council, who have long recognised that heritage has a higher probability of being conserved when the public can experience these places and their stories, and when owners and kaitiaki have the skills and support to manage and make decisions about the ongoing care and management of these places. The potential economic value that can be realised by owners and the community through ongoing conservation and appropriate adaptive reuse of heritage places is an area where we seek to increase understanding.

On 1,113 occasions when advice was given to owners, and almost 235,000 visitors were welcomed to Heritage New Zealand managed properties (with a satisfaction rating of 97%), the level of engagement and support for heritage is signalled.

Encouraging owners to research their properties was another way to expand skills and knowledge within communities. Partnering with other organisations enabled Heritage New Zealand to provide a series of workshops called *How To Research Your House*. With Archives New Zealand, local authorities in Dunedin, Central Otago and Invercargill, museums and local heritage organisations such as the Southland Heritage Building and Preservation Fund, Heritage South and the Oamaru Whitestone Civic Trust, these popular sessions were brought to communities in Dunedin, Central and North Otago, the Lakes District and Southland. There are plans to expand them to other centres in New Zealand in the next year.

Heritage New Zealand engagement activities are discretionary and it is through the efforts of volunteers, communities of interest and

often owners of heritage places themselves that we're able to help the public experience heritage sites.

### c) Focusing on New Zealand's most significant places

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

Heritage New Zealand's work programme included progressing a major capital project to a point where a resource consent application was submitted. The Melanesian Mission – for which Auckland's Mission Bay is named – is an opportunity for us to showcase our ongoing commitment to conservation work and the promotion of heritage. This project aims to seismically strengthen the Mission Building and develop a new restaurant facility that will help provide an ongoing revenue stream to support overall maintenance of this highly significant heritage site.

Work was undertaken with the Department of Conservation and the Ministry for Culture and Heritage to explore potential efficiency gains in the management of heritage sites across the agencies' portfolios.

### d) Working with iwi to conserve Māori Heritage

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

Active projects in the 2015/16 year's programme include work with Rongowhakaata on Te Hau ki Turanga Wharenui, which is currently housed at Te Papa; the Ngāti Haua and Te Kauwhanganui Building located near Morrinsville; and the Waikato-Tainui Rangiriri land war site managed by Heritage New Zealand.

### e) Improving the regulatory environment for heritage

Heritage New Zealand continued to engage with policy and regulatory reviews within central and local government to encourage conservation opportunities for our most significant heritage places, completing 63 plan and policy submissions.

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

Heritage New Zealand contributed to other legislative and regulatory matters, including providing input into the review of earthquake-prone buildings policy, Resource Management Act 1991 reform, and the Greater Christchurch Regeneration Act 2016. In addition, Heritage New Zealand contributed to the development of national environmental standards for forestry and

electricity transmission and the national policy statement for urban development, with a particular emphasis on the management of archaeological sites.

At a local level, advice and submissions to second generation plans continue. Heritage New Zealand's success rate for submissions exceeded expectations, with 89% of them contributing to positive outcomes for heritage. Considerable effort has been put into working alongside councils, providing them with expert advice on both general and specific heritage matters. In particular, there has been a focus on regulatory requirements for earthquake strengthening of buildings in our Central and Southern regions, while our Northern region staff have been heavily engaged in the Auckland Unitary Plan process.

## ACHIEVING FINANCIAL SUSTAINABILITY

Heritage New Zealand notes its continued and ongoing emphasis on balancing core activities required under our legislation, such as processing archaeological authorities within specific timeframes, against other factors:

- Non-Crown revenue continues to grow from grants, donations, bequests, membership and property activities;
- Anticipated significant fundraising for the Timeball tower capital building project did not take place and is currently on hold while significant infrastructure projects within Lyttelton are taking place;
- Likewise, fundraising for the organisation's second major capital project to seismically strengthen the Melanesian Mission Building in Auckland was deferred as the project's scope and plans were finalised;
- Increasing self-generated revenue, which currently contributes 20% of baseline funding and increased demands for spending on discretionary activities such as engagement; and
- Ongoing implementation of asset management programmes, including the conservation and development needs of the 48 properties we care for and their collections.

This past year was marked by significant moments. The departure of Bruce Chapman as Chief Executive after nearly 10 years in the role initiated a recruitment process, including a review of the organisation to help guide the selection of a new leader. Prior to incoming Chief Executive Andrew Coleman commencing the role in October 2016, it was managed by Sue Powell, Julie Rowan and Nicola Jackson, ensuring the organisation was able to continue to focus on delivery against a work programme that was ambitious and subject to change, depending on external demand for services.

More information about Heritage New Zealand's work and achievements can be found in the next section of this report, which demonstrates the organisation's efforts not simply to meet, but to exceed, expectations. ■

## STATEMENT OF GOVERNANCE

### GOVERNANCE FRAMEWORK

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

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

### BOARD OF HERITAGE NEW ZEALAND AND MĀORI HERITAGE COUNCIL

#### 1. Role

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

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

#### 2. Appointment of Board members and composition of Board and Māori Heritage Council

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).

Four Board members are appointed as members of the Māori Heritage Council. There are four additional members appointed by the Minister for Arts, Culture and Heritage to the Māori Heritage Council.

#### 3. Board and Māori Heritage Council Members' Remuneration

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

#### 4. Board and Māori Heritage Council meetings and attendance at meetings

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

The Board held seven meetings in this financial year. One of these was a joint meeting with the Māori Heritage Council and another was a Board meeting held by teleconference. The Māori Heritage Council held five meetings in this financial year, including the joint meeting with the Board.



Board and Māori Heritage Council meetings were attended as follows:

BOARD MEMBERS	HERITAGE NEW ZEALAND BOARD MEETING ATTENDANCES 1 JULY 2014 – 30 JUNE 2015	HERITAGE NEW ZEALAND BOARD MEETING ATTENDANCES 1 JULY 2015 – 30 JUNE 2016
Rt Hon Wyatt Creech	7/7	5/7
Sir Ian Athfield	3/7*	
Mr John Clarke	6/7	6/7
Ms Naida Glavish	4/7	2/7
Mr Erima Henare	5/7**	
Mr Brian McGuinness	6/7	6/7
Ms Storm McVay	7/7	6/7
Ms Mary Neazor	7/7	6/7
Mr Wayne Marriott		7/7***
Sir Pita Sharples		6/6****

\*Sir Ian Athfield passed away in January 2015.

\*\* Mr Erima Henare passed away in May 2015.

\*\*\* Mr Wayne Marriott was appointed to the Board in August 2015

\*\*\*\* Sir Pita Sharples was appointed to the Council in September 2015.

MĀORI HERITAGE COUNCIL MEMBER	MĀORI HERITAGE COUNCIL MEETING ATTENDANCES 1 JULY 2014 – 30 JUNE 2015	MĀORI HERITAGE COUNCIL MEETING ATTENDANCES 1 JULY 2015 – 30 JUNE 2016
Mr John Clarke	6/6	3/5
Sir Ian Athfield	3/3*	
Mr Richard Bradley	5/6	1/5
Mr Erima Henare	5/5**	
Ms Kim Ngarimu	5/6	3/5
Ms Naida Glavish	3/6	3/5
Mr Antoine Coffin	5/6	5/5
Mr Patrick McGarvey	5/6	4/5
Mr Wayne Marriott		5/5***
Sir Pita Sharples		4/4 ****

\* Sir Ian Athfield passed away in January 2015.

\*\* Mr Erima Henare passed away in May 2015.

\*\*\* Mr Wayne Marriott was appointed to the Council in August 2015

\*\*\*\* Sir Pita Sharples was appointed to the Council in September 2015.

## 5. Board committees

The Board has four committees: the New Zealand Heritage List/Rārangī Kōrero Committee, the Chief Executive's Employment Committee, the Audit and Risk Committee and the Property Committee. The Māori Heritage Council has one committee: the Archaeology Committee.

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

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

The New Zealand Heritage List/Rārangī Kōrero Committee met seven times in the 2015/16 financial year (including one roving meeting), the Chief Executive's Employment Committee twice, the Audit and Risk Committee three times, the Archaeology Committee twice, and the Property Committee eight 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 an interest is declared relating to a paper before the Board, the member may be excluded from discussions and decision-making relating to the matter.

## 8. Board members' insurance and indemnity

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



The recently unveiled memorial plaque for Toitu Tauraka Waka, Dunedin.  
IMAGE: HERITAGE NEW ZEALAND POUHERE TAONGA

## 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 13% this year compared to 12% last year. Exit interviews are voluntary; and 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 2015/16 are summarised on page 9:

ELEMENT	HERITAGE NEW ZEALAND ACTIVITY
<b>1. LEADERSHIP, ACCOUNTABILITY AND CULTURE</b>	<p>The Chief Executive provides leadership and consistent messages by:</p> <ul style="list-style-type: none"> <li>■ holding face-to-face meetings around the country with all staff who are able to attend four times a year;</li> <li>■ addressing all induction forums for new staff; and</li> <li>■ emphasises key messages at staff affinity forums.</li> </ul> <p>Heritage New Zealand is a bicultural organisation and provides regular training to staff in the areas of tikanga and te reo Māori. All staff are encouraged to participate.</p>
<b>2. RECRUITMENT, SELECTION AND INDUCTION</b>	<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 2015/16 year a two-day induction forum was held in March 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>
<b>3. EMPLOYEE DEVELOPMENT, PROMOTION AND EXIT</b>	<p>During 2015/16 a number of temporary acting roles to cover extended leave and recruitment periods were provided to enable staff development.</p> <p>Training and development opportunities are offered to all staff where appropriate and these are identified in the staff member's annual performance plan.</p> <p>Affinity forums are held annually for staff working in professional disciplines e.g. architecture and archaeology. Staff attend conferences and workshops relating to their professional discipline to ensure they keep up to date with current practice and it also provides the chance to network with stakeholders.</p> <p>An exit interview is offered to all resigning staff.</p>
<b>4. FLEXIBILITY AND WORK DESIGN</b>	<p>While balancing the needs of the organisation's multi-disciplinary approach to our work requires the availability of staff during core office hours, part-time and flexible options are considered.</p> <p>Heritage New Zealand has a policy of monitoring all position descriptions when a vacancy occurs to ensure they accurately reflect job design.</p>
<b>5. REMUNERATION, RECOGNITION AND CONDITIONS</b>	<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. Annual performance reviews are undertaken for all staff which feed into an annual remuneration review.</p> <p>A small Chief Executive staff reward scheme enables staff and managers to nominate their colleagues for recognition of outstanding or exceptional work across the organisation.</p> <p>All permanent staff are offered free membership to Heritage New Zealand which provides them with free access to our properties and reciprocal visiting rights to a number of international heritage organisations.</p>
<b>6. HARASSMENT AND BULLYING PREVENTION</b>	<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>
<b>7. SAFE AND HEALTHY ENVIRONMENT</b>	<p>Heritage New Zealand is absolutely committed to ensuring the health and safety of all staff, volunteers and visitors. 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 features in particular are provided to ensure a safe work environment:</p> <ul style="list-style-type: none"> <li>■ Workplace assessments as required;</li> <li>■ Civil defence and first aid equipment is supplied to all sites;</li> <li>■ First aid training is offered to any staff member who wishes to obtain a first aid certificate;</li> <li>■ Site safe training is provided for those staff who require it for their roles; and</li> <li>■ An employee assistance programme is provided by Vitae Ltd.</li> </ul> <p>Heritage New Zealand has commissioned a report to provide recommendations on changes required in the organisation to meet the new standards of the health and safety legislation. These recommendations are now being addressed.</p> <p>Defibrillators have been installed in three Heritage New Zealand locations and training in their use has been scheduled for staff.</p> <p>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 (EEO)

Heritage New Zealand maintains a diverse workforce made up of a wide range of people representing different age groups and ethnicity. A voluntary EEO survey of staff in June 2016, which had a 71% response rate, showed the following:

<b>AGE</b>	<30	5%
	30-50	41%
	>50	44%
	Undisclosed	10%
<b>ETHNICITY</b>	Māori	13%
	New Zealand European	70%
	Pacific Island	2%
	Other	15%
<b>GENDER</b>	Male	32%
	Female	68%
<b>DISABILITY</b>	Yes	2%
	No	94%
	Prefer not to say	4%

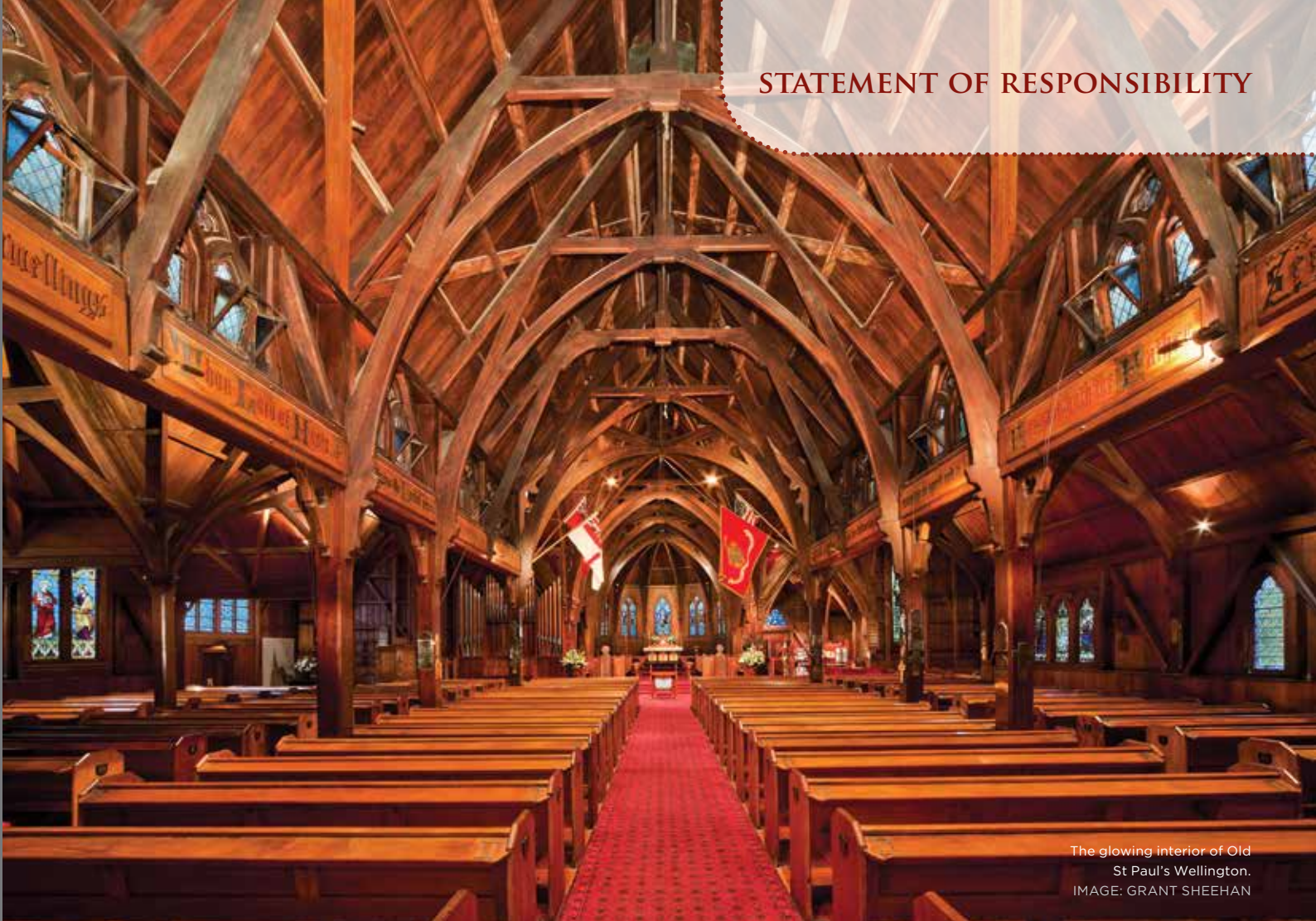
As at 30 June 2016, there were 107 full-time equivalent staff. The average length of service in the organisation is seven years (2015: seven years, six months).

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.

## HERITAGE NEW ZEALAND VOLUNTEERS

In the 2015/16 financial year Heritage New Zealand had 120 volunteers who provided approximately 14,800 volunteer hours. We are grateful for the immense contribution of our volunteers and note that without their assistance we would be challenged to achieve the outcomes which our supporters have come to expect. There was also one student placement for a further 192 hours.

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



The glowing interior of Old St Paul's Wellington.  
IMAGE: GRANT SHEEHAN

## STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2016

**IN TERMS OF** the Crown Entities Act 2004, the Board of Heritage New Zealand is responsible for the preparation of Heritage New Zealand's financial statements and *Statement of Service 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.

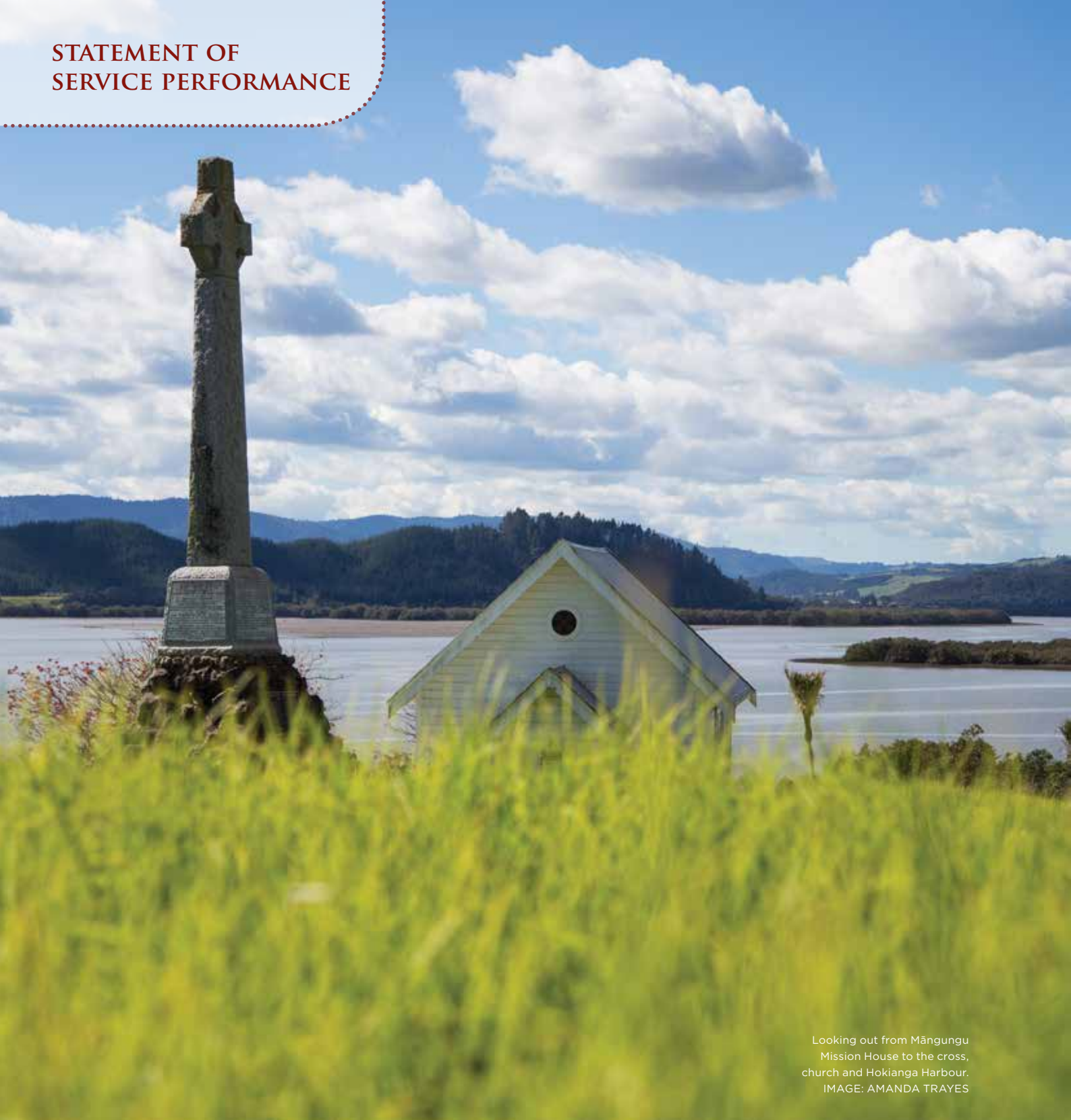
In the Board's opinion, these financial statements and *Statement of Service Performance* fairly reflect the financial position and operations of Heritage New Zealand for the year ended 30 June 2016. ■

**RT HON WYATT CREECH CNZM**  
Heritage New Zealand Board Member

22 September 2016

**JOHN CLARKE CNZM**  
Heritage New Zealand Board Member

22 September 2016



Looking out from Māngungu  
Mission House to the cross,  
church and Hokianga Harbour.  
IMAGE: AMANDA TRAYES

## STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2016

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

**GOVERNMENT'S GOAL FOR THE CULTURAL SECTOR:**

New Zealand's distinctive culture enriches our lives

**ARTS CULTURE AND HERITAGE SECTOR – STRATEGIC FRAMEWORK:**

The sector strategic framework identifies five priorities for the period 2015/19:

- fostering an inclusive New Zealand identity;
- supporting Māori cultural aspirations;
- front-footing transformative technology;
- improving cultural asset sustainability; and
- measuring and maximising cultural values.

**MINISTRY FOR CULTURE AND HERITAGE OUTCOMES:**

Cultural activity flourishes in New Zealand (Create)

Our culture and heritage can be enjoyed by future generations (Preserve)

Engagement in cultural activities is increasing (Engage)

**HERITAGE NEW ZEALAND'S OUTCOMES:**

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

**KNOWLEDGE/MĀTAURANGA**

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

**Long-term impact indicator**

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

**CONSERVATION/PENA PENA TAONGA**

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

**Long-term impact indicator**

Loss of heritage entered on the New Zealand Heritage List through demolition or destruction is minimised. The conservation measures in district plans meet Heritage New Zealand standards.

**ENGAGEMENT/HONONGA**

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

**Long-term impact indicator**

Public engagement, awareness and understanding of heritage is increased.

**HERITAGE NEW ZEALAND STRATEGIC PRIORITIES FOR HERITAGE:**

In delivering the outputs below to achieve the outcomes above, the Board has identified the following strategic priorities:

- establishing the National Historic Landmarks List;
- building public support for heritage through engagement and by working together with the community, property owners, and heritage volunteers;
- focusing on New Zealand's most significant places;
- working with iwi to conserve Māori heritage; and
- improving the regulatory environment for heritage

**HERITAGE NEW ZEALAND OUTPUTS**

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

1. Provide heritage conservation advice
2. Conserve Māori heritage
3. Administer the National Heritage Preservation Incentive Fund
4. Administer the archaeological authority process
5. Conserve Heritage New Zealand's properties

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



Enjoying the ambience at  
Alberton, Auckland.  
IMAGE: AMANDA TRAYES

## HERITAGE NEW ZEALAND KEY PRIORITY OUTPUTS 2015-2016

### INTERMEDIATE OUTCOME 1: HERITAGE KNOWLEDGE/MĀTAURANGA

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

Key strategic priorities relevant to the Knowledge intermediate outcome:

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



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

Work programme priorities over the past year included establishing the National Historic Landmarks List (one of five national policies required by 20 November 2015 under the HNZPT Act), focusing on the most significant places, and working with iwi to conserve Māori heritage.

The National Historic Landmarks Ngā Manawhenua o Aotearoa me ōna Kōrero Tūturu Policy was approved at the end of June 2015, and the focus moved to establishing the framework and tools for implementing recognition for any future national historic landmark sites. Heritage New Zealand provided six proposals for potential National Historic Landmarks to the Minister for Arts, Culture and Heritage and worked with the Ministry for Culture and Heritage (project lead) and the Department of Conservation on a broader national programme that aims to promote sites of national, regional and community significance. This work continues over the 2016/17 financial year.

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

There are 2,575 reports available on the List Online and 45% of entries have a statement of significance, slightly ahead of

the target for the year. There were 16 additions to the the List including the Turuturu Mokai wāhi tapu area, a pā and redoubt complex in South Taranaki. The principal pā at the site is Turuturu-mokai, a massive ancient fortified pā of Ngāti Tupaia, situated on two main levels and surrounded by a large ditch carved deeply into the soil. The wāhi tapu area is sacred to Māori in the ritual, traditional and spiritual sense as a site of bloodshed and burial. The pā complex is associated with Ngāti Tupaia of Ngāti Ruanui and the events of a 17th century battle.

Another significant listing is the 1894 Rewi Maniapoto Memorial and Reserve (Category 1) located in the town of Kihikihi within the Waipa district of the Waikato. Its significance reflects the national importance of Rewi Maniapoto to 19th century New Zealand history. He had an important role in the development of the Kingitanga (Māori King) movement, in the subsequent Waikato War (1863-64), and in creating reconciliation at the end of the conflict. It is of special significance as the burial place of a rangatira of huge importance to the Ngati Maniapoto and wider Waikato communities, and as the only land returned to this iwi within the area confiscated by the Government after the New Zealand Wars.

Other work associated with the List includes reviews of existing entries and updating of location information to help increase the accuracy of data held. There were 25 List entries reviewed, ahead of the forecast of 11, and 183 location updates ahead of the 80 that were anticipated at the start of the year.

Examples of reviews include Wanganui Collegiate, where a single Category 1 listing for the school replaced six lesser category listings and the upgrade of the Government Centre Historic Area and its 13 associated listed buildings. Both these involved early and ongoing engagement with stakeholders and strong support for the process.

<b>Long-term impact indicator</b> – Knowledge about New Zealand's culture and heritage is increased and is accessible. <sup>1</sup>	<b>2012-2013 Actual</b>	<b>2013-2014 Actual</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Forecast</b>	<b>2015-2016 Actual</b>	<b>Trending or not in line with forecast</b>
Total number of reports available in the Archaeological Report Digital Library increases	4,454 (508 added)	4,797 (343 added)	5,331 (534 added)	5,830 (add 500)	5,828 (497 added)	Slightly lower than forecast
Total number of NZ Heritage List reports available increases	2,307 (increase of 59)	2,403 (increase of 96)	2,506 (increase of 103)	2,565 (increase by 55)	2,575 (increase of 69)	Higher than forecast

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

## HERITAGE KNOWLEDGE OUTPUTS TABLE:

Type of Measure	Output	2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
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### OUTPUT 1: ESTABLISH A NATIONAL HISTORIC LANDMARKS LIST/NGĀ MANAWHENUA O AOTEAROA ME ONA KŌRERO TUTURU

<b>Performance measures</b>	Develop and implement a policy for the National Historic Landmarks List by November 2015	n/a	n/a	Policy developed <sup>2</sup>	Finalise and implement policy	Policy finalised and implemented in October 2015	Achieved
	Number of potential National Historic Landmarks proposals provided to the Minister for Arts, Culture and Heritage	n/a	n/a	n/a	6	6	Achieved

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

<b>Performance measures</b>	Additions to the NZ Heritage List (including those of significance to Māori)	42	28 <sup>3</sup>	25 <sup>4</sup>	10	16	Above estimate
	Additions to the NZ Heritage List that are of significance to Māori	9 (three wāhi tapu and six historic places)	10 (six wāhi tapu, one wāhi tapu area, two historic places, one historic area)	11 (three wāhi tapu, three wāhi tapu areas, four historic places, one historic area)	10	8 (three wāhi tapu areas, three wāhi tupuna, one historic place, one historic area)	Not achieved. Two proposals required further consultation

<sup>2</sup> The Policy was approved by the Heritage New Zealand Board on 25 June 2015.

<sup>3</sup> A reduction in additions to the New Zealand Heritage List was expected due to the continuation of inventory and the Deficient Listings project.

<sup>4</sup> A reduction in additions to the New Zealand Heritage List was expected due to the completion of the Deficient Listings project and work associated with preparation for the new National Historic Landmarks List.

Type of Measure	Output	2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/ Achieved/Not Achieved or Met, Above or Below Estimate
	Percentage of List entries with a statement of significance <sup>5</sup>	40.7%	42%	44%	44%	45%	Above estimate
<b>Performance measures</b>	Existing List entries reviewed	24	46	13	11	25	Exceeded. Six reviews delayed from 2015-2016 plus several unanticipated reviews for demolished/ destroyed heritage places were completed.
	Develop and implement a policy for the List provisions of the Act by 20 November 2015	n/a	n/a	Underway	Finalise and implement policy	Policy finalised and implemented in October 2015	Achieved
<b>Activity measures</b>	List entries location information updated	217	182	210	80	183	Above estimate

### OUTPUT 3: CAPTURE HERITAGE INFORMATION

<b>Performance measures</b>	Number of archaeological reports that are overdue from authority holders is decreased (biennial audits)	38% reduction (248 reports accounted for including 94 received)	n/a	25% reduction (197 reports accounted for including 54 reports received)	n/a	n/a	n/a
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<sup>5</sup> Following completion of the Citation Digitalisation Project in 2009, much more effort is required to add each percentage to this measure (1% is approximately equivalent to 50 upgrade reports). This measure is also influenced by additions to and removals from the List.

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

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

Key strategic priorities relevant to the Conservation intermediate outcome:

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

**IMPROVING AWARENESS** of significant places and providing expert advice to owners and kaitiaki of New Zealand’s heritage places contributes to their long-term conservation. This should result in a reduction in the loss of heritage. However, safety of life and the potential financial implications for owners and communities may influence this outcome, and some loss of heritage is anticipated in our forecasts, whether from fire, natural hazards or loss of heritage through demolition.

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

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

Although the number of assessments of land proposed for disposal by Crown agencies was lower than expected – as there were fewer small land parcels requiring assessments, with larger scale and more complex assessments undertaken – staff were able to ensure all assessments were completed within specified timeframes.

Opportunities to increase understanding of heritage conservation occurred throughout the year through workshops for council staff and infrastructure groups, such as those conducted in our Northern region over the year covering archaeology, heritage planning, heritage identification and ‘hidden heritage treasures’, conservation, protection tools and the HNZPT Act. Training arises out of on-the-ground issues, needs, interests and concerns to be addressed, while at the same time proving to be an excellent context for constructive relationship building with these organisations and professionals.

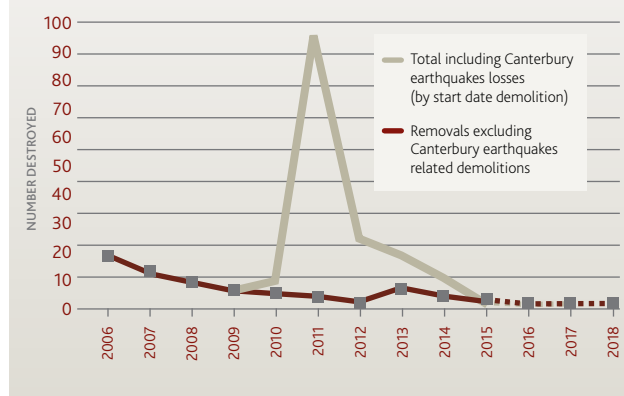
Heritage New Zealand continues to support iwi and hapū as kaitiaki of their significant places, providing technical advice and expertise including marae-based training and practical skills development opportunities to enable local people to maintain their places into the future.

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

- Toko Toru Tapu Church, Gisborne (Ngāti Rongowhakaata): on this wāhi tapu site, the church was strengthened to improve earthquake resilience and key structural features including the belfry and tiles roof were reinstated. Funding was contributed towards the project from the Spencer Bequest Fund administered by Heritage New Zealand and the organisation provided conservation training and specialist assistance with the conservation of interior carvings.

**Graph 1: New Zealand Heritage List places demolished/destroyed**

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

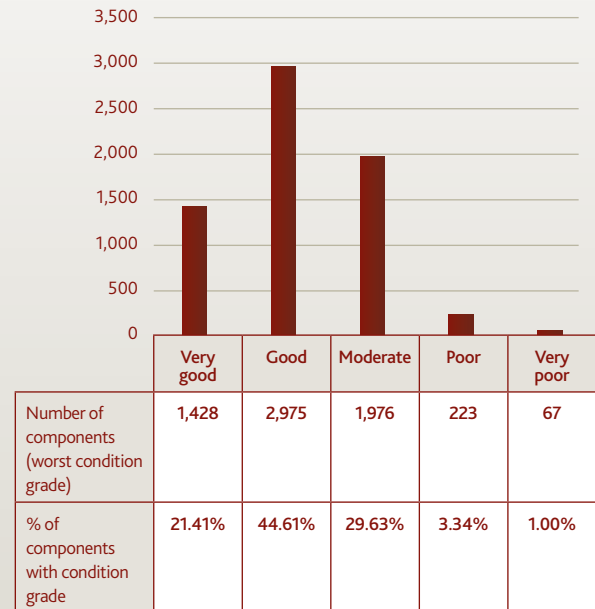


- Te Hau ki Turanga, Te Papa, Wellington (Ngāti Rongowhakaata): a collaborative project between Heritage New Zealand, Te Papa and the Te Hau ki Turanga Trust investigated this taonga's original painted surfaces to develop a programme of work around reinstatement of the whareniui to the pre-museum period as part of cultural redress. Expertise from Māori built heritage staff was a key part of this research project to assist the Trust.
- Te Kauwhanganui Building, Morrinsville (Ngāti Haua): a continued programme of work to assist the Te Kauwhanganui Trust to conserve this Category 1 historic place.
- Te Pōti, Whanganui River (Te Ati Hau): completion of the exterior stage of the project to conserve this early 20th century whareniui located across the river from Pipiriki. The building contains rare painted artwork and traditional building construction elements.
- Tikapa Marae, Ruatoria (Ngāti Porou): Heritage New Zealand assisted the hapū in conserving the interior artwork of this recently restrengthened whareniui as part of a series of marae that have been assisted in the Waiapu valley area.
- Putiki Marae, Whanganui (Ngāti Tūpoho): Te Paki o te Rangi whareniui suffered water damage as a result of the 2015 floods that struck the Whanganui region. Heritage New Zealand assisted with cleaning and conserving of the whareniui artwork and traditional linings in the aftermath of the disaster.

Maintaining properties that we care for is another significant part of our work programme, contributing to the safety of visitors and staff. Our ongoing maintenance and conservation programme is an opportunity to showcase this type of work for owners of other heritage sites. Projects included the repair and painting of the Battery Room exterior at Thames School of Mines, ongoing repairs and maintenance at Old St Paul's in Wellington, and reroofing of the residence at Ruatuna in Northland and the Southland Provincial Council Chambers in Invercargill.

## Graph 2: Current condition of components of Heritage New Zealand managed properties as at 30 June 2016

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



Heritage New Zealand also provided financial support for owners of significant heritage places through the administration of the National Heritage Preservation Incentive Fund and just over \$387,000 was allocated on behalf of the Government over the year.

Long-term impact indicator – Loss of heritage entered on the List, through demolition or destruction, is minimised. The conservation measures in district plans meet Heritage New Zealand standards	2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Forecast	2015-2016 Actual	Trending or not in line with forecast
Number of heritage sites on the List demolished or destroyed reduces (measured in calendar years, refer Graph 1)	22 (2012)	19 <sup>6</sup> (2013)	10 (2014)	1	4 (2015)	Higher than forecast. Two losses were due to redevelopment, one to fire and one following damage from the Canterbury earthquakes
Percentage of district plans that meet Heritage New Zealand defined standard (triennial assessment) <sup>7</sup> in four areas where district plan provisions include:		n/a		n/a	n/a	Next assessment to be conducted in the 2017/18 financial year
i. A Heritage Schedule that contains all properties entered on the List	32%		34%			
ii. Demolition of scheduled heritage as a non-complying activity <sup>8</sup>	56%		67%			
iii. Destruction of scheduled Māori heritage as a non-complying activity <sup>9</sup>	17%		25%			
iv. Regulatory incentives for retention of heritage	32%		49%			

<sup>6</sup> Heritage New Zealand was advised on 18 May 2016 of a demolition that occurred in 2013 that had not been previously reported.

<sup>7</sup> The Heritage New Zealand National Assessment of Resource Management Act 1991 Policy and Plan Heritage Provisions is carried out triennially from 2015 (previously biennially) and considers all district plans and is posted on the Heritage New Zealand website. The 2015 assessment is located at [www.heritage.org.nz/resources/research-and-papers/research](http://www.heritage.org.nz/resources/research-and-papers/research)

<sup>8</sup> A district plan is considered to meet this standard where a non-complying activity status is given for the demolition of scheduled heritage or, where a ranking system is used in the schedule, the most highly-ranked heritage.

<sup>9</sup> A district plan is considered to meet this standard where a non-complying activity status is given for the destruction of scheduled Māori heritage or, where a ranking system is used in the schedule, the most highly-ranked Māori heritage.

## HERITAGE CONSERVATION OUTPUTS TABLE:

Type of Measure		2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/ Achieved/Not Achieved or Met, Above or Below Estimate
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### CONSERVATION OUTPUT 1: CONSERVE MĀORI HERITAGE

<b>Performance measures</b>	Number of Māori built heritage, sites and rock art projects completed working with specific iwi and hapū	8	8	7	6	6	Achieved
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### CONSERVATION OUTPUT 2: ADMINISTER THE NATIONAL HERITAGE PRESERVATION INCENTIVE FUND

<b>Performance measure</b>	Percentage of fund allocated, monitored and reported in accordance with the policy	100%	100%	100%	100%	100%	Achieved
<b>Activity measures</b>	Total number of projects funded <sup>10</sup>	17	18	10 One offer declined	15	16 (includes three offers pending, one offer declined)	Above estimate
	Total value of grants approved	\$664,345	\$633,985	\$521,800 A further \$35,000 was offered but declined	\$500,000	\$387,050 A further \$100,000 was offered but declined	Below estimate as Board resolved to hold back funds for a larger allocation in the next round

### CONSERVATION OUTPUT 3: ENGAGE IN CONSERVATION PROCESSES

<b>Performance measures</b>	Percentage of resource consent responses where Heritage New Zealand is consulted and the council decision is positive for heritage (where decision is known)	92% <sup>11</sup>	81% <sup>12</sup>	76%	70%	83%	Exceeded
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– CONTD OVER

<sup>10</sup> For a list of grants allocated from this fund refer to the Heritage New Zealand website at [www.heritage.org.nz/protecting-heritage/national-heritage-preservation-incentive-fund](http://www.heritage.org.nz/protecting-heritage/national-heritage-preservation-incentive-fund)

<sup>11</sup> This includes all resource consents where Heritage New Zealand was consulted and includes responses (submissions, advice and affected party approvals) where Heritage New Zealand has had an impact on the work being proposed as well as where it supported the proposed work. This measure was altered from the 2012-15 *Statement of Intent* to more accurately reflect what is being measured.

<sup>12</sup> This includes all resource consents where Heritage New Zealand is consulted and includes responses (submissions, advice and affected party approvals) where Heritage New Zealand has had an impact on the work being proposed as well as where it supported the proposed work.

CONSERVATION OUTPUT 3: ENGAGE IN CONSERVATION PROCESSES – CONTD

Type of Measure		2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
Performance measures	Percentage of assessments of land proposed for disposal by Crown agencies completed within specified timeframes	100%	99.7%	99.8%	99%	100%	Exceeded
	Develop and implement a policy for advocacy role by November 2015	n/a	n/a	Underway	Finalise a policy for advocacy role	Policy finalised and implemented in October 2015	Achieved
Activity measures	Number of heritage sites protected, or damage avoided at a site, as a result of Heritage New Zealand involvement in resource management, advocacy, archaeological authority, and Crown land disposal processes	492	529	503	300	462	Exceeded due to an unexpected increase in the number of instances of advice given on resource consents and related processes (see below)
	Number of policy submissions relating to plan and policy documents submitted to local authorities and central government	95	55	37 <sup>13</sup>	55	63	Exceeded

<sup>13</sup> Uncertainty with the reform of the RMA meant fewer plan reviews were initiated by local authorities than expected, combined with the merging of eight councils in Auckland, meant fewer submissions in that area (as now covered in one submission).



CONSERVATION OUTPUT 3: ENGAGE IN CONSERVATION PROCESSES – CONTD

Type of Measure		2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/ Achieved/Not Achieved or Met, Above or Below Estimate
Activity measures	Number of occasions advice is given on resource consents and related processes including the Building Act and conservation advice to owners	1,642	1,207 <sup>14</sup>	1,265	600	1,194	Exceeded. The anticipated decrease in advice did not eventuate as anticipated as the proposed changes to the Resource Management Act 1991 have not yet been enacted
	Number of assessments provided as part of disposal of Crown land processes	353	294	412 <sup>15</sup>	400	297	Not achieved. A reduction in applications for assessments eventuated, but many were large assessments involving multiple land parcels
	Number of covenants negotiated over heritage properties	18	9	10	10	11	Exceeded
	Number of heritage training events to professionals delivered	50	41	51	21	33	Exceeded

– CONTD OVER

<sup>14</sup> A reduction in instances of advice was expected due to the approach being taken in Christchurch where it was being given on CERA projects covering larger areas of land than previously, when we were dealing with individual landowners.

<sup>15</sup> The increase was due to an unexpected high number of disposals coming from a single agency.

CONSERVATION OUTPUT 4: ADMINISTER THE ARCHAEOLOGICAL AUTHORITY PROCESS – CONTD

Type of Measure		2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
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CONSERVATION OUTPUT 4: ADMINISTER THE ARCHAEOLOGICAL AUTHORITY PROCESS

Performance measures	Percentage of archaeological authorities processed within statutory timeframe <sup>16</sup>	99.5%	100%	i) 98.1%*	i) 100%	i) 99.1%*	Not achieved. Six applications were not accepted or returned within the five-day time period. Three applications took an extra day and three took longer
	Canterbury earthquake emergency authorities <sup>17</sup>	99.4%	99.99%	ii) 100%*	ii) 100%	ii) 100%	Achieved
				100%	100%	100%	Achieved
	Percentage of archaeological authorities that avoid or protect archaeological sites <sup>18</sup>	25.2%	23.3%	30.2%	20%	22.2%	Exceeded
	Develop and implement a policy for the archaeological authority provisions of the Act by November 2015	n/a	n/a	Underway	Finalise a policy for archaeological provisions	Policy finalised and implemented in October 2015	Achieved

<sup>16</sup> Note the previous statutory timeframe for processing of authorities was 90 working days for standard authorities under the Historic Places Act 1993 (HPA). The HNZPT Act, which came into effect on 20 May 2014, replacing the HPA, has substantially shortened statutory timeframes for processing archaeological authorities to between 10 and 40 working days depending on the application. \* i) being acceptance/ lodgement (five days to accept/return) and ii) once accepted, 10-40 working days based on application.

<sup>17</sup> Emergency authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 have a statutory timeframe of three working days or five working days in the case of a site of interest to Māori.

<sup>18</sup> The HNZPT Act protects all archaeological sites from any work that may modify or destroy the site. Any person wishing to modify or destroy an archaeological site must apply for an authority from Heritage New Zealand. This target measures the percentage of authorities that provide some form of protection when works will be occurring but does not include avoidance achieved through negotiation which results in no authority being necessary. This measure excludes emergency authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 in relation to the demolition of buildings in Canterbury following the earthquakes in 2010 and 2011.

CONSERVATION OUTPUT 4: ADMINISTER THE ARCHAEOLOGICAL AUTHORITY PROCESS – CONTD

Type of Measure		2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/ Achieved/Not Achieved or Met, Above or Below Estimate
Activity measures	Number of archaeological authorities processed (excluding Canterbury emergency authorities)	422	411	391	410	501	Above estimate due to increased development work occurring in Waikato and Tauranga, and a change in boundaries for Canterbury emergency authorities increasing the number of standard authorities for Canterbury
	Number of Canterbury emergency authorities processed	508	877	865	700 if OIC <sup>19</sup> extended, otherwise 500	564	Below estimate as OIC was extended in April 2016 and the boundaries changed reducing the number of properties able to use this process

CONSERVATION OUTPUT 5: CONSERVE HERITAGE NEW ZEALAND PROPERTIES

Performance measures	Maintain 95% of property asset components at or above 'moderate' condition grade assessed by annual non-intrusive visual survey (refer Graph 2)	92%	95% <sup>20</sup> (13 projects)	95.5% (11 projects)	95% (13 projects)	95.65% (10 projects)	Achieved
	Develop and implement a policy for the property management provisions of the Act by November 2015	n/a	n/a	Underway	Finalise a property policy	Policy finalised and implemented in October 2015	Achieved

<sup>19</sup> The Canterbury Earthquake (Historic Places Act) Order in Council (OIC) was extended on 19 April 2016.

<sup>20</sup> It is expected that 5% of selected components for particular properties will be allowed to deteriorate as Heritage New Zealand is unable to fund conservation of all components for all properties. Therefore a prioritised and sustainable work programme was undertaken.

### INTERMEDIATE OUTCOME 3: HERITAGE ENGAGEMENT/HONONGA

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

#### Key strategic priorities relevant to the Engagement intermediate outcome:

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

**MUCH OF THE** work accomplished under this outcome area is funded on a discretionary basis, but supports and contributes directly towards results achieved under the knowledge and conservation outputs. As previously noted, positive heritage outcomes for New Zealand’s significant heritage places can be greatly enhanced by our ability to influence people and organisations through opportunities to engage with them. We create and foster active engagement with these places through events we hold in our own right, and through partnership projects with other organisations. The engagement events and partnership initiatives delivered exceeded expectations, demonstrating the importance we place on this area of work.

Engagement activities included community-based heritage festivals, such as Nelson Heritage Week, and involved events with owners, such as one held at the Category 1 listed Oruawharo at Takapau, where the community shared in a celebration of Central Hawke’s Bay heritage. Addressed by Sir Pita Sharples, who came home to Takapau for the event, the crowd heard about the bringing together of Māori and European cultures in Hawke’s Bay. A range of speakers gave the audience a chance to learn more about the rich heritage of the area.

Heritage New Zealand presented a display based on the history of New Zealand’s flags at a range of shows and events. The display included stories about the places associated with the flags as well as engagement between Māori and Pākehā, and was featured at the A&P Show at Waimate North, the Waitangi Festival on Waitangi Day, the Māngungu Treaty commemorations, the North Hokianga A&P Show and a lecture at the Waitangi Museum. The display was very popular with the different audiences at the various venues.

We were proud to partner once again with Nga Taonga Sound & Vision to bring The Woolshed Tour to Otago and Southland, entertaining over 700 people at six uniquely different historic venues, including Heritage New Zealand’s own Totara Estate. This was part of an ongoing partnership and a return to this unique style of venue following the successful woolsheds tours in the Wairarapa and Hawke’s Bay last year. Heritage New Zealand has also collaborated with a number of agencies to develop a “Landmarks Pilot” to link significant heritage sites into a wider tourism network in the Northland region.

A significant increase in visitation to properties cared for by Heritage New Zealand was noted this year, with almost 235,000 visitors, up from just under 207,000 in the 2014-2015 year. A high level of satisfaction was reported by 97% of visitors surveyed, maintaining the level reached in the previous year.

Along with projects to maintain the condition of properties, a number of projects are undertaken each year to enhance the experience of visitors to them. This year’s projects included: completion of landscaping at Heritage New Zealand’s national office, Antrim House in Wellington; installation of Christmas themed lighting at Highwic in Auckland to enhance visitor experience and operate as an attraction to the site; and the installation of protective glass over historic graffiti associated with the New Zealand Wars at Hurworth near New Plymouth.

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

Long-term impact indicator – Public engagement, awareness and understanding of heritage is increased	2012 -2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Forecast	2015-2016 Actual	Trending or not in line with Forecast
Percentage of survey respondents who rate their personal interest in the protection of historic places as very interested <sup>21</sup> increases (survey conducted annually) <sup>22</sup>	53%	57%	55%	57%	57%	In line with forecast

<sup>21</sup> Very interested’ is considered to be a rating of 8 out of 10 or more.

<sup>22</sup> Survey has a sample size of 500 with a margin of error of 5.1%

## HERITAGE ENGAGEMENT OUTPUTS TABLE:

Type of Measure		2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
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### HERITAGE ENGAGEMENT OUTPUT 1: ENCOURAGE HERITAGE ENGAGEMENT IN COMMUNITIES

Performance measures	Number of initiatives undertaken in partnership to enhance heritage engagement	59	37	31	38	46	Exceeded
	Number of heritage engagement events run	89	146	118	60	159	Exceeded. Additional opportunities for events arose during the year, particularly at our properties

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

Performance measure	Visitor numbers at Heritage New Zealand staffed properties are maintained	215,007	208,046	206,923	208,000	234,858	Exceeded
	Percentage of respondents who rate their visit to Heritage New Zealand staffed properties as "satisfied" or higher	94%	93%	97%	93%	97%	Exceeded
	Number of visitor facility and interpretation projects completed at selected Heritage New Zealand properties	3 projects	2 projects <sup>23</sup>	3 projects	7 projects	7 projects	Achieved

– CONTD OVER

<sup>23</sup> Note one project spanned the 2013-14 and 2014-2015 reporting years and was counted in each year as a project. Stage 1 was to achieve consent requirements with stage 2 to achieve construction.

Type of Measure		2012-2013 Actual	2013-2014 Actual	2014-2015 Actual	2015-2016 Planned Outputs	2015-2016 Actual	Exceeded/Achieved/Not Achieved or Met, Above or Below Estimate
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HERITAGE ENGAGEMENT OUTPUT 3: SHARE HERITAGE STORIES

Performance measures	Increase the number of average page views per month of Heritage New Zealand webpages (including the List Online)	91,826 <sup>24</sup> (65% increase)	87,878 <sup>25</sup> (5% decrease)	66,573 <sup>26</sup> (24% decrease)	67,500	75,569	Exceeded
Activity measures	Number of media releases, comment, features and articles produced	226	172	183	180	180	Achieved
	Audited circulation of <i>Heritage New Zealand</i>	13,102	12,722	12,098	13,250	11,752	Not achieved <sup>27</sup>
	Number of email recipients of <i>Heritage this Month</i> newsletter averaged over 12 months	8,597	9,655	12,212	12,400	13,151	Exceeded

<sup>24</sup> The large increase was due to: site optimisation for search engines enhancing the all of site search (live July 2012) allowing users to more easily find what they are looking for; and adding more content including wāhi tapu information to the List Online.

<sup>25</sup> A decrease was signalled due to the change to the domain name following the rebranding of the organisation as search engines needed to re-index the site.

<sup>26</sup> The decrease related to fewer numbers of pages available for download following the merger of Heritage New Zealand's two websites, and that enhanced search functionality makes it easier for users to go directly to content rather than clicking through more than one page.

<sup>27</sup> Audit requirements from the Magazine Publishers Association (MPA) changed in June 2016. Heritage New Zealand provided this analysis using the the MPA's rules. Next external audit due on 30 September 2016.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the year ended 30 June 2016

	Note	Group Actual 2016	Parent Budget 2016	Group Actual 2015
		\$000s	\$000s	\$000s
<b>REVENUE</b>				
Revenue from Crown	2	12,988	12,988	12,988
Timeball capital campaign	22	0	3,300	0
Property	3	1,699	1,517	1,490
Interest		440	335	432
Membership		646	572	617
Grants, donations and bequests		765	782	710
Sundry		114	54	191
<b>REVENUE FROM OPERATIONS</b>		<b>16,652</b>	<b>19,548</b>	<b>16,428</b>
<b>EXPENDITURE</b>				
Fees paid to the auditors	4	63	52	56
Administration		1,927	1,916	1,889
Award of costs		118	0	0
Capital fundraising costs	22	60	50	71
Personnel	5	8,608	8,849	8,613
Property		1,745	1,578	2,270
Incentive fund		371	500	424
Insurance premiums		465	562	682
Depreciation and amortisation	10	460	485	453
Loss on write off of asset		71	0	17
Communications		510	518	523
Membership		514	560	612
Board fees	17	150	131	128
Travel and accommodation		636	707	701
<b>TOTAL OPERATING EXPENDITURE</b>		<b>15,698</b>	<b>15,908</b>	<b>16,439</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR BEFORE CEHB FUND AND TRUST GRANTS</b>		<b>954</b>	<b>3,640</b>	<b>(11)</b>
Grant Payments Canterbury Heritage Buildings Earthquake Fund and Trust		1,700	0	852
<b>NET OPERATING (DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(746)</b>	<b>3,640</b>	<b>(863)</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
Gain on revaluation of land and buildings	6, 10	0	0	2,255
(Loss)/gain on revaluation of heritage artefacts	7, 11	(39)	140	134
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>(785)</b>	<b>3,780</b>	<b>1,526</b>

Heritage New Zealand does not budget at a group level and as such has provided the parent budgets for comparative purposes. Explanations of major variances against budget not due to the Canterbury Earthquake Heritage Buildings Fund are provided in Note 22.

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

Expenditure allocated by outputs is broken out as follows:

	Group Actual 2016	Parent Budget 2016	Group Actual 2015
	\$000s	\$000s	\$000s
Heritage Knowledge	2,448	2,528	2,353
Heritage Conservation	7,307	7,334	7,776
Heritage Engagement	5,943	6,046	6,310
<b>TOTAL OPERATING EXPENDITURE BEFORE CEHB FUND AND TRUST GRANTS</b>	<b>15,698</b>	<b>15,908</b>	<b>16,439</b>
CEHB Fund and Trust Grants	1,700	0	852
<b>TOTAL OPERATING EXPENDITURE</b>	<b>17,398</b>	<b>15,908</b>	<b>17,291</b>

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



## STATEMENT OF FINANCIAL POSITION as at 30 June 2016

	Note	Group Actual 2016	Parent Budget 2016	Group Actual 2015
		\$000s	\$000s	\$000s
<b>EQUITY</b>				
Accumulated funds	6	9,237	10,569	9,146
Timeball capital fund	22	0	3,360	0
Specified funds & bequests	6,7	5,750	3,472	4,922
Heritage New Zealand Property Maintenance & Development Fund	6	1,264	1,431	1,264
Revaluation reserve	6	45,693	46,261	45,732
Canterbury Earthquake Heritage Buildings Fund and Trust	6	632	0	2,297
<b>TOTAL EQUITY</b>		<b>62,576</b>	<b>65,093</b>	<b>63,361</b>
<b>Equity is represented by:</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	8	3,836	1,624	3,047
Short-term deposits	8	8,920	9,500	10,020
Trade and other receivables	9	320	450	478
Inventory		239	260	244
Gst receivable		149	150	123
<b>TOTAL CURRENT ASSETS</b>		<b>13,464</b>	<b>11,984</b>	<b>13,912</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	10	53,453	54,554	53,827
Work in progress		260	1,290	7
Intangible assets	10	15	25	30
<b>TOTAL NON-CURRENT ASSETS</b>		<b>53,728</b>	<b>55,869</b>	<b>53,864</b>
<b>TOTAL ASSETS</b>		<b>67,192</b>	<b>67,853</b>	<b>67,776</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	11	622	900	751
Provision for other grants	12	2,204	0	1,406
Provision for incentive fund grants	12	1,050	1,000	1,148
Employee entitlements	13	675	800	1,036
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,551</b>	<b>2,700</b>	<b>4,341</b>
<b>NON-CURRENT LIABILITIES</b>	13	<b>65</b>	<b>60</b>	<b>74</b>
<b>TOTAL LIABILITIES</b>		<b>4,616</b>	<b>2,760</b>	<b>4,415</b>
<b>NET ASSETS</b>		<b>62,576</b>	<b>65,093</b>	<b>63,361</b>

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

## STATEMENT OF MOVEMENTS IN EQUITY For the year ended 30 June 2016

	Group Actual 2016	Parent Budget 2016	Group Actual 2015
	\$000s	\$000s	\$000s
Opening Equity	63,361	61,313	61,835
Net Comprehensive Revenue and Expense	(785)	3,780	1,526
<b>CLOSING EQUITY</b>	<b>62,576</b>	<b>65,093</b>	<b>63,361</b>

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

## STATEMENT OF CASH FLOW For the year ended 30 June 2016

	Note	Group Actual 2016	Parent Budget 2016	Parent Actual 2015
		\$000s	\$000s	\$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was received from:</b>				
Government funding		12,988	12,988	12,988
Grants		10	4,082	134
Other operating activities		3,405	2,143	3,038
Net goods and services tax		0	0	4
Interest		407	335	450
		<b>16,810</b>	<b>19,548</b>	<b>16,614</b>
<b>Cash was applied to:</b>				
Payment of suppliers		(7,683)	(6,774)	(8,564)
Payment to employees		(8,978)	(8,649)	(8,471)
Net goods and services tax		(26)	0	0
		<b>(16,687)</b>	<b>(15,423)</b>	<b>(17,035)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>123</b>	<b>4,125</b>	<b>(421)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was applied to:</b>				
Purchase of fixed assets		(174)	(750)	(468)
Work in progress		(260)	(1,290)	(7)
Purchase short-term investments		0	(1,980)	(2,500)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(434)</b>	<b>(4,020)</b>	<b>(2,975)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was received from:</b>				
Sale short-term investments		1,100	0	0
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>1,100</b>	<b>0</b>	<b>0</b>
Net increase/(decrease) in cash		789	105	(3,396)
Opening cash balance		3,047	1,519	6,443
<b>Closing Cash Balance</b>		<b>3,836</b>	<b>1,624</b>	<b>3,047</b>
<b>Represented by:</b>				
Petty cash and imprest balances		10	10	10
Short-term deposits (less than 90 days)		3,826	1,614	3,037
		<b>3,836</b>	<b>1,624</b>	<b>3,047</b>

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 34 to 53 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2016

#### 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 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 (CEHB) was transferred under the control of Heritage New Zealand in May 2014. Due to a sunset clause in the CEHB Fund deed, the Canterbury Earthquake Heritage Buildings Trust was established on 1 July 2015 to continue the functions of the original Fund. As Heritage New Zealand substantively controls and manages the Fund and the Trust they have been consolidated into the Group accounts.

Accordingly, Heritage New Zealand (as the parent) and its subsidiaries have designated themselves as Public Benefit Entities (PBEs) for financial reporting purposes.

The financial statements for Heritage New Zealand are for the year ended 30 June 2016, and were approved by the Board on 22 September 2016.

#### 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 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 that the entity is not publicly accountable (as defined) and it has expenses of  $\leq$ \$30m.

These financial statements are the first to be presented in accordance with the new PBE accounting standards. There were

no material adjustments arising from the transition to the new PBE accounting standards.

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

These financial statements are for the financial operations of the Heritage New Zealand Group. The Group comprises of Heritage New Zealand Pouhere Taonga and the operations of the CEHB Fund and the CEHB Trust which Heritage New Zealand administers. As the operations of both the Fund and Trust are immaterial, the consolidated information only has been disclosed. This is consistent with last year.

##### *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

At the date of authorisation of these financial statements, there were no standards and interpretations issued that are not yet effective.

##### 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 subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

There have been inter-entity transactions between the Fund and the Trust which have been eliminated on consolidation.

### Revenue: exchange transactions

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

**Membership subscriptions:** Membership subscriptions are recognised as exchange transactions 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.

**Lease and rental income:** Lease and rental income is recognised as exchange transaction revenue on a straight-line basis over the lease term.

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

### Revenue: non-exchange transactions

**Revenue from the Crown:** Heritage New Zealand Pouhere Taonga is primarily funded by the Crown. This funding is restricted in its uses for the purpose of Heritage New Zealand Pouhere Taonga meeting the objectives specified in the Statement of Intent.

Heritage New Zealand Pouhere Taonga considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of the revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangement.

**Grants received:** Grants are recognised as non-exchange revenue when they become receivable unless there is an obligation in substance 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 exchange revenue when conditions of the grant are satisfied.

**Donations and bequests:** All donations and bequests received are recognised as a non-exchange transaction 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.

**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 a non-exchange transaction 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 expense provision 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 and merchandise

Inventories and merchandise 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 (at least every five years) to ensure that the carrying amount does not differ materially from fair value. In the intervening years, enquiries will be made of professional valuers to establish if there were any factors that might have given rise to a significant change had a valuation been undertaken.

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

#### Additions

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

#### Subsequent costs

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

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the net surplus for the year.

When revalued assets are sold, the amounts included in the revaluation reserves in respect of those assets are transferred to Accumulated Funds.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than land, heritage artefacts and library), at a rate that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

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

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.

#### 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 or deficit for the year.

For assets not carried at a revalued amount, the total impairment loss is recognised in the net surplus or deficit 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 the Statement of Comprehensive Revenue and Expense.

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 Statement of Comprehensive Revenue and Expense.

### **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 Performance Expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Heritage New Zealand for the preparation of these financial statements. There is no group budget figures and as such parent budget figures have been included instead.

### **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, and those most likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

### *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. In 2015, 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 2016:

- 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 (2015: nil).

## 3. PROPERTY INCOME

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
Functions	230	208
Admissions	445	432
Rents	181	169
Grants	65	60
Merchandising	778	621
	<b>1,699</b>	<b>1,490</b>

## 4. FEES PAID TO AUDITORS

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
Deloitte – statutory audit	63	56
Deloitte – accounting advice	0	6
	<b>63</b>	<b>62</b>

## 5. PERSONNEL

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
Salaries and Wages	8,312	8,249
Government Superannuation Fund	190	177
(Decrease)/Increase employee leave entitlements	(82)	56
Recruitment costs	78	43
Temporary staff	33	10
Other staff costs	77	78
<b>TOTAL PERSONNEL COSTS</b>	<b>8,608</b>	<b>8,613</b>

Heritage New Zealand contributed 2% of employee's salary/wages into the Kiwisaver Scheme from 1 April 2009. This increased to 3% from 1 April 2013.

## 6. EQUITY

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
<b>ACCUMULATED FUNDS</b>		
Represents balance of general Accumulated Funds from Heritage New Zealand's operations not earmarked for a specific purpose		
Balance at 1 July	9,146	8,244
Surplus	(785)	1,526
Transfer to Other Equity Funds	(19)	(2,806)
Transfer from Other Equity Funds	895	2,182
<b>BALANCE AT 30 JUNE</b>	<b>9,237</b>	<b>9,146</b>
<b>SPECIFIED FUNDS AND BEQUESTS</b>		
Heritage New Zealand holds a number of funds and bequests from external sources for which the purpose is restricted		
Balance at 1 July	4,922	4,897
Restricted Funds received during the year	1,484	1,281
Funds used during the year	(656)	(1,256)
<b>BALANCE AT 30 JUNE (SEE NOTE 7)</b>	<b>5,750</b>	<b>4,922</b>
<b>PROPERTY MAINTENANCE &amp; DEVELOPMENT FUND</b>		
Funds earmarked specifically to address critical maintenance safety issues at Heritage New Zealand properties		
Balance at 1 July	1,264	2,129
Revenue transferred to the fund during the year	239	61
Expenditure incurred during the year	(239)	(926)
<b>BALANCE AT 30 JUNE</b>	<b>1,264</b>	<b>1,264</b>
<b>PROPERTY PLANT AND EQUIPMENT REVALUATION RESERVE</b>		
Represents movements following regular revaluation of Heritage New Zealand land, buildings and heritage artefacts		
Opening Balance	45,732	43,343
(Loss)/Gain on revaluation of heritage artefacts	(39)	2,389
<b>BALANCE AT 30 JUNE</b>	<b>45,693</b>	<b>45,732</b>
<b>CANTERBURY EARTHQUAKE HERITAGE BUILDINGS FUND</b>		
Balance at 1 July	2,297	3,222
Transfer from Accumulated Funds	(1,665)	(925)
<b>BALANCE AT 30 JUNE</b>	<b>632</b>	<b>2,297</b>
	<b>62,576</b>	<b>63,361</b>

## 7. SPECIFIED FUNDS AND BEQUESTS

Property Funds	30/06/2015	Receipts	Interest	Expenditure	Capitalised	30/06/2016
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>TOTAL PROPERTY FUND</b>	<b>1,264</b>	<b>239</b>	<b>0</b>	<b>(122)</b>	<b>(117)</b>	<b>1,264</b>
Timeball Project	1,304	5	52	68	0	1,429
National Heritage Incentive Fund	100	500	0	(371)	0	229
Bulk Store and Stone Store Donations	229	0	8	0	0	237
Kemp House General Donations Fund	21	0	1	0	0	22
Branch Committee Fund	20	0	0	0	0	20
Old St Paul's Festival Funds	22	21	0	(7)	0	36
Ministry for Culture and Heritage	20	0	0	(2)	0	18
Outreach Programme	146	101	0	(16)	0	231
Murray Family	0	13	0	(8)	0	5
Total Other Funds	106	155	0	(71)	(180)	10
<b>TOTAL SPECIFIED FUNDS</b>	<b>1,968</b>	<b>795</b>	<b>61</b>	<b>(407)</b>	<b>(180)</b>	<b>2,237</b>

– CONTD OVER

Bequests	1 July 2015	Receipts	Interest	Expenditure	Capitalised	30 June 2016
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Richardson Bequest	46	0	2	0	0	48
McKay Bequest	241	0	9	0	0	250
Granville Travers Zohrab Trust Bequest	219	0	7	0	0	226
Rosier Bequest	186	0	7	0	0	193
Spencer Bequest	166	0	6	(10)	0	162
Bedlington Bequest	2	0	0	(2)	0	0
O R Lee	51	0	2	0	0	53
Hudson Bequest	242	0	9	0	0	251
Stringer Bequest	16	0	1	0	0	17
McBurnie Bequest	21	0	0	(7)	0	14
Williams Bequest	2	0	0	0	0	2
K Seagar Bequest	96	0	3	0	0	99
Estate of CIC Collett	1,007	0	36	0	0	1,043
Foulkes Estate	96	0	4	0	0	100
Shankland Estate	14	0	0	0	0	14
Anderson	12	0	0	0	0	12
Yarnell Bequest	2	0	0	0	0	2
Slack	4	0	0	0	0	4
Appelby	174	0	1	(50)	0	125
Fuller	67	0	2	0	0	69
Fergusson	22	0	1	0	0	23
Stout	110	0	4	0	0	114
E P Brown	6	0	0	0	0	6
Rothwell	5	0	0	0	0	5
Stenson	9	0	0	0	0	9
B F Scott	48	0	2	0	0	50
A C Anderson	13	0	0	0	0	13
Willis	77	0	3	0	0	80
E D Jones	0	99	2	0	0	101
M H Lovelock	0	15	0	0	0	15
Hazel C F Gittos Estate	0	352	3	0	0	355
I W Mackenzie	0	58	0	0	0	58
<b>TOTAL BEQUESTS</b>	<b>2,954</b>	<b>524</b>	<b>104</b>	<b>(69)</b>	<b>0</b>	<b>3,513</b>
<b>TOTAL SPECIFIED FUNDS AND BEQUESTS</b>	<b>4,922</b>	<b>1,319</b>	<b>165</b>	<b>(476)</b>	<b>(180)</b>	<b>5,750</b>

## 8. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
Petty cash and imprest balances	10	10
Cheque and call deposits	3,826	3,037
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>3,836</b>	<b>3,047</b>
Short-term deposits	8,920	10,020
<b>TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS</b>	<b>12,756</b>	<b>13,067</b>

There are no assets recognised in a non-exchange transaction that are subject to restrictions.

## 9. TRADE AND OTHER RECEIVABLES

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
Prepayments	189	288
Debtors and other receivables	131	190
Less: provision for impairment	0	0
<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>	<b>320</b>	<b>478</b>

	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Not past due (prepaid)	298	0	298	288	0	288
Past due 1-30 days	11	0	11	167	0	167
Past due 31-60 days	1	0	1	13	0	13
Past due 61-90 days	0	0	0	0	0	0
Past due over 90 days	10	0	10	10	0	10
<b>TOTAL</b>	<b>320</b>	<b>0</b>	<b>320</b>	<b>478</b>	<b>0</b>	<b>478</b>

All receivables greater than 30 days in age are considered to be past due. The carrying value of receivables approximates their fair value. As at 30 June 2016 all overdue receivables have been assessed for impairment and nil (2015: 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 owned	Land managed	Buildings owned	Buildings managed
	\$000s	\$000s	\$000s	\$000s
Opening Balance July 2014	17,663	1,516	20,804	2,481
Additions	0	0	39	393
Disposals	0	0	(11)	0
Losses/Gains on revaluation	1,258	129	238	36
<b>BALANCE 30 JUNE 2015</b>	<b>18,921</b>	<b>1,645</b>	<b>21,070</b>	<b>2,910</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>				
Opening Balance July 2014	0	0	215	23
Depreciation expense	0	0	206	25
Amortisation expense	0	0	0	0
Write back on revaluation	0	0	(421)	(48)
<b>BALANCE 30 JUNE 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET BALANCE 30 JUNE 2015</b>	<b>18,921</b>	<b>1,645</b>	<b>21,070</b>	<b>2,910</b>
Opening Balance July 2015	18,921	1,645	21,070	2,910
Additions	0	0	34	0
Disposals	0	0	(68)	0
Losses/Gains on revaluation	0	0	0	0
<b>BALANCE 30 JUNE 2016</b>	<b>18,921</b>	<b>1,645</b>	<b>21,036</b>	<b>2,910</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>				
Opening Balance July 2015	0	0	0	0
Depreciation expense	0	0	210	29
Write back on revaluation	0	0	0	0
<b>BALANCE 30 JUNE 2016</b>	<b>0</b>	<b>0</b>	<b>210</b>	<b>29</b>
<b>NET BALANCE 30 JUNE 2016</b>	<b>18,921</b>	<b>1,645</b>	<b>20,826</b>	<b>2,881</b>

	AT VALUATION			AT COST				TOTAL
	Heritage artefacts	Displays and interpretation	Land development	Plant and equipment	Leasehold improvements	Library	Intangibles	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
	7,871	1,094	206	1,353	78	18	58	53,142
	0	0	0	85	0	0	0	517
	0	0	0	(6)	0	0	0	(17)
	134	(34)	0	0	0	0	0	1,761
	<b>8,005</b>	<b>1,060</b>	<b>206</b>	<b>1,432</b>	<b>78</b>	<b>18</b>	<b>58</b>	<b>55,403</b>
	0	213	26	1,198	37	0	9	1,721
	0	109	14	67	13	0	0	434
	0	0	0	0	0	0	19	19
	0	(148)	(11)	0	0	0	0	(628)
	<b>0</b>	<b>174</b>	<b>29</b>	<b>1,265</b>	<b>50</b>	<b>0</b>	<b>28</b>	<b>1,546</b>
	<b>8,005</b>	<b>886</b>	<b>177</b>	<b>167</b>	<b>28</b>	<b>18</b>	<b>30</b>	<b>53,857</b>
	8,005	1,060	206	1,432	78	18	58	55,403
	0	0	0	95	52	0	0	181
	0	0	0	(3)	0	0	0	(71)
	(39)	0	0	0	0	0	0	(56)
	<b>7,966</b>	<b>1,060</b>	<b>206</b>	<b>1,524</b>	<b>130</b>	<b>18</b>	<b>58</b>	<b>55,457</b>
	0	174	29	1,265	50	0	28	1,546
	0	104	14	74	14	0	0	445
	0	0	0	0	0	0	15	15
		<b>278</b>	<b>43</b>	<b>1,339</b>	<b>64</b>	<b>0</b>	<b>43</b>	<b>2,006</b>
	<b>7,949</b>	<b>782</b>	<b>163</b>	<b>185</b>	<b>66</b>	<b>18</b>	<b>15</b>	<b>53,451</b>

10. PROPERTY, PLANT AND EQUIPMENT – CONTD

An independent valuation of Heritage New Zealand's land and buildings was last performed as at 30 June 2015 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 2015 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 valued as at 30 June 2016 was conducted by registered valuers specialising in art and objects.

Of the total land value, \$9,460,000 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 \$13,296,000 where a restriction of encumbrance is deemed to exist, the land is valued using the accepted method for the valuation of reserve zoned land. This approach assesses a restrictive land value based on fringe rural sales, plus an allowance for the effects of urban locations and amenities and the value of a potential chance of change in the land use. The value of the chance of change is based on the land value of the property assuming no restrictions multiplied by an estimated probability of change.

The probability of change that has been applied is 5%. On average the discount applied to the unrestricted value of this land is 78%.

Other key assumptions inherent in the valuation are the estimated construction rates and useful lives that are used to calculate the replacement cost of buildings as part of the depreciated replacement cost calculations. The construction rates have been based on the Rawlinson's *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.



## 11. TRADE AND OTHER PAYABLES

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
<b>PAYABLES UNDER EXCHANGE TRANSACTIONS</b>		
Creditors	293	293
Income in advance	40	32
Accrued expenses	289	426
<b>TOTAL PAYABLES UNDER EXCHANGE TRANSACTION</b>	<b>622</b>	<b>751</b>
<b>PAYABLES UNDER NON-EXCHANGE TRANSACTIONS</b>		
Taxes payable (GST, PAYE and rates)	47	70
Grants payable	3,254	2,554
<b>TOTAL PAYABLES UNDER NON-EXCHANGE TRANSACTION</b>	<b>3,301</b>	<b>2,624</b>

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 AND OTHER GRANTS

Approved incentive fund grants and other 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 these provisions is set out below.

INCENTIVE FUND		
	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
Opening Balance	1,148	1,143
Additional provisions made	387	622
Amounts used	(469)	(419)
Unused amount reversed	(16)	(198)
<b>CLOSING BALANCE</b>	<b>1,050</b>	<b>1,148</b>
OTHER GRANTS		
Opening balance	1,406	1,722
Additional provisions made	1,974	929
Amounts used or unused amounts reversed	(1,176)	(1,245)
<b>CLOSING BALANCE</b>	<b>2,204</b>	<b>1,406</b>

### 13. EMPLOYEE ENTITLEMENTS

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
<b>Current employee entitlements are represented by:</b>		
Accrued salaries and wages	167	452
Annual leave	469	557
Sick leave	16	20
Long service leave	23	7
<b>TOTAL CURRENT PORTION</b>	<b>675</b>	<b>1,036</b>
<b>Non-current employee entitlements are represented by:</b>		
Long service leave	65	74
<b>TOTAL NON-CURRENT PORTION</b>	<b>65</b>	<b>74</b>
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>740</b>	<b>1,110</b>

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

### 14. CAPITAL COMMITMENTS AND OPERATING LEASES

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

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
<b>LEASES PAYABLE</b>		
Not later than one year	351	289
Later than one year and not later than five years	740	160
Later than five years and not later than ten years	117	0
<b>TOTAL NON-CANCELLABLE OPERATING LEASES PAYABLE</b>	<b>1,208</b>	<b>449</b>
<b>LEASES RECEIVABLE</b>		
Not later than one year	48	97
Later than one year and not later than five years	7	13
Later than five years	0	0
<b>TOTAL NON-CANCELLABLE OPERATING LEASES RECEIVABLE</b>	<b>55</b>	<b>110</b>

These leases relate to non-cancellable accommodation and equipment leases and contracted repairs and maintenance.

## 15. COMMITMENTS AND CONTINGENCIES

As at 30 June 2016, potential liabilities resulting from heritage covenants previously negotiated are estimated to be \$20,000. (As at 30 June 2015, liabilities resulting from heritage covenants were \$20,000.)

There are no other contingent liabilities.

## 16. 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 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 as at 30 June

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 (2015: nil).

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s
<b>BOARD MEMBERS</b>		
Remuneration	150	128
Head count	12	10
<b>LEADERSHIP TEAM</b>		
Remuneration	1,233	1,228
Head count	9	9
<b>TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION</b>	<b>1,383</b>	<b>1,356</b>
<b>TOTAL KEY MANAGEMENT PERSONNEL HEAD COUNT</b>	<b>21</b>	<b>19</b>

## 17. BOARD AND MĀORI HERITAGE COUNCIL MEMBER REMUNERATION

Member	2016 \$000's	2015 \$000's
The Rt. Hon. W Creech (Board Chair)	27	27
Mr J Clarke (Board member and Chair Māori Heritage Council)	21	13
Sir Ian Athfield (passed away January 2015)	0	6
Mr R Bradley (Māori Heritage Council member)	3	4
Mr A Coffin (Māori Heritage Council member)	5	5
Mrs N Glavish (Board and Māori Heritage Council member)	17	13
Mr E Henare (passed away May 2015)	0	11
Mr W Marriott (Board and Māori Heritage Council member, appointed August 2015)	16	0
Mr P McGarvey (Māori Heritage Council member)	2	2
Mr B McGuinness (Board member)	13	13
Ms S McVay (Board member)	13	13
Ms M Neazor (Board member)	13	13
Ms M Ngarimu (Māori Heritage Council member)	7	8
The Hon Sir Pita Sharples PhD (Board and Māori Heritage Council member, appointed September 2015)	13	0
	<b>150</b>	<b>128</b>

There have been payments of \$35,118 made to committee members appointed by the Board who were not Board members during the financial year.

No Board members received compensation or other benefits in relation to cessation (2015: nil).

Heritage New Zealand has effected Directors and Officers Liability and Professional Indemnity Insurance cover during the financial year in respect of the liability or costs of Board members and employees. A premium of \$9,187 was paid for the insurance period 1 July 2015 to 30 June 2016 (2015: \$4,950). In 2016, the liability was bundled up into a larger package which in total equated to the 2015 insurance costs.

## 18. EMPLOYEE REMUNERATION

Total remuneration and benefits	No of employees	
	2016 \$000s	2015 \$000s
100-110	2	4
110-120	5	4
120-130	4	4
130-140	1	1
140-150	1	0
260-270	1	1

The Chief Executive was appointed in May 2006 and resigned in February 2016. Both he and the Acting Chief Executive were employed within the remuneration band \$260,000-\$270,000 (2015: \$260,000-\$270,000).

No employees received compensation and other benefits in relation to cessation (2015: nil).

## 19. EVENTS AFTER BALANCE SHEET DATE

On 19 August 2016 Rangiriri Redoubt and Te Wheoro's Redoubt were vested back to Waikato Tainui. The combined land book value of these is \$177,000 with improvements of \$94,000.

There were no other significant events after the balance sheet date (2015: nil).

## 20. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

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

	Group Actual 2016	Group Actual 2015
	\$000s	\$000s

### LOANS AND RECEIVABLES

Cash and cash equivalents	3,836	3,037
Debtors and other receivables	320	478

<b>TOTAL LOANS AND RECEIVABLES</b>	<b>4,156</b>	<b>3,515</b>
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### HELD TO MATURITY INVESTMENTS

Cash and equivalents	8,920	10,020
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### FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Creditors and other payables	622	751
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## 21. 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 the 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.

## 22. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

**Timeball capital campaign** - Heritage New Zealand has put on hold work at the former Timeball Station site in Lyttelton to avoid conflict with the significant road works on Sumner Road and Reserve Terrace now being carried out. The capital campaign to support the work was also put on hold and will be reinstated when work commences. Some initial costs had been incurred prior to the decision to put the work on hold. ■

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF HERITAGE NEW ZEALAND POUHERE TAONGA AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2016.

The Auditor-General is the auditor of Heritage New Zealand Pouhere Taonga Group (the Group). The Auditor-General has appointed me, Dave Shadwell, using the staff and resources of Deloitte, to carry out the audit of the financial statements and the performance information, of the group consisting of Heritage New Zealand and its subsidiaries and other controlled entities, on her behalf.

#### **Opinion on the financial statements and the statement of service performance**

We have audited:

- the financial statements of the Group on pages 29 to 53, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Group on pages 12 to 28.

In our opinion:

- the financial statements of the Group:
  - present fairly in all material respects
    - its financial position as at 30 June 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- The statement of service performance:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2016, including:
    - for each class of reportable outputs:
      - its standards of performance achieved as compared with forecasts included in the statement of service performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of service performance expectations for the financial year;
  - complies with generally accepted accounting practice in New Zealand.



Our audit was completed on 22 September 2016. 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 explain our independence.

### **BASIS OF OPINION**

We carried out our audit in accordance with the 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 the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the 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 the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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 performance information within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

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

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

### **RESPONSIBILITIES OF THE BOARD**

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

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Group's financial position, financial performance and cash flows; and
- present fairly the Group's performance.

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

The Board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and 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 the performance information, whether in printed or electronic form.

## **RESPONSIBILITIES OF THE AUDITOR**

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

## **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 with or interests in the Group.



**DAVE SHADWELL**

**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 2016 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 22 September 2016 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  
Clarks 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  
Kaipara North Head Lighthouse  
Matanaka  
Old St Paul's  
Ophir Post Office  
Pencarrow Head Lighthouse  
Pompallier Mission  
Rai Valley Cottage  
Rangiriri Redoubt  
Runanga Stockade  
Seddon House  
Springvale Suspension Bridge  
Taupo Redoubt and Courthouse  
Te Porere Redoubt  
Te Wheoro's Redoubt  
Tikirere Mill Race  
Upper Hutt Blockhouse  
Whangamarino Redoubt

## MĀORI RESERVE (1 PROPERTY)

Opotaka Pā

## SITES WITH MORE THAN ONE STATUS (2 PROPERTIES)

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

**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**

64 Gloucester Street  
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**

**SUPPORTED BY THE NEW ZEALAND  
GOVERNMENT THROUGH:**

