



# NEW ZEALAND HISTORIC PLACES TRUST POUHERE TAONGA



Statement of Intent 2013-2016  
Panui Whāinga

## OUR VISION

The vision of the NZHPT Board is that our work will encourage all New Zealanders to value, respect, preserve and appreciate their heritage for the benefit of present and future generations.

## WHAT WE DO

Through the NZHPT's national leadership, we aim to ensure New Zealand's historic heritage is identified and protected. Much of this is done in close cooperation with national and local stakeholders, including communities, iwi, hapū, whānau, individuals and agencies to achieve the best outcomes for heritage. Under the *Historic Places Act 1993* (HPA), we have specific responsibilities that we are charged with on behalf of the Crown.

Mandatory responsibilities under the Act:

- Administering the HPA's archaeological authority provisions
- Maintaining the national Register of historic places, historic areas, wāhi tapu and wāhi tapu areas.

Responsibilities assigned by the Government:

- Administering and allocating the National Heritage Preservation Incentive Fund
- Assessing and making recommendations for the conservation of historic heritage prior to the disposal of Crown land.

Non-discretionary commitments:

- Promoting the protection of Māori heritage
- Managing a portfolio of nationally significant heritage properties
- Acting in accordance with heritage covenants with private owners
- Monitoring compliance with archaeological authorities, heritage covenants, interim registration and heritage orders
- Advocating heritage protection where the NZHPT's involvement is obligatory
- Responding to enquiries.

Discretionary responsibilities to recognise, protect and promote heritage:

- Submissions on planning documents and resource consent applications
- Maintaining relationships with local authorities and Crown agencies to improve heritage protection
- Achieving heritage protection, by such methods as heritage covenants and heritage orders
- Heritage education, training and promotion programmes.

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**Cover photos.** Clockwise from top: Art Deco Day Out at Highwic in Auckland (Hayden Asmith); NZHPT's Jim Schuster with rock art in the Kaingaroa Forest (NZHPT); Blossom in the garden at Pompallier Mission, Russell (Catrina Sutter, NZHPT), Hurworth and its charming country garden, New Plymouth (NZHPT), Tug-o-war at the Victorian Farm Comes Alive day at Totara Estate near Oamaru (NZHPT); View over the Hokianga Harbour from Clendon House (NZHPT).



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## JOINT STATEMENT:

# FROM THE CHAIRS OF THE NZHPT BOARD AND MĀORI HERITAGE COUNCIL

Our historic heritage plays a big part in defining who we are; as New Zealanders, as communities, and as individuals. The places in which events took place that have shaped our society, its customs and traditions, serve as waypoints in our collective memory. They provide a collective sense of belonging that is a foundation of our civil society. It is an important public good, and even more important when times are tough and when cohesion needs to win out over division.

New Zealanders are increasingly aware of the value of their built heritage. In our annual survey of attitudes to built heritage, over 50% of those who responded gave the need to protect it a score of 8-10 on a 10 point scale and 45% say its conservation is even more important now than it was last year.

In the coming three years we will continue to undertake our statutory functions. These include managing the national Register<sup>1</sup> of historic places and wāhi tapu, regulating the modification of archaeological sites, providing advice and assistance to iwi Māori and other heritage owners and, where necessary, advocating for the protection of historic places and wāhi tapu. We will continue to undertake educational and promotional activities and to administer the nationally significant historic places entrusted to our care.

While these activities all deliver significant benefits, their delivery also has a cost to owners and to the community. Ongoing economic conditions, combined with a strong public focus on the seismic resilience of unreinforced masonry buildings, have combined to create an environment in which the significance of these costs to heritage owners places the survival of our heritage places at greater risk than ever before. We are working constructively with heritage property owners, including iwi and hapū to ensure positive outcomes for heritage are achieved.

We share many of the experiences of other heritage building owners. We have completed the post-quake reconstruction of Coton's Cottage. We have also completed the deconstruction of the Lyttelton Timeball Station and are now in the process of planning and fund-raising for its re-build. This organisation has also faced significant increases in insurance premiums, higher excesses and exclusions from coverage.

These circumstances present significant challenges, particularly in an environment where the *Historic Places Act 1993* (HPA), the *Resource Management Act 1991* (RMA) and the earthquake-prone buildings provisions of the *Building Act 2004* (BA) are under review. The changes that these reviews are likely to bring requires a fundamental re-examination of our role and the implementation of many of the specific functions of the NZHPT over the coming year.

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<sup>1</sup> The legislation review currently underway proposes to change the name of the Register. The date of passing of the Heritage New Zealand Pouhere Taonga Bill is not known at this time so throughout this document the existing name of the Register will be used.

So much of New Zealand's heritage has recently been lost that we are concerned that future policy decisions could also have a further adverse impact. Public safety is the highest priority. How to retain and celebrate heritage in that context is one such significant challenge.

While the NZHPT is New Zealand's principal adviser on historic heritage management, it is an organisation in transition, from its origins as a membership and advocacy-based non-governmental organisation to a professionally governed and managed Crown entity. The organisation is re-positioning itself as a respected adviser to central and local government and to heritage property owners, including iwi and hapū. We intend to use the rebranding of the NZHPT to Heritage New Zealand Pouhere Taonga, together with the public consultative processes for the policy reviews contemplated in the new legislation, to reinforce this change.

We assume our Crown funding will remain stable. Meanwhile the community through donations, grants and bequests, against a backdrop of the Canterbury earthquakes, has been very encouraging. Within tight fiscal constraints we will continue to allocate expenditure and focus on priorities that support the country as it builds our economy, and rebuilds Canterbury.

Reinforcing existing relationships and forging new ones, particularly with iwi and hapū and new regional heritage organisations, will continue to be a long-term focus. The introduction of the Heritage New Zealand Pouhere Taonga Bill has reinforced government expectations of how the heritage community will work together. While the legislation in its current form will result in Branch Committees being disestablished, the transition of most of the former committees to new regional trusts or incorporated societies in advance of the new Act shows the commitment to increasing local heritage advocacy. This transition will take time and our national network of professional staff will continue to work with the new regional organisations on heritage issues.

Over the next three years New Zealanders will observe the centenary of World War I, the 150th anniversary of the Waikato land wars and the bicentennial of Samuel Marsden's first sermon in New Zealand. Let us not lose sight of the significance of the places where such events occurred and where they are commemorated. They represent the shared moments in our history that make us who we are today – a nation that takes pride in being New Zealanders.



A black and white handwritten signature of Shonagh Kenderdine, written in a cursive style.

**Shonagh Kenderdine**

Chair NZHPT Board

Tumuaki a te Poari Te Pouhere Taonga

May 2013



A black and white handwritten signature of Sir Tumu te Heuheu KNZM, written in a cursive style.

**Sir Tumu te Heuheu KNZM**

Chair Māori Heritage Council

Tiamana o te Kaunihera Taonga Tuku Iho Māori

May 2013



## PART ONE:

# CONTEXT, STRATEGIC PRIORITIES AND OUTCOMES

## 1.1 OVERVIEW

New Zealanders are placing increasing importance on the places that symbolise their association with their own nation. These heritage places incorporate special values relating to our connection over time and the resulting pathways and traditions. Research undertaken on our behalf in 2010 established a benchmark from which to measure the importance of heritage to New Zealanders. The study demonstrated a very high level of concern for our historic places and their environment. These places provide a sense of belonging to each of us as individuals, as families, as iwi/hapū and as communities. They tell stories that bind us together as diverse peoples sharing one country, and they provide places of interest to visitors that are increasingly recognised for the cultural and economic development opportunities they present. The current economic environment, combined with the increased perception of risk associated with older buildings and their context following the Canterbury earthquakes, creates a very challenging environment in which to ensure the long-term survival and appreciation of our heritage places.

This Statement of Intent (SOI) reflects each of these values and challenges, setting out our understanding of the environment in which we will operate, the responsibilities imposed

by legislation, the expectations of Government and the Board's strategic priorities. It describes the things we will achieve and how we will achieve them over the next three years.

## 1.2 OUR STATUTORY CONTEXT AND ACCOUNTABILITY

Our role, as defined by the *Historic Places Act 1993* (HPA), is "to promote the identification, protection, preservation and conservation of the historical and cultural heritage of New Zealand". Over the past 55 years we have become New Zealand's leading national historic heritage agency and are seen by the public as the guardian of this country's national historic heritage.

While our powers and functions are established within the HPA, the organisation is also governed and managed as an autonomous Crown entity under the *Crown Entities Act 2004* (CEA). Our primary source of funding (80%) is the New Zealand Government through Vote Arts, Culture and Heritage and we are monitored by the

Ministry for Culture and Heritage. Under the CEA, Board members must comply with the Board's collective responsibilities, their individual duties as members and any directions made by the responsible Minister.

The HPA is currently under review and consequently our statutory context is likely to

change. The completion date for the review and subsequent legislative change is not known but is expected to be within the next 12 months. For this reason this SOI references the upcoming changes while recognising they may not be implemented in this financial year.

We report annually to Parliament on our performance against our SOI. In addition, we

provide a report every six months to the responsible Minister on progress towards achieving performance targets. The NZHPT's Chair and the responsible Minister sign a Memorandum of Understanding each year specifying performance, reporting and relationship expectations.

### 1.3 ORGANISATIONAL STRUCTURE

The NZHPT is governed by a Board that, while taking into account government priorities and desired outcomes, is responsible for the organisation's strategic direction.

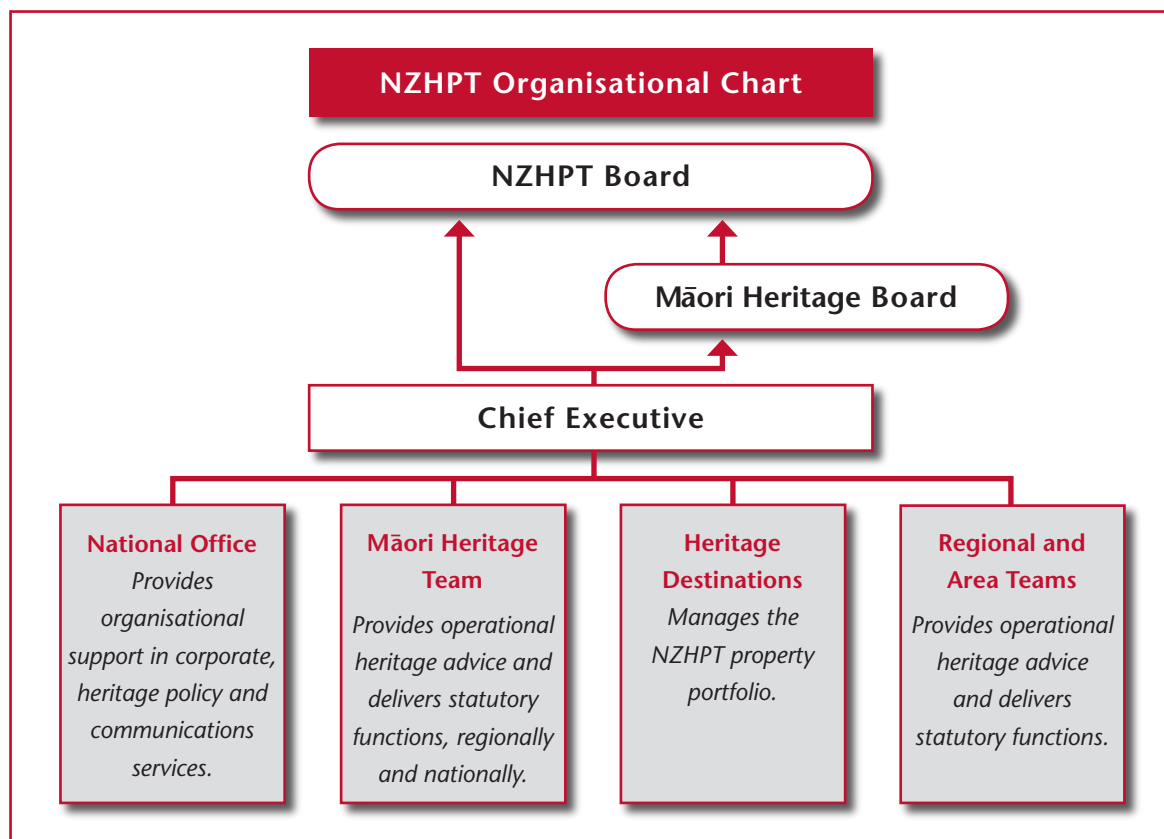
The NZHPT's Māori Heritage Council has specific statutory functions under the HPA relating to the promotion and conservation of many aspects of Māori heritage. While not in a governance role, the Council works very closely with the Board to ensure the NZHPT's work aligns strategically with both bodies' responsibilities and preferences.

The national office in Wellington provides key service, support and policy functions, and a Māori Heritage team operates throughout the management and organisational structure.

There are regional and area offices located in Auckland, Wellington, Christchurch, Kerikeri, Tauranga and Dunedin.

The Heritage Destinations Group enhances this national presence by caring for and managing 48 historic properties around the country, 17 of which are staffed (refer to back cover for the complete list of properties managed by NZHPT).

The NZHPT also has over 19,500 members who support the work of the organisation.



## 1.4 THE CULTURAL SECTOR, KEY STAKEHOLDERS AND NZHPT'S ROLE

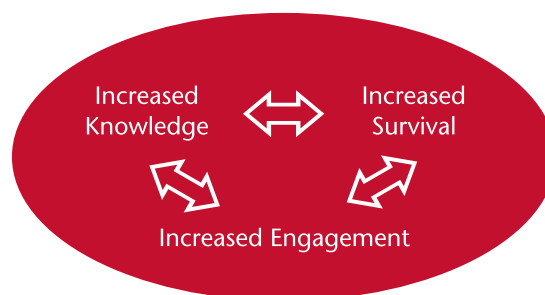
We do not operate alone to achieve positive outcomes for heritage. In contributing to the Government's goal for the Cultural Sector, we must work closely with central and local government, iwi, community groups and owners of heritage buildings (both in public and private ownership). We also provide input to central government policy to ensure heritage implications are considered. When government policy, local government policy and community engagement are aligned, optimal heritage outcomes have a greater chance of being achieved.

Our work can be broadly classified into three areas which are both distinct and interrelated:

- > *Increasing the body of knowledge about New Zealand's heritage:* This library of knowledge is necessary both to support the current work of heritage survival and engagement, but also as an outcome in its own right to ensure this information is captured before heritage is lost for future generations. This work involves identifying significant heritage, registering where appropriate and, where sites are unable to be avoided, capturing archaeological information before it is destroyed.
- > *Ensuring heritage survives:* NZHPT does this by informing the central and local government policy environment, advising on impacts to significant heritage places, regulating changes to archaeological sites, and delivering direct conservation work at properties both within our own portfolio and alongside iwi for significant Māori built heritage. Heritage survival is critical to ensuring that future generations of people and communities are able to appreciate some of the most important aspects of our history.

- > *Increasing public engagement and awareness of heritage:* NZHPT's role is to ensure heritage information and stories are accessible to enable New Zealanders to engage with and appreciate their heritage. We do this through providing access to the stories on our website, interpreting and opening our properties to visitors, working with community groups to help them manage their heritage, and providing seminars to facilitate wider understanding of specialist heritage knowledge.

The three broad areas of work can be depicted in the diagram below to show how they impact and contribute to each other. In combination they lead to the NZHPT's overall outcome: *'Present and future generations of New Zealanders experience and enjoy a sense of place, belonging and nationhood.'*



While all NZHPT operations are interrelated, for clarity, the remainder of this document discusses the specific outputs under these three intermediate outcome areas.

## 1.5 MEDIUM AND LONG-TERM OUTCOMES

Our medium and long-term outcomes support the wider outcomes for the Ministry for Culture and Heritage and ultimately the Government's Goal for the Cultural Sector. These are defined as follows:

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

New Zealand's distinctive culture enriches our lives

### MINISTRY FOR CULTURE AND HERITAGE OUTCOMES:

Cultural activity flourishes in New Zealand (Create)	Our culture and heritage can be enjoyed by future generations (Preserve)	Engagement in cultural activities is increasing (Engage)
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### NZHPT OUTCOMES:

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

<b>Knowledge/Mātauranga</b> Places that contribute to New Zealand's culture and heritage are identified and their stories recorded  <b>Long-term impact indicator</b> <i>Knowledge about New Zealand's culture and heritage is increased and available</i>	<b>Survival/Tiakina</b> Places that are significant to New Zealand's culture and heritage survive  <b>Long-term impact indicator</b> <i>Loss of registered heritage through demolition or destruction is minimised and the number of heritage sites protected or where damage is avoided is increased</i>	<b>Engagement/Hononga</b> New Zealanders engage with those places that contribute to New Zealand's culture and heritage  <b>Long-term impact indicator</b> <i>Public engagement, awareness and understanding of heritage is increased</i>
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### NZHPT OUTPUTS:

1. Prepare heritage inventories 2. Enhance the Register 3. Capture heritage information	1. Engage in heritage protection 2. Conserve Māori heritage 3. Administer the National Heritage Preservation Incentive Fund 4. Administer the Archaeological Authority process 5. Conserve NZHPT properties	1. Encourage engagement with heritage in communities 2. Open NZHPT properties to the public 3. Share heritage stories
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## 1.6 STRATEGIC CONTEXT AND EMERGING CHALLENGES 2013-2016

Managing the expectations of a diverse range of stakeholders in a tight fiscal environment remains a significant challenge.

The following all have a major impact on the environment that we are currently operating in:

- > Government's expectation that all state sector entities will deliver better public services and a more competitive and productive environment will be built.
- > Expectations that NZHPT will focus on national priorities and continue to develop the organisation as a respected adviser on heritage matters to government, iwi and property owners, providing constructive and timely advice and assistance wherever possible.
- > Ensuring heritage survival issues are considered in the rebuild of Christchurch in ways that facilitate the recovery of the region.
- > An increasing concern from Māori communities to be more active in the protection and management of their heritage and increased expectations to be consulted and assisted.
- > Community pressure for us to take a more proactive heritage advocacy role that leads to greater heritage protection in resource management processes.

There are a number of emerging external challenges and opportunities that we must also take into account:

- > Current public perception as to the safety of older commercial building stock.
- > Market preferences and insurance availability and cost for unreinforced masonry buildings.
- > Expectations that the NZHPT will take an active role in policy development for

the concurrent reviews of the Historic Places Act, Resource Management Act and Building Act.

- > Community pressure to review the limited economic incentives currently available to encourage owners to strengthen and adaptively reuse heritage buildings in a tight fiscal environment.
- > Timing of reviews of second generation district plans and the opportunity to integrate heritage listings in those plans.
- > Increasing pressure to capture significant archaeological information before its loss from increasing erosion and other natural processes.

In addition, there are a number of internal challenges and opportunities that will impact on our work priorities over the coming years:

- > Implementation of the changes to process and reviews of policies resulting from the passing of the Heritage New Zealand Pouhere Taonga Bill.
- > Continuing to facilitate the transition of NZHPT Branch Committees to new regional heritage organisations.
- > Engaging with communities, in partnership with others, to encourage wider appreciation of our historic heritage.
- > Promoting the accurate perception of the role and functions of the NZHPT as a Crown entity.
- > Allocating limited resources to those heritage places that are most significant and most at risk, and continuing to deliver heritage outcomes of a high standard within a climate of fiscal restraint.

- > Achieving and maintaining financial sustainability for the mandatory functions of the organisation, working to increase self-generated revenue wherever possible

and appropriate, and allocating resources to discretionary functions on the basis of priorities assigned by the Board.

## 1.7 STRATEGIC PRIORITIES 2013-2016

The following strategic priorities have been determined by the Board as being necessary to achieve the NZHPT's outcomes in light of the emerging challenges and strategic context of the organisation.

### (a) Re-positioning the Organisation

The key priority of the NZHPT over the next year will be to continue to work towards positioning the organisation as a respected adviser to local and central government, iwi, and property owners, and focussing the work of the organisation on national priorities.

The NZHPT became a Crown entity in 2005 but remains perceived by many key stakeholders as a non-governmental organisation. The proposed changes to our legislation through the Heritage New Zealand Pouhere Taonga Bill and the rebranding of NZHPT as Heritage New Zealand will assist in correcting this perception.

We will make full use of the public consultative processes for the policy reviews of our functions contemplated in the new legislation to reinforce these changes.

### (b) Improving the Regulatory Environment for Historic Heritage

There are currently two drivers of change in the policy and regulatory frameworks that affect the future of New Zealand's heritage places. The first is the significant change in the perception of risk in New Zealand's older commercial building stock, not unreasonably driven by

concerns about life safety, economic resilience, and the cost and availability of earthquake-related insurance following the Canterbury earthquakes.

The second is that while significant heritage in private ownership may have high heritage value to the community, these values may not be appreciated by the owner or may not be capable of generating an economic return. In the current recessionary environment the increasing gap between public and private value can lead to under-investment in conservation and ultimately the loss of heritage places that are of great value to the wider community.

Without careful consideration, both of these trends create the potential for changes in the regulatory framework that may place not just particular heritage buildings, but the economic viability of large areas of heritage character, at unnecessary risk. It is possible for the regulatory framework to incentivise the retention of significant heritage at minimal public cost. It is therefore a priority for us to engage with policy and regulatory reviews within both central and local government to ensure that these concerns do not lead to unnecessary loss of heritage values.

### (c) Building Public Support for Historic Heritage through Engagement and Appreciation

The NZHPT Board recognises that New Zealand's historic heritage has a higher probability of survival and appreciation when these places and their stories are made more accessible to the public. Our most significant heritage places are also increasingly being recognised for the economic value they can contribute through cultural tourism. We will therefore continue to develop new activities to engage both directly with the public and indirectly, through partnerships with local heritage organisations, and with central and local government organisations and private sector tourism operators.

### (d) Achieving Financial Sustainability

The current financial strategy for the organisation is based around the need to manage three factors: no increase in government funding until at least 2015; the opportunities and risks around increasing various forms of self-generated

revenue which currently contribute 20% of baseline funding, and increased demands for spending on discretionary activities such as heritage engagement; and the conservation and development needs of 48 properties and their collections. These factors must be balanced, whilst also sustaining the core mandatory activities of the organisation such as processing archaeological authorities. The uncertainty inherent in sustaining or further increasing the \$3 million of self-generated revenue requires that the financial and output management strategies retain a degree of flexibility at the margin and that self-generated revenue be increased if possible.

We will prioritise and focus on core areas of excellence and on the most significant components of New Zealand's heritage, including prioritising property expenditure. We will continue to aggressively pursue third party revenue opportunities, including increasing the current number and range of public private partnerships which deliver heritage outcomes.



## PART TWO:

# STATEMENT OF SERVICE PERFORMANCE 2013-2016

## NZHPT KEY PRIORITY OUTPUTS 2013-2016

### **2.1 Intermediate Outcome 1: Heritage Knowledge/Mātauranga** *Places that contribute to New Zealand's culture and heritage are identified and their stories recorded.*

An important first step in managing and conserving the finite heritage resource, and providing opportunities for New Zealanders to engage with heritage, is to identify and record the stories of New Zealand's significant heritage places.

Access to comprehensive and accurate information about which places are significant and why they are important assists present and future generations of New Zealanders to experience and enjoy a sense of place, community and belonging (NZHPT Outcome). Our work in this area is key to both the survival of heritage places (Intermediate Outcome 2) and to enable New Zealanders to engage with heritage (Intermediate Outcome 3).

<b>Long-term impact indicator – Knowledge about New Zealand's culture and heritage is increased and accessible:</b>	<b>2010- 2011 Actual</b>	<b>2011- 2012 Actual</b>	<b>2012- 2013 Estimate</b>	<b>2013- 2014 Forecast</b>	<b>2014- 2015 Forecast</b>	<b>2015- 2016 Forecast</b>
Increase in the number of average page views per month of NZHPT website (including the Register Online)	20,810 (Online Register only)	55,000 <sup>2</sup>	90,000 <sup>3</sup> (65% increase)	80,000 <sup>4</sup> (12.5% decrease)	82,500 (3% increase)	85,000 (3% increase)
Increase in the percentage of website users who would recommend the website to others	86% (Online Register only)	81%	80%	85%	90%	90%
Increase in the number of requests for reports from the Archaeological Report Digital Library	198 requests for 937 reports	268 requests for 1,319 reports	230 requests for 1,200 reports	270 requests for 1,500 reports	320 requests for 1,700 reports	380 requests for 1,950 reports
Increase in the total number of reports available in the Archaeological Report Digital Library	3,630	3,946	4,400	4,900	5,600	6,500
Increase in the total number of Registration Reports available	2,189	2,248	2,300	2,360	2,460	2,560

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

NZHPT holds and gathers information relating to New Zealand's historic heritage. Our most significant heritage is recognised through the statutory registration process and included in

the NZHPT National Register of historic places, historic areas, wāhi tapu and wāhi tapu areas. Of the 5,660 entries in the Register, information about why these places are significant is made easily accessible on the internet via the Register Online ([www.historic.org.nz/register](http://www.historic.org.nz/register)).

<sup>2</sup> Measure now includes the Register Online and other web pages associated with telling heritage stories and heritage conservation information that contributes to the heritage appreciation outcome.

<sup>3</sup> The large increase is due to: search engine optimisation efforts; enhancing the all-of-site search (went live in July 2012) allowing users to more easily find what they're looking for, and to stay on the site; and adding more content to the site including wāhi tapu information to the Register Online.

<sup>4</sup> A decrease is signalled in the next financial year as the NZHPT is expecting to change domain name when the Heritage NZ Pouhere Taonga Act comes into force as the search engines will need to re-index the site, and there is a high potential for broken links to occur.

The Register is the most comprehensive and authoritative information resource about historic heritage available for property owners, developers, local authorities, Māori, researchers, and anyone interested in New Zealand's heritage.

In addition to progressing registration proposals we are also proactive in identifying heritage by undertaking targeted inventory projects. Our inventory work involves surveying a defined area and identifying and researching significant heritage. The most significant places may also be considered for registration. Local government relies on the Register as a basis for protecting significant heritage in district plans and so NZHPT targets its heritage identification efforts to undertake heritage inventory research in those areas where second generation district plans<sup>5</sup> are in preparation. Identifying significant heritage is important to heritage survival. It is achieved through ensuring appropriate protection mechanisms are in place through changes to district plan schedules, which may take several years to take effect.

We receive more nominations for registration than we are able to process with our available resources and so we prioritise on the basis of significance and risk. To ensure the Register remains accurate and authoritative we:

- > add significant heritage to the Register;
- > work with iwi, hapū and whānau to progress registrations of significance to Māori;

- > review registrations as requested within statutory timeframes;<sup>6</sup>
- > upgrade the information supporting individual Register entries;
- > update location information for Register entries; and
- > ensure easy online access to entries in the Register and the information supporting the registrations.

The Heritage New Zealand Bill proposes changes to the registration process. If the new legislation takes effect during 2013-2014 a key focus for this year will be to implement the changes required by the new legislation.

A key output of the archaeological authority process, which regulates changes to archaeological sites, is to capture information from sites prior to their modification.<sup>7</sup>

Where archaeological sites are unable to be avoided, whether from natural or developmental processes, it is essential that the information the sites hold about the history of New Zealand can be captured before it is lost forever.

The resulting reports commissioned by authority holders are made available through the Archaeological Report Digital Library. In addition, information on places previously registered that have been demolished or destroyed can continue to be accessed from our website.

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<sup>5</sup> Following the RMA coming into force in 1991 all district councils were required to prepare a new district plan. 'Second generation' district plans refer to the review of the first plan prepared under the RMA.

<sup>6</sup> Any person may request a review of a registration after three years has passed from the date of registration or last review. NZHPT must consider the review application within 12 months of its receipt. The result of a review may be to vary, change the category, confirm or remove the registration.

<sup>7</sup> Refer to Intermediate Outcome: 2.2 Survival for a description of the Archaeological Authority Process.

**Heritage Knowledge Outputs Table:**

Type of Measure	Output	2010-2011 Actual	2011-2012 Actual	2012-2013 Estimate	2013-2014 Forecast	2014-2015 Forecast	2015-2016 Forecast
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**Output 1: Prepare Heritage Inventories**

Activity Measures	Number of inventory projects completed and made accessible to district councils	-	New measure	7 projects	5 projects	5 projects	5 projects
	Number of new site assessments from Heritage Inventory work made available	-	New measure	185 assessments	200 assessments	200 assessments	200 assessments

**Output 2: Enhance the Register**

Performance Measures	Additions to the Register (including those of significance to Māori)	99	65 <sup>8</sup>	45 <sup>9</sup>	35 <sup>10</sup>	35	30 <sup>11</sup>
	Additions to the Register that are of significance to Māori	14	8	6	9	8	8
	Percentage of Register entries with a statement of significance <sup>12</sup>	38.4%	39.5%	40.5%	41%	42%	43%
Activity Measures	Existing registrations reviewed	40	121 <sup>13</sup>	23	25	15	15
	Register location information updated	274	251	190	180	180	180
	Deficient registrations resolved	87	59	110 <sup>14</sup>	85	83	Project completed

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

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

10 The Additions to the Register estimate is made up of 17 new proposals and an estimate of 18 deficient registrations being assessed as being worthy to enter on the Register (from 85 deficient registrations being resolved in the year).

11 A reduction in Additions to the Register is expected with the completion of the Deficient Registration project and the potential new New Zealand Historic Landmark List work.

12 Following the 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 Register).

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

14 At 1 July 2013, it is expected that there will be 168 deficient registrations awaiting resolution.

Type of Measure	Output	2010-2011 Actual	2011-2012 Actual	2012-2013 Estimate	2013-2014 Forecast	2014-2015 Forecast	2015-2016 Forecast
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### Output 3: Capture Heritage Information

Performance Measures	Number of archaeological reports that are overdue from authority holders has decreased (biennial audits)	232 reports accounted for a 36% reduction	-	101 reports accounted for a 20% reduction	-	20% reduction	-
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### Heritage Knowledge Output Costs:

	2010-2011 Actual \$000s	2011-2012 Actual \$000s	2012-2013 Estimate \$000s	2013-2014 Prospective \$000s	2014-2015 Prospective \$000s	2015-2016 Prospective \$000s
Heritage Knowledge Output Costs	2,612	2,344	2,443	2,539	2,500	2,500

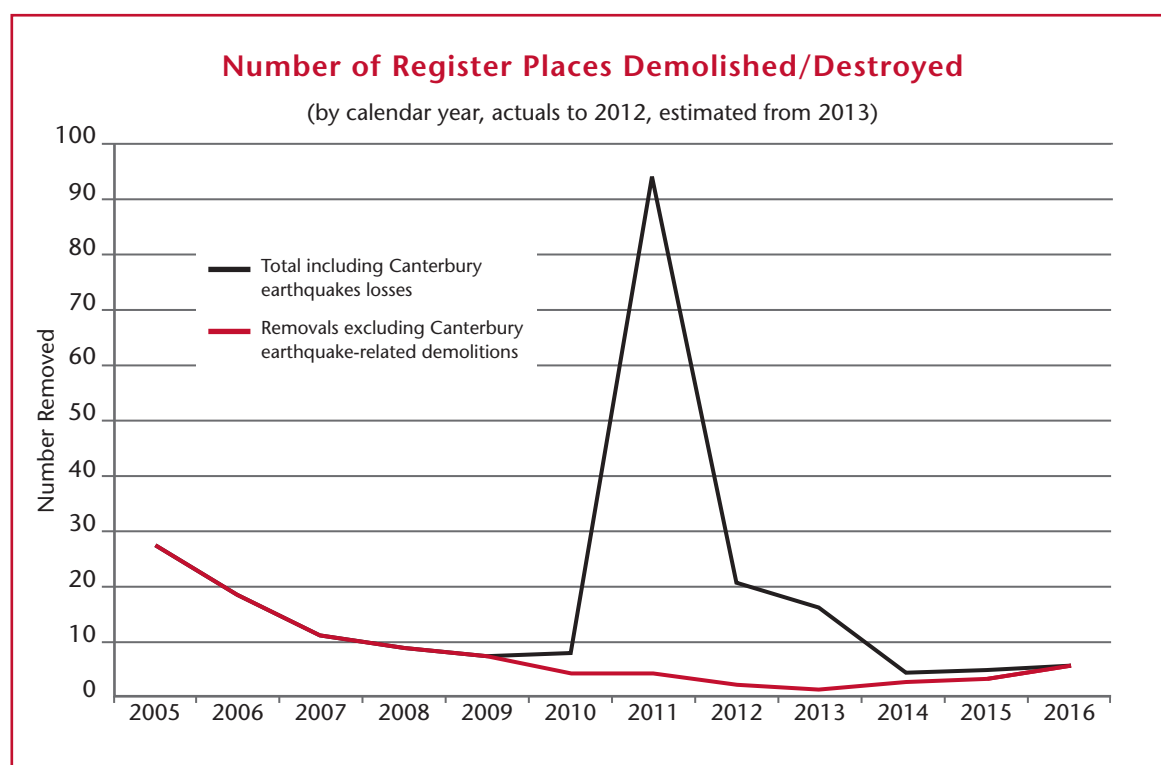
## 2.2 Intermediate Outcome 2: Heritage Survival/Tiakina

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

The long-term survival of heritage places is vital to achieving the overall NZHPT Outcome because experiencing a sense of place, community and belonging is dependent on these physical reminders in our towns, cities and landscapes. The work we do under the Knowledge and Engagement Intermediate Outcomes contributes directly to the survival of significant heritage. By improving awareness of heritage significance, and providing owners with tools to conserve heritage places, we will ultimately ensure that more of our historic heritage survives for the benefit of present and future generations.

<b>Long-term impact indicator – Loss of registered heritage through demolition or destruction is minimised and the number of heritage sites protected or where damage is avoided is increased:</b>	<b>2010- 2011 Actual</b>	<b>2011- 2012 Actual</b>	<b>2012- 2013 Estimate</b>	<b>2013- 2014 Forecast</b>	<b>2014- 2015 Forecast</b>	<b>2015- 2016 Forecast</b>
Number of registered heritage sites demolished or destroyed reduces (measured in calendar years, refer Graph 1)	8 (2010)	92 (2011)	21 (2012)	17 <sup>15</sup> (2013)	6 <sup>16</sup> (2014)	6 (2015)
Number of heritage sites protected or damage avoided at a site (as a result of NZHPT involvement in resource management, advocacy, archaeological authority, and Crown land disposal processes) increases	681	497	320 <sup>17</sup>	340	350	360

**Graph 1: Long-term Trend of Destruction of Registered Heritage**



<sup>15</sup> The forecast for the coming year is based on knowledge of registered properties we know are likely to be demolished during the year.

<sup>16</sup> The forecasts for the outlying years are based on trend data excluding the Canterbury earthquake events but considering proposed changes to earthquake-prone buildings policy.

<sup>17</sup> The reduction in numbers reflects the change in regulatory processes in Canterbury following the earthquakes and the ability of NZHPT to influence owners to retain rather than demolish heritage places. However, in the coming years we are expecting an increased number of archaeological authority applications (but less district plan reviews) due to the uncertain planning policy environment, so only a small increase in protection or avoidance of sites is forecasted.

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

Alongside growing community expectations that significant heritage places must survive, we recognise that this must not unreasonably impact on the rights of individual property owners. Our preferred approach is to engage early and constructively with owners and developers. We provide advice and facilitate adaptive reuse to try to ensure the ongoing economic life for heritage places, encouraging the structural strengthening of buildings, and using regulatory approaches as a last resort.

The protection of heritage is usually dependent on district planning mechanisms. We will continue to seek improved heritage provisions in second generation district plans and incentive mechanisms to encourage retention of significant heritage. We will continue to provide heritage assessments for Crown agencies disposing of Crown-owned land, seeking heritage protection measures for significant heritage.

We will continue work with iwi, hapū and whānau to assist their capacity to maintain, conserve and ensure the survival of their heritage places including built heritage, sites and rock art. We will also develop this capability through workshop training, and specialist project and programme advice delivered on marae to assist Māori communities as kaitiaki of their heritage.

NZHPT engages in local and central government processes to encourage the retention of significant heritage. A key focus of our work is on the recovery of Canterbury. NZHPT will continue to work closely with the Canterbury Emergency Recovery Authority (CERA) and the three district councils concerned to assist with recovery. We provide owners and CERA heritage conservation advice on damaged buildings within tight timeframes.

We will also continue to process emergency archaeological authorities in the greater Christchurch area within the shorter timeframes provided for by the *Canterbury Earthquake (Historic Places Act) Order 2010*, to ensure archaeological material is recorded prior to its removal.

There is currently an increased focus on earthquake-prone buildings policy and we will continue to advocate that *all* buildings need to be safe. We provide advice to heritage building owners throughout New Zealand on ways to structurally upgrade buildings while retaining heritage values. We will participate in policy discussions within central government, including the review of the earthquake-prone building provisions of the Building Act 2004.

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

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

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

The Heritage New Zealand Bill proposes changes to the archaeological authority process, and if the new legislation takes effect during 2013-2014 a key focus for this year will be to implement the changes required by the new legislation. This would include preparing and consulting on policy for the administration of NZHPT's statutory functions.

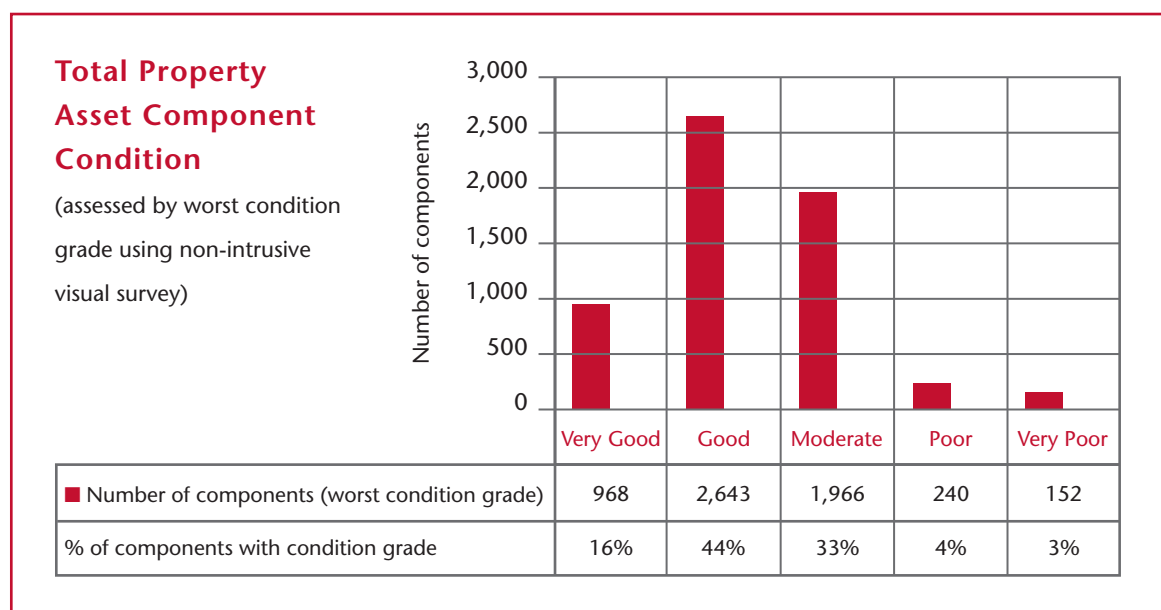
NZHPT actively conserves heritage places through working with property owners, iwi, hapū and whānau, the community, local authorities and central government agencies to sustainably conserve heritage in their care and by directly managing heritage properties in our care.

This year will see the completion of a significant multi-year programme to address deferred maintenance and safety issues at NZHPT-managed properties. The NZHPT cares for one of the largest heritage property portfolios in New Zealand constituting 48 significant heritage properties together with their collections of some 80,000 items. Many are well-known and visited properties forming part of developing tourism networks

such as the Stone Store in Kerikeri, Pompallier Mission at Russell, the Waikato war sites such as Rangiriri Pa and Te Porere Redoubt, Old St Paul's in Wellington, Hayes Engineering Works at Oturehua and Totara Estate near Oamaru (refer to back cover for full list).

In addition to cyclical maintenance we will undertake a range of conservation projects to improve the overall condition of our properties. NZHPT strives to ensure the built components<sup>18</sup> of its properties are in a moderate or better condition to ensure heritage values do not deteriorate. Graph 2 shows the current condition of the components of NZHPT-managed properties as assessed annually by NZHPT and recorded by component in the Capital Asset Management System. Components graded as being Very Good, Good and Moderate are considered to have up to 80% of their useful life left while those graded as Poor or Very Poor are within the last 20% of their estimated useful life and therefore require attention. Projects to improve component condition will be prioritised on condition, significance, risk and funding available.

**Graph 2: Current Condition of Components of NZHPT-managed Properties: Heritage Destinations**



<sup>18</sup> A component is a specific part of an asset or building element having independent physical or functional identity and a determinable length of life (e.g. roof covering, interior doors, window with its surround, an iron fence).

Maintaining and conserving these properties over the long term means that within the limits of our resources we can contribute directly to

the survival of some of New Zealand's most significant heritage places.

**Heritage Survival Outputs Table:**

Type of Measure		2010-2011 Actual	2011-2012 Actual	2012-2013 Estimate	2013-2014 Forecast	2014-2015 Forecast	2015-2016 Forecast
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**Survival Output 1: Engage in Protection Processes**

Performance Measures	Percentage of resource consent responses that result in positive heritage outcomes (where decision is known)	92%	95%	80%	80%	80%	80%
	Percentage of district plans that meet NZHPT defined standard (biennial assessment) <sup>19</sup> in four areas where district plan provisions include:						
	i. A Heritage Schedule that contains all registered properties	21%		32%		45%	
	ii. Demolition of scheduled heritage as a non-complying activity <sup>20</sup>	43%		51%		55%	
	iii. Destruction of scheduled Māori heritage as a non-complying activity <sup>21</sup>	9%		16%		20%	
	iv. Regulatory incentives for retention of heritage	28%		28%		30%	
	Percentage of our submissions that result in positive heritage outcomes (where decision is known)	88%	98%	60%	60%	60%	60%
	Percentage of assessments of land proposed for disposal by Crown agencies completed within specified timeframes	91%	100%	100%	100%	100%	100%

<sup>19</sup> The NZHPT National Assessment of RMA Policy and Plan Heritage Provisions is carried out biennially, considers 75 district plans and is posted on the NZHPT website. The 2011 assessment is located at [http://www.historic.org.nz/~media/Corporate/Files/Submissions%20and%20research/NationalAssessment\\_RMAHeritageProvisions.ashx](http://www.historic.org.nz/~media/Corporate/Files/Submissions%20and%20research/NationalAssessment_RMAHeritageProvisions.ashx)

<sup>20</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 Māori heritage.

Type of Measure		2010-2011 Actual	2011-2012 Actual	2012-2013 Estimate	2013-2014 Forecast	2014-2015 Forecast	2015-2016 Forecast
Activity Measures	Number of policy submissions relating to plan and policy documents submitted to local authorities and central government	171	135	80	70 <sup>22</sup>	70	70
	Number of occasions advice is given on resource consents and related processes including the Building Act	1,860	1,516	1,400 <sup>23</sup>	1,300	1,300	1,300
	Number of assessments provided as part of disposal of Crown land processes	308	319	350 <sup>24</sup>	300	300	300
	Number of covenants negotiated over heritage properties	17	14	16	10	10	10
	Number of heritage training events to professionals delivered	51	53	40	30	30	30
<b>Survival Output 2: Conserve Māori Heritage</b>							
Activity Measures	Number of Māori built heritage, sites and rock art projects completed working with specific iwi and hapū	10	8	8	8	8	8
<b>Survival Output 3: Administer the National Heritage Preservation Incentive Fund</b>							
Performance Measures	Percentage of Fund allocated in accordance with the policy	100%	100%	100%	100%	100%	100%
	Percentage of approved applications monitored and reported	100%	100%	100%	100%	100%	100%

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21 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.

22 The reduction in expected policy submissions reflects the reduction in district plan reviews resulting from uncertainty due to the government's RMA reform.

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

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

Type of Measure		2010-2011 Actual	2011-2012 Actual	2012-2013 Estimate	2013-2014 Forecast	2014-2015 Forecast	2015-2016 Forecast
Activity Measures	Total number of projects funded	8	15	17	15	15	15
	Total value of grants approved	250,000	450,000	702,000 <sup>25</sup>	500,000	500,000	500,000

#### Survival Output 4: Administer the Archaeological Authority Process

Performance Measures	Percentage of Archaeological Authorities processed within statutory timeframes <sup>26</sup>	100%	100%	100%	100%	100%	100%
	Percentage of Archaeological Authorities that avoid or protect archaeological sites <sup>27</sup>	36% <sup>28</sup>	17%	20%	20%	20%	20%
Activity Measures	Number of Archaeological Authorities processed (excluding Emergency Authorities)	503 <sup>29</sup>	377	400	420	440	460
	Number of Emergency Authorities processed	62	608	350	350	200	100 <sup>30</sup>

#### Survival Output 5: Conserve NZHPT Properties

Performance Measures	Maintain 95% of property asset components at or above 'Moderate' Condition Grade assessed by annual non-intrusive visual survey (refer Graph 2)	New measure	85%	93% (23 Projects)	95% (13 Projects) <sup>31</sup> <sup>32</sup>	95%	95%
	Percentage of identified deferred maintenance and safety projects completed	34%	53%	85%	100%	Project completed	-

<sup>25</sup> The increase in this year was due to the recovery of grant funding projects that were not able to be started.

<sup>26</sup> Note the current statutory timeframe for processing of authorities is 90 working days. The review of the HPA is proposing to substantially shorten statutory timeframes for processing archaeological authorities. NZHPT is preparing for the change and expects to meet the new timeframes. The implementation date for these changes is not yet known but is expected to be in 2013.

<sup>27</sup> The HPA requires protection of 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 NZHPT. This target measures the percentage of authorities that provide some form of protection when works will be occurring, but does not include avoidance achieved through negotiation which results in no authority being necessary. This measure excludes Emergency Authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 in relation to the demolition of buildings in Canterbury following the earthquakes in 2010 and 2011.

<sup>28</sup> The 2010/11 percentage is substantially higher because a larger number of authorities were processed relating to a national infrastructure project where sites were able to be avoided.

## Heritage Survival Output Costs

	2010- 2011 <i>Actual</i> \$000s	2011- 2012 <i>Actual</i> \$000s	2012- 2013 <i>Estimate</i> \$000s	2013- 2014 <i>Prospective</i> \$000s	2014- 2015 <i>Prospective</i> \$000s	2015- 2016 <i>Prospective</i> \$000s
Heritage Survival Output Costs	7,862	7,742	9,483	8,474 <sup>33</sup>	7,643	7,658

### 2.3 Intermediate Outcome 3: Heritage Engagement/Hononga New Zealanders engage with those places that contribute to New Zealand's culture and heritage.

Knowledge about and survival of our significant heritage places are prerequisites to enable engagement with heritage by both present and future generations of New Zealanders (Intermediate Outcomes 1 and 2). This is achieved by both experiencing heritage places and accessing the information that explains their significance. Sharing the stories of our heritage places helps us to understand our collective past, develops an appreciation of the value of these places, and leads in turn to their conservation for the benefit of both present and future generations.

<b>Long-term impact indicator – Public engagement, awareness and understanding of heritage is improved:</b>	2010- 2011 <i>Actual</i>	2011- 2012 <i>Actual</i>	2012- 2013 <i>Estimate</i>	2013- 2014 <i>Forecast</i>	2014- 2015 <i>Forecast</i>	2015- 2016 <i>Forecast</i>
Increase in the percentage of survey respondents who rate their personal interest in heritage as very interested <sup>34</sup> (survey conducted annually) <sup>35</sup>	New measure	49%	53%	55%	57%	59%
Increase in the percentage of survey respondents who stated their level of interest in the protection of historic places had increased over the past year (survey conducted annually)	New measure	45%	50%	52%	54%	56%

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

30 The Canterbury Earthquake (Historic Places Act) Order 2011 expires on 18 April 2016.

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

32 It is expected that 5% of selected components for particular properties will be allowed to deteriorate as NZHPT is unable to fund conservation of all components for all properties. Therefore a prioritised and sustainable work programme is undertaken.

33 The reduction is due to the completion of a programme of deferred maintenance and safety projects that was funded by a one-off Budget allocation.

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

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

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

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

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

Building awareness of heritage places and sharing why they are significant is important in achieving the engagement outcome. We expect to achieve more by working in partnership with other organisations. NZHPT will expand its work with other community-based heritage organisations to enhance New Zealanders' appreciation of and engagement with heritage. This will include the maintenance and development of relationships with the present Branch Committees, and their successor organisations, and working together on heritage

appreciation initiatives (which may include events, displays, interpretation, publications and other projects).

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

Over the next three years initiatives will be pursued to expand our ability to tell New Zealand's heritage stories to a wider audience. We will continue implementing the e-media strategy which includes improvements to the NZHPT website, Online Register and creation of other digital resources for education and visitor benefits. The Register Online (see Knowledge Output 2) enables heritage property owners, and those working with heritage, to access heritage information that we have available about the significance of heritage places including heritage buildings, structures, places of significance to Māori, historic sites, archaeological sites and historic areas.

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

**Heritage Engagement Outputs Table:**

Type of Measure		2010-2011 Actual	2011-2012 Actual	2012-2013 Estimate	2013-2014 Forecast	2014-2015 Forecast	2015-2016 Forecast
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**Heritage Engagement Output 1: Encourage Heritage Engagement in Communities**

Performance Measures	Number of initiatives undertaken in partnership to enhance heritage engagement	New measure	55	40	35	35	35
	Number of heritage engagement events run	Not measured	Not measured	60	40	40	40

**Heritage Engagement Output 2: Open NZHPT Properties to the Public**

Performance Measures	Increase visitor numbers at NZHPT staffed properties	194,186 <sup>36</sup>	206,680	200,000	205,000 <sup>37</sup>	208,000	210,000
	Maintain the percentage of respondents who rate their visit to NZHPT staffed properties as "satisfied" or higher	96%	93%	92%	92%	92%	92%
	Number of visitor facility and interpretation projects completed at selected NZHPT properties	4 projects	4 projects	3 projects	2 projects	3 projects	3 projects

**Heritage Engagement Output 3: Share Heritage Stories**

Activity Measures	Number of media releases, comment, features and articles produced	180	211	180	180	180	180
	Audited readership of <i>Heritage New Zealand</i> , Audit Bureau of Circulation	15,819	14,123	13,500	14,000	14,250	14,500
	Number of email recipients of <i>Heritage this Month</i> newsletter averaged over 12 months	7,861	8,389	8,580	8,700	8,900	9,000

**Heritage Engagement Output Costs:**

	2010-2011 Actual \$000s	2011-2012 Actual \$000s	2012-2013 Estimate \$000s	2013-2014 Prospective \$000s	2014-2015 Prospective \$000s	2015-2016 Prospective \$000s
Heritage Engagement Output Costs	6,430	6,045	6,158	6,193	6,100	6,100

<sup>36</sup> The Timeball Station in Lyttelton sustained serious damage in the Canterbury earthquakes of 4 September 2010 and 22 February 2011, and was dismantled. The site remains closed to the public.

<sup>37</sup> Achieving this target will be a challenge due to major changes in visitor origin and a decline in visitation from Heritage Destinations' traditional markets.



## PART THREE:

# ORGANISATIONAL CAPABILITY AND DEVELOPMENT

Achieving the organisation's outcomes and outputs requires our systems, people, and financial resources to be appropriately matched. The organisation has 108 permanent staff (full-time equivalents).

**Supporting staff** – The NZHPT is fortunate to have a team of highly skilled, professional and dedicated staff. They are spread widely throughout New Zealand and in many cases exercise significant discretion in undertaking their duties. We will continue to implement and refine the systems that support and develop them in their work.

**Prioritising services** – The demand for our services consistently exceeds our ability to supply. Rather than spreading our available funding too thinly across all of our properties and functions, a key strategic approach will continue to be to: deliver the best value for money by being selective about the activities and properties on which we will focus our efforts; and implement policies which ensure consistency in the exercise of discretion across the regions.

We will also complete the review of the property portfolio and assist the Ministry for Culture and Heritage with a review of the Heritage Preservation Incentive Fund.

**Supporting the recovery of Canterbury** – During 2013-2014 priority will continue to be given to assisting with the recovery in the Canterbury region. Specifically, workloads have been reallocated to ensure statutory timeframes can be met to process the archaeological authorities within the streamlined timeframes in accordance with the Canterbury Earthquake (Historic Places Act) Order 2010.

**Maintaining financial sustainability** –

Government has clearly signalled that there will be no increase in Crown funding over the next three years. This reinforces the need to maintain and preferably increase the already significant self-generated funding that the organisation raises each year. Non-Crown funding sources include: member subscriptions, donations, grants, sponsorships, bequests, property-based revenue from events, admissions and merchandising, and cost-recovered advisory services.

**Implementing the new legislation** –

During the 2013-2014 year it is possible that the Heritage New Zealand Pouhere Taonga Bill will be passed into law and come into effect. If passed, the Bill will see a change in the governance arrangements for the organisation and a requirement to review and publicly consult on many of the policies that guide the functional operation of the organisation.

**Assisting the Branch Committees' transition to new heritage organisations** –

The proposed Heritage New Zealand Pouhere Taonga Bill will no longer provide for the existence of Branch Committees of the NZHPT. To facilitate the transition on a voluntary basis while the committees remain part of the NZHPT, we will continue to provide a number of measures that will assist the new regional organisations to become established. These include: providing advice as to the alternative

forms the organisations might take, giving financial assistance both during and after the legislation is passed, and writing to all members of the NZHPT in the area of each branch advising them of the formation of the new organisation and encouraging them to support it. Of the 25 NZHPT Branch Committees, 15 have so far made the transition and become new regional heritage organisations and six have decided to disestablish.

### How NZHPT will manage organisational health and capability

NZHPT uses the following tools to manage and monitor organisational health and capability:

- > Development of annual budgets and business plans by operating teams
- > A Decision Support Model and a Roles and Responsibilities Matrix to ensure consistency in the application of legislation and policy across regions
- > Application of the 'RAISE' criteria to the prioritisation of work (Risk, Alignment with organisational outcomes, Impact, Significance of heritage, and Efficiency)
- > A capital asset management plan for the 48 properties it administers
- > Regular reports to Board against organisational plan and budget
- > Six-monthly performance reports to Minister
- > Regular performance reviews for all NZHPT staff
- > The application of the "One Team" philosophy throughout the organisation
- > A national training programme to ensure capability is enhanced consistently across the organisation
- > Prioritised training and development plans to ensure staff capability is fit for purpose
- > Human resource policies implemented in accordance with EEO and state sector guidelines
- > Tracking staff turn-over.

### Measuring our progress on organisational capability

- > Monitoring reports are completed on time
- > Performance management and internal communications policies are implemented
- > Staff turnover remains at less than 10% per annum for full-time positions
- > A two-day induction programme for new staff in permanent roles is provided three times per year
- > Zero tolerance of harassment, bullying and discrimination. We begin investigating as soon as instances are reported.

### How NZHPT will manage organisational development

We will continue to prioritise and provide the necessary support to the recovery of Canterbury and continue to develop our capability to maintain and preferably increase self-generated revenue.

We will continue to provide assistance to Branch Committees through their transition to becoming new regional heritage organisations in accordance with the policy established by the Board.

Should the Heritage New Zealand Pouhere Taonga Bill become law during the 2013-2014 year, the organisation will ensure that:

- > Resources are matched to the outputs and priorities required by the new legislation
- > The new brand of Heritage New Zealand Pouhere Taonga is progressively made known and is accurately perceived

- > Work is commenced on policies that must be developed and consulted on under the new legislation including: statutory advocacy, archaeology, registration and national landmarks.
  - > Targets for self-generated revenue are achieved
  - > The review of the property portfolio is completed
  - > Public perception of the role and functions of NZHPT is progressively more accurate
  - > Statutory requirements in respect of policies that must be developed and consulted on are undertaken in accordance with statutory timeframes.
- Measuring our progress on organisational development**
- > Input to policy and regulatory processes associated with the recovery of Canterbury are achieved within required timeframes



## PART FOUR:

# PROSPECTIVE FINANCIAL STATEMENTS 2013-2016

## 4.1 STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF PROPOSED SERVICE PERFORMANCE AND THE PROSPECTIVE FINANCIAL STATEMENTS

In Accordance with FRS – 42, Prospective Financial Statements, the Board and the management of the New Zealand Historic Places Trust hereby state that:

- > The Board and the management of the NZHPT have been responsible for the preparation of these Statement of Proposed Service Performance and Prospective Financial Statements, including the appropriateness of the assumptions underlying them, and the judgements used therein.
- > The Statement of Proposed Service Performance and Prospective Financial Statements will be updated in accordance with the s 139 of the *Crown Entities Act 2004* obligation to prepare a SOI at the start of each financial year.

## 4.2 FINANCIAL PLANNING ASSUMPTIONS

### 4.2.1 Overview

NZHPT's forecast total income for 2013/14 will be approximately \$16.5 million. This includes \$13 million from the Crown and \$3.5 million from NZHPT's membership base, properties, grants and other income.

During the 2013/14 year it will be a priority of NZHPT to continue delivery of asset maintenance programmes and prioritised service delivery levels within the limited resources available. Demand for our services exceeds our ability to supply within available resources so alternative revenue streams will continue to be actively pursued to try to reduce this gap.

The major assumptions that have been made in developing this SOI are:

- > Total Crown baseline funding for NZHPT will remain constant over the next three years
- > The financial impact of the impairment of the Timeball Station, Lyttelton, following the February 2011 earthquake has been reflected in these prospective statements to the extent of actual insurance recovery and the actual costs of dismantling the existing structure. The Board has made a decision in principle to rebuild a structure on this site, however no final decision has yet been made on the extent of the rebuild. An initial gift of \$1.1 million towards this project received in 2012/13, along with the balance of the insurance settlement monies, has been tagged separately for this project. A further allowance has also been made to generate a further 1.2 million over the next three years which will also be tagged separately to contribute to the rebuild project. While some money will be spent in 2013/14 to further develop options and detailed plans for this site, no allowance has been reflected in out-years for actual development on the site as there are still too many uncertainties around the quantum of this project
- > The financial impact of the impairment of Cotons Cottage, Canterbury, following the September 2010 earthquake has been reflected in these prospective statements to the extent of actual insurance recovery and the projected costs of reinstating, which was substantially undertaken in 2012/13 and due for completion in the 2013/14 year. The reinstatement costs have been capitalised
- > Additional services required in the Canterbury region following the earthquakes continue to be absorbed within baseline by reprioritising other activities both in that region and across the organisation
- > Insurance premiums increased by an additional \$455,000 per annum in 2011/12. This annual increase has been partially absorbed within baseline, by delaying some non-urgent cyclical maintenance at some properties, and by funding some urgent projects at the properties using existing reserves where it is not viable to delay the project
- > One-off operating funding of \$3 million as agreed in Budget 2010 will continue to be used to address prioritised deferred maintenance and safety issues. This work programme within available funds will be substantially complete by June 2014
- > While continuing to maintain delivery of core services in other output classes, there will be continued focus on delivering key projects at a selected number of properties only within the NZHPT portfolio
- > A small portion of deferred and cyclical maintenance will be funded from special funds and reserves in the short term while alternative revenue streams are established
- > To the extent that the ongoing gap in cyclical maintenance is unable to be met from ongoing baseline funding and alternative strategies, certain properties currently managed by NZHPT may either be divested or continue to deteriorate

- > Property income from both functions and merchandising revenue is targeted to increase due to the increased attention given to these areas
- > After a number of years of increased targets, grant and donation income is targeted to plateau in the 2012/13 year at a level that is believed to be realistically sustainable
- > Interest revenue will decline over the next three years as the investment base declines following the delivery of the deferred maintenance projects
- > No changes to the functions of NZHPT are likely to result from the legislation review currently underway
- > All existing tagged Branch Committee funds will be used for transitional purposes to new regional organisations and other community outreach activities upon the passing of the new legislation governing NZHPT, which should occur during the 2013/14 financial year
- > Outcomes sought by Government remain consistent
- > NZHPT will remain a going concern.

#### 4.2.2 Government Funding

Government has confirmed the following funding for NZHPT over the next three years:

	Actual 2010-11	Actual 2011-12	Estimated Outturn 2012-13	Prospective 2013-14	Prospective 2014-15	Prospective 2015-16 and out-years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Total Operating Baseline</b>	<b>12,988</b>	<b>12,988</b>	<b>12,988</b>	<b>12,988</b>	<b>12,988</b>	<b>12,988</b>

#### 4.2.3 Self-Generated Revenue

NZHPT also relies on self-generated funding (2012/13 estimated \$5.5 million, \$3.3 million in 2013/14). Sources include membership fees, property income, Grants, interest and bequests. Additional revenue received in the 2012/13 year from a significant bequest and a Donation specifically towards the rebuild of the Timeball Station account for the variance in self-generated revenue projected over this two-year period.

Although it is our intention to continue to pursue third party revenue options, it is not possible to accurately predict future targets, particularly for grant and bequest income, at this point. Planning therefore has been undertaken on the assumption of what can be delivered within agreed Crown funding and conservative third party revenue. Any additional funding, including for a significant capital raising campaign for the Timeball rebuild, has not been factored in as the corresponding expenditure for those projects will only be undertaken if the additional income is secured.

	Actual 2010-11 \$000s	Actual 2011-12 \$000s	Estimated Out-turn 2012-13 \$000s	Prospective 2013-14 \$000s	Prospective 2014-15 \$000s	Prospective 2015-16 \$000s
Membership	559	510	500	541	541	541
Magazine advertising and sales revenue	55	58	60	68	68	68
Merchandising	452	519	500	575	575	575
Property admissions and functions	841	850	839	911	911	911
Grants/bequests/ donations	1,088	1,038	3,078	1,033	1,248	1,263
Interest	466	332	360	380	380	380
Sundry	198	410	155	32	32	32
Insurance claims	1,323	202	4			
<b>Total</b>	<b>4,982</b>	<b>3,919</b>	<b>5,496</b>	<b>3,540</b>	<b>3,755</b>	<b>3,770</b>

#### 4.2.4 Projected Operating Expenditure (excluding extraordinary items)

After allowing for a small increase in operating expenditure for inflation and salary increases across all outputs, it has been assumed that expenditure incurred as a result of a flat base-line revenue will be prioritised to continue the delivery of services accordingly. Activities within the Canterbury region will initially be reprioritised to assist with earthquake recovery, but will progressively be reprioritised back to other service delivery areas over the life of this SOI.

NZHPT will continue to spend the \$3 million one-off operating revenue received from the Crown in the 2009/10 year to specifically address prioritised deferred maintenance and safety issues at NZHPT properties.

##### *Projected Expenditure by Output:*

	Actual 2010-11 \$000s	Actual 2011-12 \$000s	Estimated Out-turn 2012-13 \$000s	Prospective 2013-14 \$000s	Prospective 2014-15 \$000s	Prospective 2015-16 \$000s
Heritage knowledge	2,612	2,344	2,443	2,539	2,500	2,500
Heritage survival	7,862	7,742	9,483	8,474	7,643	7,658
Heritage engagement	6,430	6,045	6,158	6,193	6,100	6,100
<b>Total Operating Expenditure</b>	<b>16,904</b>	<b>16,131</b>	<b>18,084</b>	<b>17,206</b>	<b>16,243</b>	<b>16,258</b>

#### 4.2.5 Projected Capital Expenditure

After a number of years of limited capital expenditure, new facilities at some key properties have been completed or are proposed, including a new toilet block at Old St Pauls, café facilities at the Stone Store and Pompallier, new roof at Te Waimate, sprinklers at Hurworth, interpretation at Rangiriri, and signage along the Waikato war sites trail.

	Actual 2010-11 \$000s	Actual 2011-12 \$000s	Estimated Out-turn 2012-13 \$000s	Prospective 2013-14 \$000s	Prospective 2014-15 \$000s	Prospective 2015-16 \$000s
Capital Expenditure	274	534	600	560	400	400

### 4.3 PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDING 30 JUNE 2014

	Actual 2011 \$000s	Actual 2012 \$000s	Estimated Out-turn 2013 \$000s	Prospective 2014 \$000s	Prospective 2015 \$000s	Prospective 2016 \$000s
<b>Income</b>						
Government funding	12,988	12,988	12,988	12,988	12,988	12,988
Grants	591	367	782	744	944	944
Property	1,293	1,369	1,339	1,486	1,486	1,486
Interest	466	332	360	380	380	380
Membership	614	568	560	609	609	609
Donations/bequests	497	671	2,296	289	304	319
Sundry	198	220	155	32	32	32
<b>Total Revenue</b>	<b>16,647</b>	<b>16,515</b>	<b>18,480</b>	<b>16,528</b>	<b>16,743</b>	<b>16,758</b>
<b>Expenditure</b>						
Audit fees – External audit	47	47	48	53	53	53
Administration	2,445	1,735	2,350	2,340	2,340	2,340
Personnel	8,053	8,084	8,300	8,340	8,400	8,450
Property <sup>38</sup>	2,982	3,188	4,212	3,540	2,535	2,500
Incentive fund	269	213	700	500	500	500
Rental costs on operating leases	44	5	5	5	5	5
Depreciation	780	577	440	463	480	480
Communications	681	553	605	554	560	560
Membership	633	770	537	533	490	490
Board fees	110	116	121	121	120	120
Travel and accommodation	860	843	766	757	760	760
<b>Total Expenditure</b>	<b>16,904</b>	<b>16,131</b>	<b>18,084</b>	<b>17,206</b>	<b>16,243</b>	<b>16,258</b>

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<i>... continued</i>	Actual	Actual	Estimated	Prospective	Prospective	Prospective
	2011	2012	Out-turn	2014	2015	2016
	\$000s	\$000s	2013	\$000s	\$000s	\$000s
<b>Net (deficit) surplus for the year before exceptional items</b>	(257)	384	396	(678)	500	500
Insurance settlement for Canterbury earthquakes	1,323	202	4	-	-	-
Other income from earthquake-related activity	-	190	-	-	-	-
Expenditure related to Canterbury earthquakes	(644)	(873)	-	-	-	-
Loss on de-recognition of property, plant and equipment due to earthquake impairment	(1,370)	-	-	-	-	-
<b>Net impact of Canterbury earthquake</b>	(691)	(481)	4	-	-	-
<b>Net (deficit) surplus for the year</b>	(948)	(97)	400	(678)	500	500
<b>Other comprehensive income</b>	(82)	-	-	-	-	-
Loss on revaluation of land due to Canterbury earthquakes	-	335	-	-	-	-
Gain of revaluation of heritage artefacts	-	-	-	-	-	-
<b>Total Comprehensive Income<sup>38</sup></b>	<b>(1,030)</b>	<b>238</b>	<b>400</b>	<b>(678)</b>	<b>500</b>	<b>500</b>

38 The operating deficits for 2011-2014 are due to a one-off Crown funding revenue payment in 2010 which is being used to address safety and deferred maintenance issues over a four-year work program. The costs are primarily included in the property costs (page 30).

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

## 4.4 PROSPECTIVE STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Actual 2011 \$000s	Actual 2012 \$000s	Estimated Out-turn 2013 \$000s	Prospective 2014 \$000s	Prospective 2015 \$000s	Prospective 2016 \$000s
<b>EQUITY</b>						
Accumulated funds	8,076	8,209	8,522	8,521	8,521	8,521
Crown Capital Fund	516	163	-	-	-	-
Branch Committees	244	215	83	-	-	-
Specified funds and bequests	2,977	3,122	5,144	5,188	5,688	6,188
Property Maintenance and Development Fund <sup>39</sup>	3,420	3,428	1,788	1,150	1,150	1,150
Revaluation reserve	35,071	35,405	35,405	35,405	35,405	35,405
<b>Total Equity</b>	<b>50,304</b>	<b>50,542</b>	<b>50,942</b>	<b>50,264</b>	<b>50,764</b>	<b>51,264</b>
<b>Equity is represented by:</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	1,903	1,404	1,477	1,502	1,582	1,662
Short-term deposits	6,054	6,089	8,000	7,200	7,700	8,200
Accounts receivable	1,906	1,951	500	500	500	500
Stock on hand	211	207	200	200	200	200
GST receivable	275	251	220	220	220	220
<b>Total Current Assets</b>	<b>10,349</b>	<b>9,902</b>	<b>10,397</b>	<b>9,622</b>	<b>10,202</b>	<b>10,782</b>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	42,596	42,884	42,945	43,287	43,222	43,157
Work in progress	42	167	300	-	-	-
Intangibles assets	160	39	5	60	45	30
<b>Total Non-Current Assets</b>	<b>42,798</b>	<b>43,090</b>	<b>43,250</b>	<b>43,347</b>	<b>43,267</b>	<b>43,187</b>
<b>Total Assets</b>	<b>53,147</b>	<b>52,992</b>	<b>53,647</b>	<b>52,969</b>	<b>53,469</b>	<b>53,969</b>
<b>CURRENT LIABILITIES</b>						
Accounts payable and accruals	1,341	901	1,000	1,000	1,000	1,000
Provision for Incentive Fund grants	678	651	800	800	800	800
Employee entitlements	758	843	850	850	850	850
<b>Total current liabilities</b>	<b>2,777</b>	<b>2,395</b>	<b>2,650</b>	<b>2,650</b>	<b>2,650</b>	<b>2,650</b>
<b>NON-CURRENT LIABILITIES</b>	<b>66</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>
<b>Total liabilities</b>	<b>2,843</b>	<b>2,450</b>	<b>2,705</b>	<b>2,705</b>	<b>2,705</b>	<b>2,705</b>
<b>NET ASSETS</b>	<b>50,304</b>	<b>50,542</b>	<b>50,942</b>	<b>50,264</b>	<b>50,764</b>	<b>51,264</b>

<sup>39</sup> This fund includes the one-off \$3 million Crown funding received in May 2010 to enable NZHPT to address specific safety and deferred maintenance issues at NZHPT properties which is anticipated to be fully expended by June 2014.



**Shonagh Kenderdine**

Chairperson



**Bruce Chapman**

Chief Executive

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

## 4.5 PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2011 \$000s	Actual 2012 \$000s	Estimated Out-turn 2013 \$000s	Prospective 2014 \$000s	Prospective 2015 \$000s	Prospective 2016 \$000s
Opening Equity	51,334	50,304	50,542	50,942	50,264	50,764
Total comprehensive income	(1,030)	238	400	(678)	500	500
<b>Closing Equity</b>	<b>50,304</b>	<b>50,542</b>	<b>50,942</b>	<b>50,264</b>	<b>50,764</b>	<b>51,264</b>

## 4.6 PROSPECTIVE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2011 \$000s	Actual 2012 \$000s	Estimated 2013 \$000s	Prospective 2014 \$000s	Prospective 2015 \$000s	Prospective 2016 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash was received from:						
Government funding	12,988	12,988	12,988	12,988	12,988	12,988
Grants	120	662	782	744	944	944
Other operating activities	2,595	2,889	5,805	2,416	2,431	2,446
Net goods and services tax	-	24	31	-	-	-
Interest	468	323	360	380	380	380
	16,171	16,886	19,966	16,528	16,743	16,758
Cash was applied to:						
Payment of suppliers	(8,703)	(8,806)	(9,089)	(8,403)	(7,363)	(7,328)
Payment to employees	(7,975)	(8,010)	(8,293)	(8,340)	(8,400)	(8,450)
Net GST	(506)	-	-	-	-	-
	<b>(17,184)</b>	<b>(16,816)</b>	<b>(17,382)</b>	<b>(16,743)</b>	<b>(15,763)</b>	<b>(15,778)</b>

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

... continued	Actual 2011 \$000s	Actual 2012 \$000s	Estimated 2013 \$000s	Prospective 2014 \$000s	Prospective 2015 \$000s	Prospective 2016 \$000s
Net cash from operating activities	(1,013)	70	2,584	(215)	980	980
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Cash was applied to:						
Purchase of fixed assets	(231)	(367)	(300)	(500)	(400)	(400)
Purchase of Intangibles	-	-	-	(60)	-	-
Work in progress	(43)	(167)	(300)	-	-	-
Purchase of short-term investments	-	(35)	(1,911)	-	(500)	(500)
Net cash from investing activities	(274)	(569)	(2,511)	(560)	(900)	(900)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Cash was received from:						
Sale of short-term investments	1,769	-	-	800	-	-
	1,769	-	-	800	-	-
Net increase/ (decrease) in cash	482	(499)	73	25	80	80
Opening cash balance	1,421	1,903	1,404	1,477	1,502	1,582
Closing cash balance	1,903	1,404	1,477	1,502	1,582	1,662
Represented by:						
Petty cash and imprest balances	12	11	11	11	11	11
Short-term deposits (less than 90 days)	1,891	1,393	1,466	1,491	1,571	1,651
	1,903	1,404	1,477	1,502	1,582	1,662

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

## 4.7 PROSPECTIVE STATEMENT OF ACCOUNTING POLICIES

### FOR THE YEAR ENDED 30 JUNE 2014

#### Reporting Entity

The New Zealand Historic Places Trust Pouhere Taonga (NZHPT) is domiciled in New Zealand and is a statutory body established under s4 of the Historic Places Act 1980 and continued under s 38 of the *Historic Places Act* 1993, as amended by the *Crown Entities Act* 2004. The NZHPT became an autonomous Crown entity for the purposes of s7 of the *Crown Entities Act* 2004 effective from 25 January 2005. As such, the ultimate parent is the New Zealand Government.

The NZHPT's registered office is at Antrim House, 63 Boulcott Street, Wellington.

NZHPT's primary objective is to identify, protect and promote heritage in New Zealand (as enshrined in its Vision Mission and Values Statements and Statement of Service Performance).

Accordingly, NZHPT has designated itself as a Public Benefit Entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

#### Basis of Preparation

##### *Statement of Compliance*

The prospective financial statements have been prepared in accordance with the requirements of *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 prospective financial statements comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

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

The prospective financial operations of the NZHPT Branch Committees have been consolidated into these prospective financial statements.

##### *Measurement Base*

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

##### *Functional and Presentation Currency*

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

#### Standards and Interpretations in Issue Not Yet Adopted

At the date of authorisation of these prospective financial statements, the following Standards and Interpretations were issued but not yet effective.

##### *NZ IFRS 9 Financial Instruments*

The Standard introduces new requirements for the classification and measurement of financial assets and is effective from 1 January 2013. All recognised financial assets that are currently in the

scope of IAS 39 will be measured at either amortised cost or fair value. In order for financial assets to be measured at amortised cost, certain criteria must be met.

Initial application of this Standard is not expected to have any material impact on the amounts reported or disclosures made by NZHPT.

All other standards which are on issue, but not yet effective, are not expected to apply to operations of the NZHPT.

### **Significant Accounting Policies**

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

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

### **Prospective Figures**

The prospective figures for 30 June 2014 are those approved by the Board at the beginning of the financial year. These figures have been prepared in accordance with NZ IFRS and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

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

### **Revenue**

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

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

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

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

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

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

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

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

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

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

### **Grant Expenditure**

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

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

### **Leases**

***Finance Leases:*** NZHPT 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 NZHPT 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 NZHPT will not be able to collect amounts according to the original terms of the receivable.

### **Inventories**

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

### **Property, Plant and Equipment**

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

NZHPT has interest in land and buildings in the following categories:

- (i) NZHPT-owned land and historic buildings  
These are properties for which the NZHPT has freehold title.

(ii) Vested land and historic buildings

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

(iii) Controlled and managed buildings

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

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

**Revaluations:** Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every two years. Heritage artefacts are by nature specialised and are managed by NZHPT to be preserved in perpetuity as required by the HPA. These items are revalued and measured on a fair market value but are not depreciated. Fair value is determined through a process of rolling valuations.

*Accounting for Revaluations*

NZHPT accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation and recognised as other comprehensive income. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed. Any subsequent increase on revaluation that 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 income.

*Additions*

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

*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 general funds.

*Subsequent Costs*

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

## *Disposals*

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

## **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than land, heritage artefacts and library), at a rate that will write-off the cost (or valuation) of the assets to their estimated residual value over their useful lives. Heritage buildings owned or vested in the NZHPT are depreciated in accordance with NZIAS 16.

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

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

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

## **Intangible Assets**

### *Software Acquisition and Development*

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

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

Staff training costs are recognised as an expense when incurred.

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

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

### *Amortisation*

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

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

Acquired computer software	3 years
Developed computer software	4 years

### *Impairment of Non-financial Assets*

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

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

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

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

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

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

### **Creditors and Other Payables**

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

### **Employee Entitlements**

#### *Short-term Employee Entitlements*

Employee entitlements that the NZHPT 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.

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

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

#### *Long-term Employee Entitlements*

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

#### *Superannuation Schemes*

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

### **Provisions**

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

### **Goods and Services Tax (GST)**

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Financial Instruments**

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

## **Income Tax**

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

## **Cost Allocation**

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

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

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

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

## **Prospective Statement of Cash Flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the NZHPT 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 the sale of goods and services and other sources of revenue that support the NZHPT’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 NZHPT’s accounting policies, the Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

## Judgements in Applying Accounting Policies

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

### *Controlled and Managed Buildings*

Properties for which the NZHPT 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 the NZHPT.

### *Major Sources of Estimation Uncertainty*

The valuation of historical land and buildings is subject to considerable estimation uncertainty. During the 2010/11 year, the NZHPT employed an independent valuer to revalue the NZHPT's property portfolio in line with the Crown's accounting policies and Treasury requirements. Valuations are undertaken biennially. While the next revaluation is due 30 June 2013, this has not been completed at the time these prospective statements were prepared, therefore no allowance has been reflected in them. Due to the nature of the NZHPT's property portfolio, it is difficult to obtain market valuation comparisons for many properties due to restrictions on their use. Consequently, there is a large degree of subjectivity inherent in the valuation process.

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

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

## Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements.



# NZHPT HERITAGE DESTINATIONS PORTFOLIO (48 PROPERTIES)

## *NZHPT Owned (16 properties)*

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

## *Co-owned (One property)*

- > Highwic (with Auckland City Council)

## *Leased (Two properties)*

- > Ewelme Cottage
- > Mangungu Mission House

## *Private Historic Reserve (Four properties)*

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

## *Historic Reserve (22 properties)*

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

## *Maori Reserve (One property)*

- > Opotaka Pa

## *Sites with more than one status (Two properties)*

- > Fyffe House (part owned by NZHPT, part leased from Kaikoura District Council)
- > Hayes Engineering (part owned by NZHPT, part historic reserve)

Learn more about the NZHPT at [www.historic.org.nz](http://www.historic.org.nz).  
Discover historic places cared for by the NZHPT at  
[www.historicplaces.org.nz](http://www.historicplaces.org.nz).

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