

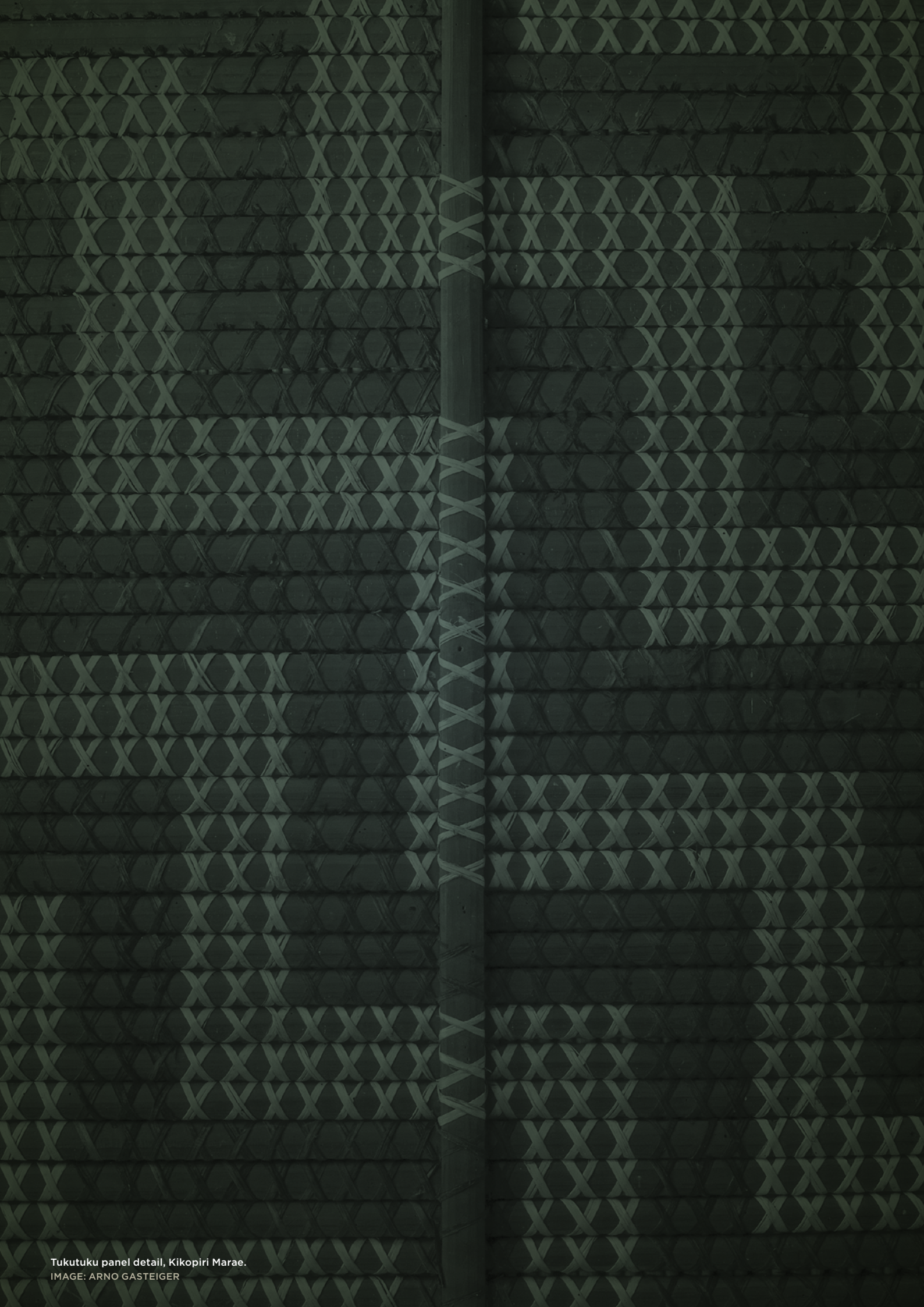


# HERITAGE NEW ZEALAND POUHERE TAONGA



## STATEMENT OF PERFORMANCE EXPECTATIONS 2014 – 2015





Tukutuku panel detail, Kikopiri Marae.  
IMAGE: ARNO GASTEIGER

## HERITAGE NEW ZEALAND POUHERE TAONGA

### STATEMENT OF PERFORMANCE EXPECTATIONS 2014 - 2015

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## 1. STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF PERFORMANCE EXPECTATIONS

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

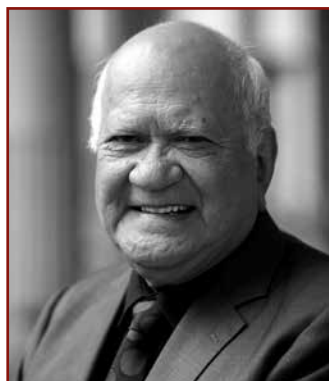
- The Board and the management of Heritage New Zealand have been responsible for the preparation of these Statement of Performance Expectations and Prospective Financial Statements, including the appropriateness of the assumptions underlying them, and the judgements used therein.
- The Statement of Performance Expectations and Prospective Financial Statements will be updated in accordance with the s139 of the *Crown Entities Act 2004* (as amended by the *Crown Entities Amendment Act 2013*) obligation to prepare a Statement of Performance Expectations at the start of each financial year.
- Readers of this Statement of Performance Expectations are referred to the Heritage New Zealand Statement of Intent 2014-18 for the strategic context in which this document has been developed. ■



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

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

26 June 2014



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

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

26 June 2014

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

As outlined in the Heritage New Zealand Pouhere Taonga Statement of Intent 2014-18, the work of Heritage New Zealand falls into three broad areas: knowledge, survival and engagement. While all Heritage New Zealand's operations are interrelated, for clarity the remainder of this document discusses the specific outputs under these three intermediate outcome areas. The following table summarises how the outputs that we are intending to deliver during 2014-15 link to these outcomes:

HERITAGE NEW ZEALAND'S OUTCOMES:		
Present and future generations of New Zealanders experience and enjoy a sense of place, identity and nationhood		
<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> Knowledge about New Zealand's culture and heritage is increased and more accessible	<b>SURVIVAL/ TIAKINA</b> Places that are significant to New Zealand's culture and heritage survive  <b>Long term impact indicator</b> Loss of heritage entered on the New Zealand Heritage List through demolition or destruction is minimised and the number of heritage sites protected or where damage is avoided is increased	<b>ENGAGEMENT/ HONONGA</b> New Zealanders engage with those places that contribute to New Zealand's culture and heritage  <b>Long term impact indicator</b> Public engagement, awareness and understanding of heritage is increased
HERITAGE NEW ZEALAND STRATEGIC PRIORITIES		
In delivering the outputs below to achieve the outcomes above, the following strategic priorities are used:		
<ul style="list-style-type: none"> <li>■ Implementation of the <i>Heritage New Zealand Pouhere Taonga Act 2014</i></li> <li>■ Improving the regulatory environment for historic heritage</li> <li>■ Building public support for historic heritage through engagement and appreciation</li> <li>■ Maintaining financial sustainability.</li> </ul>		
HERITAGE NEW ZEALAND OUTPUTS		
1. Prepare heritage inventories 2. Enhance the NZ Heritage List 3. Establish a National Historic Landmarks List 4. 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 Heritage New Zealand's properties	1. Encourage engagement with heritage in communities 2. Open Heritage New Zealand's properties to the public 3. Share heritage stories.

### 3. HERITAGE NEW ZEALAND KEY PRIORITY OUTPUTS 2014 - 2015

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

*Places that contribute to New Zealand's culture and heritage are identified and their stories made accessible*

**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, identity and nationhood (Heritage New Zealand 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).

Long term impact indicator - Knowledge about New Zealand's culture and heritage is increased and accessible	2011-2012 Actual	2012-2013 Actual	2013-2014 Estimate	2014-2015 Forecast	2015-2016 Forecast	2016-2017 Forecast	2017-2018 Forecast
Number of average page views per month of Heritage New Zealand website increases	55,000	91,826 <sup>1</sup> (65% increase)	90,000 <sup>2</sup> (2% decrease)	92,500 (3% increase)	95,500 (3% increase)	98,000 (3% increase)	101,000 (3% increase)
Percentage of website users who would recommend the website to others increases	81%	80%	82%	85%	87%	89%	90%
Number of requests for reports from the Archaeological Report Digital Library increases	268 requests for 1319 reports	228 requests for 1162 reports	275 requests for 2990 <sup>3</sup> reports	310 <sup>4</sup> requests for 950 reports	320 requests for 980 reports	330 requests for 1010 reports	340 requests for 1040 reports
Total number of reports available in the Archaeological Report Digital Library increases	3946 (316 added)	4454 (508 added)	4780 (326 added)	5480 <sup>5</sup> (add 700)	6180 (add 700)	6880 (add 700)	7580 (add 700)
Total number of NZ Heritage List Reports available increases	2248 (increase of 59)	2307 (increase of 59)	2390 (increase of 83)	2510 (increase by 120)	2610 (increase by 100)	2710 (increase by 100)	2810 (increase by 100)

<sup>1</sup> The large increase was due to: improvements to the sitemap so search engines can more easily find the website; enhancing the all-of-site search (went live in July 2012) allowing users to more easily find what they're looking for, and to stay on the site; and adding more content to the site including wahi tapu information to the Heritage List Online.

<sup>2</sup> A new improved website went live on 27 March 2014. At the same time Heritage New Zealand changed its domain name on 14 April 2014. It is expected to decrease temporarily the estimated number of page views during the period when search engines will need to re-index the site and there is a high potential for broken links to occur.

<sup>3</sup> A request for a large number of reports was received from a researcher.

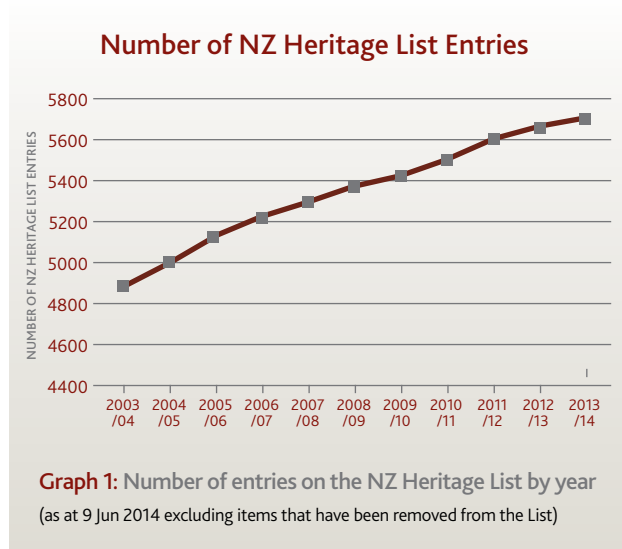
<sup>4</sup> The research institutions who are key users of the Digital Library have now obtained a full set of all the reports in the digital library for direct access at their institutions so it will not be possible for Heritage New Zealand to accurately assess the number of reports that are being accessed in the future.

<sup>5</sup> Given the high numbers of Emergency Authorities issued, it is expected that there will be an increase in the number of reports added to the Digital Library.

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

Heritage New Zealand holds and gathers information relating to our nation's historic heritage. Our most significant heritage is recognised through the New Zealand Heritage List (NZ Heritage List) process. Significant heritage places are entered in the NZ Heritage List which contains historic places and areas, wahi tupuna, wāhi tapu and wāhi tapu areas<sup>6</sup>. Of the 5,700 entries in the NZ Heritage List, information about why these places are significant is made easily accessible on the internet via the NZ Heritage List Online which now includes a mapped version. (<http://www.heritage.org.nz/the-list>)

The NZ Heritage List 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 List 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 entry on the NZ Heritage List. Local Government relies on the NZ Heritage List as a basis for protecting significant heritage in District Plans

and so Heritage New Zealand targets its heritage identification efforts to undertake heritage inventory research in those areas where second generation district plans<sup>7</sup> are in preparation. Identifying significant heritage is an important first step to heritage survival achieved through ensuring places are included in district plan schedules or via other heritage protection mechanisms which may take several years to take effect.

We receive more nominations for heritage listing than we are able to process with our available resources and so we prioritise on the basis of significance, risk and efficiency. To ensure the NZ Heritage List remains accessible, accurate and authoritative we:

- add significant heritage to the NZ Heritage List
- work with iwi, hapū and whānau to progress listings of significance to Māori
- review NZ Heritage List entries as requested within statutory timeframes<sup>8</sup>
- upgrade the information supporting individual NZ Heritage List entries
- update location information for NZ Heritage List entries; and
- ensure easy online access to New Zealand Heritage List entries in and the information supporting entries.

The *Heritage New Zealand Pouhere Taonga Act 2014* made changes to the List entry process. A key focus for this year will be to implement the changes required by the new legislation. This will include preparing and consulting on policy for the administration of Heritage New Zealand's statutory functions relating to the NZ Heritage List and the new National Historic Landmarks List.

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>9</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 removed from the NZ Heritage List that have been demolished or destroyed can continue to be accessed from our website.

<sup>6</sup> The New Zealand Heritage List was formerly known as the Register of historic places, historic areas, wahi tapu and wahi tapu areas established in 1980.

<sup>7</sup> Following the *Resource Management Act 1991* (RMA) coming into force 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>8</sup> Any person may request a review of an entry on the NZ Heritage List after three years has passed from the date of entry or last review. Heritage New Zealand must consider the review application within 12 months of its receipt. The result of a review may be to vary, change the category, confirm or remove the entry.

<sup>9</sup> Refer to 3.2 Intermediate Outcome: Heritage Survival for a description of the archaeological authority process.

## HERITAGE KNOWLEDGE OUTPUTS TABLE:

Type of Measure	Output	2011-2012 Actual	2012-2013 Actual	2013-2014 Estimate	2014-2015 Forecast
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## OUTPUT 1: PREPARE HERITAGE INVENTORIES

<b>Performance Measures</b>	Number of inventory projects completed and made accessible to district councils	New measure	6 projects	5 projects	6 projects
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## OUTPUT 2: ENHANCE THE HERITAGE LIST

<b>Performance Measures</b>	Additions to the NZ Heritage List (including those of significance to Māori )	65 <sup>10</sup>	42 <sup>11</sup>	28 <sup>12</sup>	22 <sup>13</sup>
	Additions to the NZ Heritage List that are of significance to Māori	8	9	11	12
	Percentage of NZ Heritage List entries with a statement of significance <sup>14</sup>	39.5%	40.7%	42%	43%
	Existing NZ Heritage List entries reviewed	121 <sup>15</sup>	24	45 <sup>16</sup>	19
	Deficient Listings resolved	59	103	100	84
	Develop and implement a policy for the NZ Heritage List provisions of the Act by November 2015				Develop a policy for the NZ Heritage List
<b>Activity Measures</b>	List entries location information updated	251	217	185	190

## OUTPUT 3: ESTABLISH A NATIONAL HISTORIC LANDMARKS LIST

<b>Performance Measures</b>	Develop and implement a policy for the National Historic Landmarks List by November 2015	n/a	n/a	n/a	Develop a policy for the National Historic Landmarks List
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## OUTPUT 4: CAPTURE HERITAGE INFORMATION

<b>Performance Measure</b>	Number of archaeological reports that are overdue from authority holders is decreased (biennial audits)	-	38% reduction (248 reports accounted for)	-	25% reduction
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## HERITAGE KNOWLEDGE OUTPUT COSTS:

	2011 -2012 Actual (\$000s)	2012-2013 Actual (\$000s)	2013-2014 Estimate (\$000s)	2014-2015 Prospective (\$000s)
Heritage Knowledge Output Costs	2,379	2,542	2,406	2,477

### 3.2 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 Heritage New Zealand Outcome of New Zealanders experiencing a sense of place, identity and nationhood 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 working collaboratively with interested parties and heritage property owners providing them with tools to conserve heritage places, ultimately we will ensure that more of our historic heritage survives for the benefit of present and future generations.

Long term impact indicator- <i>Loss of heritage entered on the NZ Heritage List through demolition or destruction is minimised and the number of heritage sites protected or where damage is avoided is increased</i>	2011 -2012 Actual	2012-2013 Actual	2013-2014 Estimate	2014-2015 Forecast	2015-2016 Forecast	2016-2017 Forecast	2017-2018 Forecast
Number of heritage sites entered on the NZ Heritage List demolished or destroyed reduces (measured in calendar years, refer Graph 1)	94 (2011)	22 (2012)	16 (2013)	6 <sup>17</sup> (2014)	4 (2015)	4 (2016)	4 (2017)
Number of heritage sites protected or damage avoided at a site, as a result of Heritage New Zealand involvement in resource management, advocacy, archaeological authority, and Crown land disposal processes increases	497 <sup>18</sup>	492 <sup>19</sup>	500	550	400 <sup>20</sup>	400	400

<sup>10</sup> A reduction in additions to the NZ Heritage List occurred as essential work was undertaken to check location information of existing listings and to remove entries from the List that have been demolished following the Canterbury earthquakes.

<sup>11</sup> A reduction in additions to the List occurred while there is increased focus on inventory work undertaken.

<sup>12</sup> A reduction in additions to the List was proposed due to the continuation of inventory and deficient listings projects.

<sup>13</sup> A reduction in additions to the List is expected with the completion of deficient listings project and preparing for the new National Historic Landmarks List.

<sup>14</sup> 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 List.

<sup>15</sup> Includes removing entries from the NZ Heritage List for places that were destroyed as a result of the Canterbury earthquakes.

<sup>16</sup> An unanticipated increase in reviews arose during the year due to finding a missing list of approved NZ Heritage List entries which prompted the need to review a number of List entries.

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

### *Engage in Protection Processes*

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

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 incentives to encourage the retention of significant heritage and structural strengthening of heritage buildings.

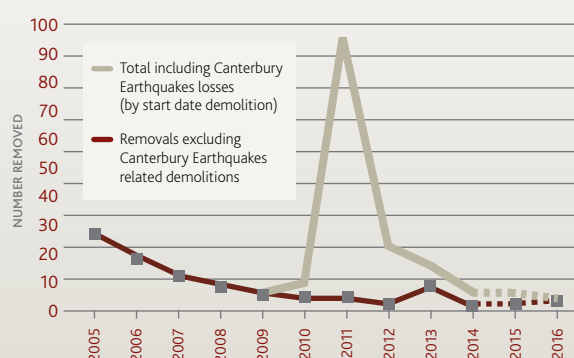
Alongside growing community expectations that significant heritage places must survive, we recognise that this must not impact unreasonably on the rights and interests of individual property owners. Our preferred approach is to engage early and constructively with owners, developers and Councils. Following the devastating earthquakes in Canterbury we are particularly mindful of the need to ensure public health and safety around buildings, especially in urban centres where there is even greater risk to life in the event of a significant natural event. We provide advice and facilitate the structural strengthening and adaptive reuse of heritage buildings to try to ensure the ongoing safety and economic life for heritage places.

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.

The recovery of Canterbury is a particular focus of the work of Heritage New Zealand. We 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 professional heritage 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.

## Number of Heritage Places on the NZ Heritage List Demolished/Destroyed

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



Graph 2: Long term trend of destruction of listed heritage

### *Conserve Maori 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, specialist project and programme advice delivered on marae to assist Māori communities as kaitiaki of their heritage.

### *Administer Funds for Heritage Conservation*

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

In May 2014, Heritage New Zealand became the administrator of the Canterbury Earthquake Heritage Buildings Fund (CEHB fund). The purpose of the fund is to provide assistance to owners of heritage buildings to repair damage caused by the series of earthquakes in the Canterbury region since September 2010. While this remains a separate entity with its own trustees, it is now deemed to be a controlled and managed organisation of Heritage New Zealand. This document is primarily for the strategic priorities of the Heritage New Zealand parent, not group, so the financial transactions and performance indicators of the CEHB fund have not been incorporated and consolidated.

<sup>17</sup> The forecast for the current year is based on knowledge of properties we know are likely to be demolished during the calendar year. The forecasts for the outlying years are based on trend data and include taking into account the proposed changes to earthquake prone policy in the Building Act review.

<sup>18</sup> Two district plan changes supported by Heritage New Zealand added significant numbers of heritage sites to their schedules which will increase the protection afforded to these sites.

<sup>19</sup> The reduction in numbers reflects the change in regulatory processes in Canterbury following the earthquakes and the ability of Heritage New Zealand to influence owners to retain rather than demolish heritage. However, in the coming years we are expecting an increased number of archaeological authority applications but fewer district plan reviews due to the uncertain planning policy environment so only a small increase in protection or avoidance of sites is forecasted.

<sup>20</sup> A plan change added 150 items in the 2013-2014 financial year which increased numbers considerably.

### Administer the archaeological authority process

A key statutory function for Heritage New Zealand is to regulate the modification of archaeological sites through the archaeological authority (consent) process. Any activity that may disturb an archaeological site requires an authority from Heritage New Zealand under the *Heritage New Zealand Pouhere Taonga Act 2014* (the Act). We efficiently administer the archaeological authority process by:

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

The Act made changes to the archaeological authority process and a key focus for this year will be to implement those changes. This includes preparing and consulting on policy for the administration of Heritage New Zealand's statutory functions relating to the archaeology provisions, management of properties, and advocacy.

### Conserve Heritage New Zealand properties

Heritage New Zealand 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.

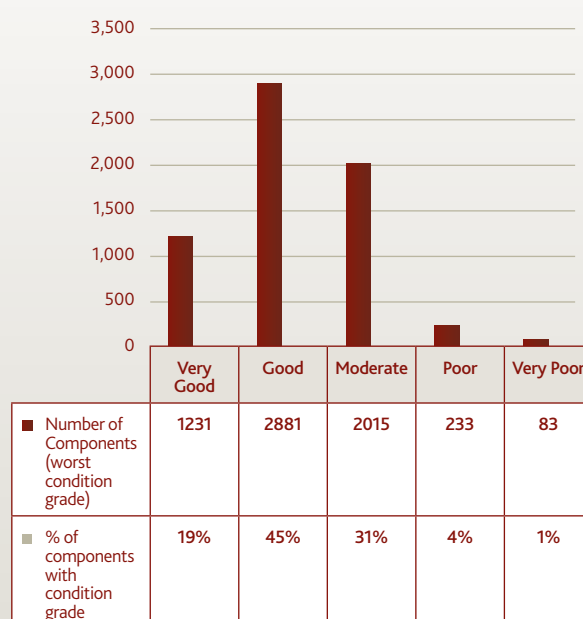
Heritage New Zealand cares for one of the largest heritage property portfolios in New Zealand constituting 48 significant heritage properties, together with their collections of some 80,000 items. Many are well-known and visited properties forming part of developing tourism networks such as the Kerikeri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

In addition to cyclical maintenance we will undertake a range of conservation projects to improve the overall condition of our properties. Heritage New Zealand strives to ensure the built components<sup>21</sup> of its properties are in a moderate or better condition to ensure heritage values do not deteriorate. Graph 3 shows the current condition of the components of Heritage New Zealand managed properties as assessed annually by Heritage New Zealand and recorded by component in the

Capital Asset Management System. Components graded as being Very Good, Good and Moderate are considered to have up to 80% 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.

### Total Property Asset Component Condition

(assessed by worst condition grade using non-intrusive visual survey as at 9 June 2014)



**Graph 3:** Current condition of components of Heritage New Zealand managed properties (as at 9 June 2014)

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.

<sup>21</sup> A component is a specific part of an asset or building element having independent physical or functional identity and a determinable length of life (eg. roof covering, interior doors, window with its surround, an iron fence).

## HERITAGE SURVIVAL OUTPUTS TABLE:

Type of Measure	Output	2011-2012 Actual	2012-2013 Actual	2013-2014 Estimate	2014-2015 Forecast
SURVIVAL OUTPUT 1: ENGAGE IN PROTECTION PROCESSES					
Performance Measures	Percentage of resource consents responses where Heritage New Zealand is consulted and the Council decision is positive for heritage (where decision is known).	95%	92%	80%	80%
	Percentage of district plans that meet Heritage New Zealand defined standard (biennial assessment) <sup>22</sup> in four areas where district plan provisions include:				
	i. A Heritage Schedule that contains all properties entered on the List		32%		40%
	ii. Demolition of scheduled heritage as a non-complying activity <sup>23</sup>		56%		70%
	iii. Destruction of scheduled Māori heritage as a non-complying activity <sup>24</sup>		17%		20%
	iv. Regulatory incentives for retention of heritage		32%		34%
Activity Measures	Percentage of our policy submissions that result in positive heritage outcomes (where decision is known)	98%	89%	70%	70%
	Percentage of assessments of land proposed for disposal by Crown agencies completed within specified timeframes	100%	100%	100%	100%
	Develop and implement a policy for advocacy role by November 2015	n/a	n/a	n/a	Develop a policy for advocacy role
	Number of policy submissions relating to plan and policy documents submitted to local authorities and central government	135	95	60 <sup>25</sup>	55 <sup>26</sup>
	Number of occasions advice is given on resource consents and related processes including the Building Act	1516	1642 <sup>27</sup>	1400	1300
Activity Measures	Number of assessments provided as part of disposal of Crown land processes.	319	353 <sup>28</sup>	300	250
	Number of covenants negotiated over heritage properties	14	18	10	10
	Number of heritage training events to professionals delivered	53	50	40	30



Type of Measure	Output	2011 -2012 Actual	2012-2013 Actual	2013-2014 Estimate	2014-2015 Forecast
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#### SURVIVAL OUTPUT 2: CONSERVE MĀORI HERITAGE

<b>Activity Measure</b>	Number of Māori built heritage, sites and rock art projects completed working with specific iwi and hapū	8	8	8	6
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#### SURVIVAL OUTPUT 3: ADMINISTER THE NATIONAL HERITAGE PRESERVATION INCENTIVE FUND

<b>Performance Measure</b>	Percentage of Fund allocated in accordance with the Policy	100%	100%	100%	100%
	Percentage of approved applications monitored and reported	100%	100%	100%	100%
<b>Activity Measure</b>	Total number of projects funded	15	17	18	15
	Total value of grants approved	450,000	664,345 <sup>29</sup>	633,985 <sup>30</sup>	500,000

#### SURVIVAL OUTPUT 4: ADMINISTER THE ARCHAEOLOGICAL AUTHORITY PROCESS

<b>Performance Measure</b>	Percentage of archaeological authorities processed within statutory timeframes <sup>31</sup>	100%	99.5%	100%	100%
	Percentage of archaeological authorities that avoid or protect archaeological sites <sup>32</sup>	17%	25%	20%	20%
	Develop and implement a policy for the archaeological authority provisions of the Act by November 2015	n/a	n/a	n/a	Develop a policy for archaeological authority provisions
<b>Activity Measure</b>	Number of archaeological authorities processed (excluding Canterbury emergency authorities)	377	422	400	410
	Number of Canterbury emergency authorities processed	608	508	750	600

#### SURVIVAL OUTPUT 5: CONSERVE HERITAGE NEW ZEALAND PROPERTIES

<b>Performance Measure</b>	Maintain 95% of property asset components at or above 'Moderate' Condition Grade assessed by annual non-intrusive visual survey (Refer Graph 2).	85%	92%	94% <sup>33</sup> (13 Projects)	95% (11 Projects)
	Percentage of identified deferred maintenance and safety projects completed	53%	91%	98%	100%
	Develop and implement a policy for the property provisions of the Act by November 2015				Develop a property policy

## HERITAGE SURVIVAL OUTPUT COSTS:

	2011 -2012 Actual (\$000s)	2012-2013 Actual (\$000s)	2013-2014 Estimate (\$000s)	2014-2015 Prospective (\$000s)
Heritage Survival Output Costs	8,183	8,789	8,226	7,829

## 3.3 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 and hearing the stories about our heritage places. 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.

Long term impact indicator- Public engagement, awareness and understanding of heritage is improved	2011 -2012 Actual	2012-2013 Actual	2013-2014 Estimate	2014-2015 Forecast	2015-2016 Forecast	2016-2017 Forecast	2017-2018 Forecast
Percentage of survey respondents who rate their personal interest in the protection of historic places as very interested <sup>34</sup> increases (survey conducted annually <sup>35</sup> )	49%	53%	57%	59%	61%	63%	65%

<sup>22</sup> The Heritage New Zealand National Assessment of RMA Policy and Plan Heritage Provisions is carried out biennially, considers 75 district plans and is posted on the Heritage New Zealand website. The 2013 assessment is located at <http://www.heritage.org.nz/resources/research-and-papers/research>

<sup>23</sup> A district plan is considered to meet this standard where a non-complying activity status is given for the demolition of scheduled heritage or, where a ranking system is used in the schedule, the most highly ranked heritage.

<sup>24</sup> A District Plan is considered to meet this standard where a non-complying activity status is given for the destruction of scheduled Māori heritage or, where a ranking system is used in the schedule, the most highly ranked Māori heritage.

<sup>25</sup> The reduction in expected policy submissions reflects the reduction in district plan reviews resulting from uncertainty due to the government's RMA reform.

<sup>26</sup> A reduction in submissions is expected due to the current legislative review of the RMA and the proposal to prepare a national template for district plans which is causing local authorities to delay plan reviews until there is greater certainty.

<sup>27</sup> 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.

<sup>28</sup> The increase is due to an unexpected high number of disposals coming from a single agency.

<sup>29</sup> The increase in this year was due to the recovery of grants funding for projects that were not able to be started.

<sup>30</sup> The increase in this year was due to the recovery of grants funding for projects that were not able to be started.

<sup>31</sup> Note the previous statutory timeframe for processing of authorities was 90 working days. The *Heritage New Zealand Pouhere Taonga Act 2014* has substantially shortened statutory timeframes for processing archaeological authorities to between 20 and 40 working days.

<sup>32</sup> The Act protects all archaeological sites from any work that may modify or destroy the site. Any person wishing to modify or destroy an archaeological site must apply for an authority from Heritage New Zealand. This target measures the percentage of authorities that provide some form of protection when works will be occurring but does not include avoidance achieved through negotiation which results in no authority being necessary. This measure excludes Emergency Authorities completed under the Canterbury Earthquake (Historic Places Act) Order 2011 in relation to the demolition of buildings in Canterbury following the earthquakes in 2010 and 2011.

<sup>33</sup> It is expected that 5% of selected components for particular properties will be allowed to deteriorate as Heritage New Zealand is unable to fund conservation of all components for all properties. Therefore a prioritised and sustainable work programme is undertaken.

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

<sup>35</sup> 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 Heritage New Zealand provide perhaps the most important and publicly accessible way for visitors to experience New Zealand's most significant heritage places. The Heritage New Zealand 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 Heritage New Zealand engages visitors in an experience that increases their understanding of New Zealand's past, our cultural identity and, for New Zealanders, their place within it.

We will continue to improve the quality of visitor facilities and interpretation at selected properties to enhance the visitor experience and increase visitation. Heritage New Zealand 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. Heritage New Zealand will expand its work with other community-based heritage organisations to enhance New Zealanders' appreciation of and engagement with heritage. This will include maintaining and developing relationships with the former Branch Committee successor organisations and working together on heritage appreciation initiatives (which may include events, displays, interpretation, publications and other projects).

A particular focus of our engagement activities will focus on the upcoming World War One centenary and New Zealand Wars

150th commemorations along with informing key stakeholders about the changes arising from the *Heritage New Zealand Pouhere Taonga Act 2014*.

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, develop and maintain relationships with iwi, hapū and whānau to increase understanding of Māori heritage through appropriate interpretation and events, including those delivered at Heritage New Zealand properties.

Over the next three years initiatives will be pursued to expand our ability to tell New Zealand's heritage stories to a wider audience. Heritage New Zealand's website is a key source of information and recent investment has enabled mobile device users to access a responsive site and a mapped version of the NZ Heritage List online. Digital-based storytelling continues to develop with new apps in development that will add to the existing Waikato War Driving Tour.

The NZ Heritage List Online (see Intermediate Outcome 1) enables heritage property owners and those working with heritage to access heritage information that we have available about the significance of 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 Heritage New Zealand properties.

## HERITAGE ENGAGEMENT OUTPUTS TABLE:

Type of Measure	Output	2011 -2012 Actual	2012-2013 Actual	2013-2014 Estimate	2014-2015 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	55	59	35	40
	Number of heritage engagement events run	90	89	145	60

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

Performance Measures	Visitor numbers at Heritage New Zealand staffed properties	206,680	215,007	207,500	208,000
	Percentage of respondents who rate their visit to Heritage New Zealand staffed properties as "satisfied" or higher.	93%	94%	93%	93%
	Number of visitor facility and interpretation projects completed at selected Heritage New Zealand properties	4 projects	3 projects	2 projects <sup>36</sup>	3 projects

## HERITAGE ENGAGEMENT OUTPUT 3: SHARE HERITAGE STORIES

Activity Measures	Number of media releases, comment, features & articles produced	211	226	180	180
	Audited circulation of Heritage New Zealand <sup>37</sup>	14,123	13,102	12,900	13,250
	Number of email recipients of <i>Heritage this Month</i> newsletter averaged over 12 months	8,389	8,597	9,200	9,500

## HERITAGE ENGAGEMENT OUTPUT COSTS:

	2011 -2012 Actual (\$000s)	2012-2013 Actual (\$000s)	2013-2014 Estimate (\$000s)	2014-2015 Prospective (\$000s)
Heritage Engagement Output Costs	6,442	6,634	6,136	6,188

<sup>36</sup> Note one project will span the 2013-2014 and 2014-2015 reporting years and has been counted in each year as a project. Stage 1 will achieve consent requirements in the first year with Stage 2 construction occurring the following year.

<sup>37</sup> Heritage New Zealand is independently audited for the Audit Bureau of Circulations.



## 4. PROSPECTIVE FINANCIAL STATEMENTS 2014-15

### 4.1 FINANCIAL PLANNING ASSUMPTIONS

**HERITAGE NEW ZEALAND'S** forecast total operational income for 2014/15 is approximately \$16.2 million. This includes \$13 million from the Crown and \$3.2 million from Heritage New Zealand's membership base, properties, grants and other income.

In addition, we anticipate a further \$2 million income specifically tagged to enable the Timeball Station Tower rebuild will be generated from a major capital fundraising programme during 2014/15.

During the 2014/15 year it will be a priority of Heritage New Zealand to continue delivery of asset maintenance programmes and prioritised service delivery levels within the limited resources available. Demand for our services exceeds our ability to supply within available resources so alternative revenue streams will continue to be actively pursued to try to reduce this gap.

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

- Total Crown baseline funding for Heritage New Zealand will remain constant over the next four years.
- A major capital fundraising campaign will be undertaken to raise the balance of \$2 million to enable the Timeball Station Tower to be rebuilt. The actual construction of this project is scheduled to commence September 2015.
- 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.
- One-off operating funding of \$3 million as agreed in Budget 2010 has been substantially completed. There are 2 projects that were commenced in 2013-14 will be completed in the 2014-15 year.
- While continuing to maintain delivery of core services in other output classes, there will be continued focus on delivering key projects at a selected number of properties only within the Heritage New Zealand portfolio.
- A small portion of deferred and cyclical maintenance will continue to 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 Heritage New Zealand may either be divested or continue to deteriorate.
- Property income from admissions, functions and merchandising revenue is targeted to increase slightly by increasing visitor numbers but a plateau is likely to be reached without further significant investment.
- After a number of years of increased targets, Grant and Donation income is estimating to plateau in the 2014/15 year at a level that is believed to be realistically sustainable. However bequest income is projected to increase in out years.
- While Heritage New Zealand has been notified that a house has been left to us as a bequest, no allowance has been made in these financial estimates to bring in the value of this asset due to the uncertainty of the value and timing of the transfer. However in the year that this asset is formally transferred to our ownership it will also be assumed that significant additional expenditure will be required to be undertaken using some existing reserves to enable this asset to be upgraded prior to it being habitable.
- Interest revenue will plateau over the next three years as the investment base declines following the delivery of the deferred maintenance projects but interest rates rise.
- The functions of Heritage New Zealand do not change. As this document is primarily for the strategic priorities of the Heritage New Zealand parent, not group, the financial transactions and performance indicators of the Canterbury Earthquake Heritage Buildings fund have not been incorporated and consolidated.
- Outcomes sought by Government remain consistent.
- Heritage New Zealand will remain a going concern.

<sup>38</sup> Property costs during the 2010-14 years include a major programme to address deferred maintenance and safety issues from a one-off Crown funding payment received in 2010. This programme of work will be completed during the 2014/15 year.

<sup>39</sup> Costs incurred in relation to transitional assistance to former branch committees and their activities were included here in the 2013/14 and prior years.

<sup>40</sup> The proposed surplus is a direct result of the capital campaign to assist with the rebuild of the Timeball Station Tower in Lyttelton. The capital costs for this project are scheduled to be incurred in the 2015-16 year.

## 4.2 PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

For the year ending 30 June

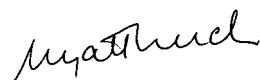
	Actual 2012	Actual 2013	Estimated Outturn 2014	Prospective 2015
	\$000s	\$000s	\$000s	\$000s
<b>INCOME</b>				
Government funding	12,988	12,988	12,988	12,988
Grants, donations and bequests	1,038	2,646	1,033	721
Timeball capital campaign	-	-	-	2,000
Property	1,369	1,321	1,356	1,488
Interest	332	366	388	350
Membership	568	569	563	568
Sundry	220	155	76	29
<b>TOTAL REVENUE</b>	<b>16,515</b>	<b>18,112</b>	<b>16,404</b>	<b>18,144</b>
<b>EXPENDITURE</b>				
Audit fees - external audit	47	53	53	53
Administration	1,707	2,573	2,030	1,918
Capital fundraising costs	-	-	-	100
Personnel	8,084	8,381	8,342	8,756
Property <sup>38</sup>	2,730	2,677	2,532	2,024
Incentive Fund	213	664	548	500
Insurance premiums	491	725	745	735
Depreciation	577	436	478	403
Communications	553	695	538	544
Membership <sup>39</sup>	770	840	667	607
Board Fees	116	116	119	121
Travel & accommodation	843	805	716	733
<b>TOTAL EXPENDITURE</b>	<b>16,131</b>	<b>17,965</b>	<b>16,768</b>	<b>16,494</b>
<b>NET (DEFICIT) SURPLUS FOR THE YEAR BEFORE EXCEPTIONAL ITEMS</b>	<b>384</b>	<b>147</b>	<b>(364)</b>	<b>1,650<sup>40</sup></b>
Insurance settlement for Canterbury earthquakes	202	-	-	-
Other income from earthquake related activity	190	-	-	-
Expenditure related to Canterbury earthquakes	(873)	-	-	-
<b>Net Impact of Canterbury Earthquake</b>	<b>(481)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET (DEFICIT) SURPLUS FOR THE YEAR</b>	<b>(97)</b>	<b>147</b>	<b>(364)</b>	<b>1,650</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Gain on revaluation of land and buildings	-	3,771	-	-
Gain of revaluation of heritage artefacts	335	3,791	152	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>238</b>	<b>7,709</b>	<b>(212)</b>	<b>1,650</b>

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

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

	Actual 2012	Actual 2013	Estimated Outturn 2014	Prospective 2015
	\$000s	\$000s	\$000s	\$000s
<b>EQUITY</b>				
Accumulated funds	8,210	7,888	8,220	8,220
Crown Capital Fund	163	-	-	-
Branch committees	215	57	-	-
Specified funds and bequests	3,121	4,816	4,700	6,500
Property maintenance and development fund [2]	3,428	2,523	2,000	1,850
Revaluation Reserve	35,405	42,967	43,119	43,119
<b>TOTAL EQUITY</b>	<b>50,542</b>	<b>58,251</b>	<b>58,039</b>	<b>59,689</b>
<b>Equity is represented by:</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	1,404	820	959	572
Short term deposits	6,089	8,045	7,500	9,350
Accounts receivable	1,951	719	700	700
Stock on hand	207	218	200	200
GST receivable	251	218	200	200
<b>TOTAL CURRENT ASSETS</b>	<b>9,902</b>	<b>10,020</b>	<b>9,559</b>	<b>11,172</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	42,884	50,979	51,090	51,267
Work in progress	167	273	50	60
Intangibles assets	39	6	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>43,090</b>	<b>51,258</b>	<b>51,140</b>	<b>51,327</b>
<b>TOTAL ASSETS</b>	<b>52,992</b>	<b>61,278</b>	<b>60,699</b>	<b>62,349</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable and accruals	901	1,076	900	900
Provision for Incentive Fund Grants	651	996	1,000	1,000
Employee entitlements	843	888	700	700
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,395</b>	<b>2,960</b>	<b>2,600</b>	<b>2,600</b>
<b>NON-CURRENT LIABILITIES</b>	<b>55</b>	<b>67</b>	<b>60</b>	<b>60</b>
<b>TOTAL LIABILITIES</b>	<b>2,450</b>	<b>3,027</b>	<b>2,660</b>	<b>2,660</b>
<b>NET ASSETS</b>	<b>50,542</b>	<b>58,251</b>	<b>58,039</b>	<b>59,689</b>

RT HON WYATT CREECH  
Chair Heritage New Zealand Board



BRUCE CHAPMAN  
Chief Executive



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

#### 4.4 PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 30 June

	Actual 2012	Actual 2013	Estimated Outturn 2014	Prospective 2015
	\$000s	\$000s	\$000s	\$000s
OPENING EQUITY	50,304	50,542	58,251	58,039
TOTAL COMPREHENSIVE INCOME	238	7,709	(212)	1,650
CLOSING EQUITY	50,542	58,251	58,039	59,689

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



## 4.5 PROSPECTIVE STATEMENT OF CASH FLOWS

For the year ended 30 June

	Actual 2012	Actual 2013	Estimated 2014	Prospective 2015
	\$000s	\$000s	\$000s	\$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was received from:</b>				
Government funding	12,988	12,988	12,988	12,988
Grants	1,038	2,410	1,269	2,721
Insurance Canterbury earthquake	-	1,327	-	-
Other operating activities	2,513	2,291	1,789	2,085
Net Goods and Services Tax	24	33	18	-
Interest	323	328	377	350
	<b>16,886</b>	<b>19,377</b>	<b>16,441</b>	<b>18,144</b>
<b>Cash was applied to</b>				
Payment of suppliers	(8,806)	(8,639)	(8,102)	(7,335)
Payment to employees	(8,010)	(8,324)	(8,537)	(8,756)
	<b>(16,816)</b>	<b>(16,963)</b>	<b>(16,639)</b>	<b>(16,091)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>70</b>	<b>2,414</b>	<b>(198)</b>	<b>2,053</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was applied to:</b>				
Purchase of fixed assets	(367)	(769)	(158)	(530)
Purchase intangibles	-	-	-	-
Work in progress	(167)	(273)	(50)	(60)
Purchase short term investments	(35)	(1,956)	-	(1,850)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(569)</b>	<b>(2,998)</b>	<b>(208)</b>	<b>(2,440)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was received from:</b>				
Sale short-term investments	-	-	545	-
	<b>-</b>	<b>-</b>	<b>545</b>	<b>-</b>
Net increase / (decrease) in cash	(499)	(584)	139	(387)
Opening Cash Balance	1,903	1,404	820	959
<b>Closing Cash Balance</b>	<b>1,404</b>	<b>820</b>	<b>959</b>	<b>572</b>
<b>Represented by</b>				
Petty cash & imprest balances	11	10	10	10
Short term deposits (less than 90 days)	1,393	810	949	562
	<b>1,404</b>	<b>820</b>	<b>959</b>	<b>572</b>

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

## 4.6 PROSPECTIVE STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

Heritage New Zealand Pouhere Taonga, formerly known as the New Zealand Historic Places Trust Pouhere Taonga, is domiciled in New Zealand and is a statutory body established in 1955 under section 4 of the *Historic Places Act* 1954, and continued under section 9 of the *Heritage New Zealand Pouhere Taonga Act* 2014. Heritage New Zealand 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.

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

Heritage New Zealand's primary objective is to "to promote the identification, protection, preservation and conservation of the historical and cultural heritage of New Zealand" as enshrined under section 3 of the *Heritage New Zealand Pouhere Taonga Act* 2014.

Accordingly, Heritage New Zealand 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 *Crown Entities Act* 2004 both amended in 2014, 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.

As this document is primarily for the strategic priorities of the Heritage New Zealand parent, not group, the financial transactions and performance indicators of the Canterbury Earthquake Heritage Buildings fund have not been incorporated and consolidated.

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

#### Measurement Base

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

#### Functional and presentation currency

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

### 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 2015 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:** Heritage New Zealand is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of Heritage New Zealand meeting its objectives as specified in this Statement of Performance Expectations. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates. Crown funding received as a capital injection is accounted for in the prospective Statement of Movements in Equity.

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

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

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

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

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

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

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

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

### Grant Expenditure

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

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

### Leases

#### *Finance leases:*

Heritage New Zealand does not enter into finance lease arrangements.

#### *Operating leases:*

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Heritage New Zealand are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Income.

### Cash and cash equivalents

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

### Debtors and other receivables

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

### Inventories

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

### Property, plant and equipment

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

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

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

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

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

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

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

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

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

#### *Revaluations*

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

#### *Accounting for revaluations*

Heritage New Zealand accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation and recognised as other comprehensive 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 Heritage New Zealand and the cost of the item can be measured reliably.

*Subsequent costs*

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

*Disposals*

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

**Depreciation**

Depreciation is provided on a straight line basis on all property, plant and equipment (other than land, heritage artefacts and library), at a rate that will write-off the cost (or valuation) of the assets to their estimated residual value over their useful lives. Heritage buildings owned or vested in Heritage New Zealand are depreciated in accordance with NZ IAS16.

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

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

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

**Intangible Assets***Software acquisition and development*

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

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

Staff training costs are recognised as an expense when incurred.

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

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

*Amortisation*

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

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

Acquired computer software	3 years
Developed computer software	4 years

*Impairment of non-financial assets*

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

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

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

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of comprehensive income, a reversal of the impairment loss is also recognised in 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 Heritage New Zealand expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.



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

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

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

#### *Long-term employee entitlements*

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

#### *Superannuation schemes*

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

### **Provisions**

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

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Financial Instruments**

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

### **Income Tax**

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

### **Cost Allocation**

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

"Direct costs" are those costs attributable to a significant activity.

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

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

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

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

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

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

### **Commitments**

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

### **Contingencies**

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

### Accounting Judgments and Major Sources of Estimation Uncertainty

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

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

### Judgements in Applying Accounting Policies

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

#### *Controlled and Managed Buildings*

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

#### *Major Sources of Estimation Uncertainty*

The valuation of historical land and buildings is subject to considerable estimation uncertainty. During the 2012/13 year, Heritage New Zealand employed an independent valuer to revalue Heritage New Zealand's property portfolio in line with the Crown accounting policies and Treasury requirements. Valuations are undertaken biennially. Due to the nature of the Heritage New Zealand's property portfolio, it is difficult to obtain market valuation comparisons for many properties due to restrictions on their use. Consequently there is a large degree of subjectivity inherent in the valuation process.

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

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

### Changes in Accounting Policies

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

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

## HERITAGE NEW ZEALAND OWNED (16 PROPERTIES)

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

## CO-OWNED (1 PROPERTY)

Highwic (with Auckland City Council)

## LEASED (2 PROPERTIES)

Ewelme Cottage  
Māngungu Mission House

## PRIVATE HISTORIC RESERVE (4 PROPERTIES)

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

## HISTORIC RESERVE (22 PROPERTIES)

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

## MAORI RESERVE (1 PROPERTY)

Opotaka Pa

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

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

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