

**Manatū
Taonga**

Ministry
for Culture
& Heritage

2012/13

**Annual Report
Pūrongo ā-Tau**

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Chief Executive's report

Tā te Tumuaki rīpoata

Creating value through cultural investment

Despite a financial environment that remains challenging, the Ministry and its partner agencies can report a highly successful year.

The constraints on traditional sources of non-box-office revenue, whether corporate sponsorship or public funding, have required those in the cultural sector to think harder about their value propositions – and to think in terms not only of cultural objectives but also of broader objectives or outcomes beyond the cultural sector. Whether this value comes from better educational results for children in low-decile communities, export receipts earned from our domestic screen industry, or the building of stronger diplomatic and trade relationships through cultural exchange, the 2012/13 year can be judged a success for the cultural sector.

New Zealand's experience as Guest Country of Honour at the 2012 Frankfurt Book Fair epitomised this multi-faceted approach to value creation. In addition to a near 1,000 percent increase in translations of New Zealand publications, the Fair generated amongst the German media and public enormous exposure to New Zealand and its offerings in trade, tourism and education.

At heart, though, the primary reason New Zealand governments invest in cultural institutions and activities is to help us, as New Zealanders, connect with our stories, our histories and our distinctive heritage. Whether visiting a museum or art gallery, experiencing the work of our performing arts companies, accessing on-line content or viewing New Zealand films or television programmes, New Zealanders demonstrate daily the value they place on their culture.

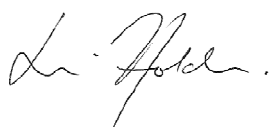
The upcoming centenary of the First World War will be an opportunity for New Zealanders to reconnect with one of the most significant events in our history. The Ministry is involved in a very constructive partnership with other government agencies in preparing for the commemorations. The centrepiece will be the National War Memorial Park in Wellington, currently under development, and from 2014 on there will be a full programme of activities throughout the country.

The Ministry's programme of print and, increasingly, on-line publishing continues apace, with work progressing on a number of histories relating to New Zealand's experience of the First World War. The first publications in this series will hit the bookstores toward the end of 2013. More generally, our websites, including in particular Te Ara - The Encyclopedia of New Zealand and NZHistory.net.nz, continue to show impressive growth both in content and usage.

Our experience of conflict is a major determinant of our identity as New Zealanders. Equally significant in our distinctive history and heritage is the Crown-Māori relationship. Reflecting this, the Ministry has initiated a major project charting the history of the Treaty Settlement process and has partnered with the Ministry of Justice to undertake this important work.

This annual report shows progress in a large number of other areas too. In particular, the Going Digital project has now seen the conversion to digital television of all of the South Island as well as Hawke's Bay in the North. The project is on target for completion in the 2013/14 financial year.

The breadth and depth of work the Ministry is responsible for belies its small size. I am hugely grateful for the hard work and commitment of the Ministry's staff and for the support of our partner agencies.



Lewis Holden
Chief Executive
Manatū Taonga / Ministry for Culture and Heritage

About the Ministry and the cultural sector

Mō te Manatū me te wāhanga tikanga

New Zealand's distinctive culture enriches our lives

This vision recognises that our distinctive culture is a core part of what makes New Zealand a great place to live. New Zealand's cultural sector is diverse, touching many areas of our lives, and New Zealanders place great value on these activities. It can involve people in their own communities coming together to explore family history, play sport, or participate in a local festival, as well as public and private institutions that engage New Zealanders and visitors, and showcase our heritage, our arts and our sports to New Zealanders and the world.

Māori culture makes New Zealand unique in a globalised world and is central to our sense of place, identifying us as a nation. Active support for, protection of the diversity of Māori culture, and participation in distinct Te Ao Māori activity – based on strong partnerships between Māori and the Crown – will ensure this fundamental feature of New Zealand culture flourishes.

Government funded cultural activity sits within a broader context which includes the contribution local government makes to arts, culture, heritage, and a complex and productive ecology of companies and NGOs, collectives and individuals. New Zealanders value culture and cultural activities highly and spend more on cultural items than they do on clothing and footwear, health care or passenger transport. Overall, the cultural sector and creative industries employ 126,000 New Zealanders and contribute over \$3 billion to GDP (2.1% of New Zealand's total industry contribution, based on 2007 figures).

The Ministry is the government's leading advisor on media, cultural and heritage matters. We fund, monitor and support a diverse portfolio of 19 agencies, including Crown entities, non-government organisations (NGOs), and a statutory body. 2012/13 direct government investment in the cultural sector, which includes arts, culture, heritage, media, sport and recreation, totalled \$350 million. All but approximately \$28 million of this funding is channelled through sector entities.

The Ministry delivers its own products and services, including a wide range of publishing projects, managing some heritage assets, and coordinating the First World War centenary commemorations across government. Its work contributes to cultural, educational, economic, and social outcomes, supporting the work of a range of other government agencies.

The Ministry has a leadership role and heads an informal sector cluster of funded agencies, based on voluntary collaboration. It has been working with cultural sector agencies to develop more of a whole-of-sector approach. In addition to engaging on specific policy, research, partnerships and development areas, and aligning some funding strategies, agencies have more recently been collaborating on a range of initiatives to improve value for money and develop new sources of funding outside government.

The Ministry's medium-term challenge is to establish itself as the strategic and results leader for the government-funded cultural sector, building on its policy, funding and monitoring roles. This requires agreement on shared outcomes and a set of measurable, medium-term sector results; clear targets and milestones; and a joint sector work programme.

How we use the word "culture"

This Ministry uses the word "culture" in a broad way to include Māori culture and the cultures of all New Zealanders. When we refer to culture we see it as including arts, heritage, media, and sport and recreation.

Non-financial Performance

Te Whakatutukitanga hāunga te tahua

Performance against the cultural sector outcomes

Te Whakatutukitanga ki ngā hua wāhanga tikanga

This section of the annual report describes our funded agencies' performance against the cultural sector goals and objectives (outcomes) for 2012/13.

The Ministry is uniquely placed in the cultural sector to have an overview of the full range of sector activities and issues, and to inform thinking, within government and the sector, on how support for culture can contribute to the Government's goals.

The Government funds a wide variety of cultural activity through Vote Arts, Culture and Heritage, and Vote Sport and Recreation. The Ministry and our funded agencies are working together in a cohesive and collaborative sector, while delivering in a diverse range of areas.

Our funded agencies are:



Our sector outcomes, as outlined in the Ministry's 2012-15 Statement of Intent, are Create, Preserve and Engage. We have reported on these outcomes. We have also reported on the outcome Excel from our 2013-16 Statement of Intent as we feel reporting against the four outcomes better reflects our current performance framework. Our Outcomes Framework on page 11 has been updated to include all four outcomes.

Create

Cultural and sporting activity flourishes

A flourishing cultural sector provides new experiences and stories, presents high quality productions and produces work that is distinctively "New Zealand" and relevant to us. A financially viable cultural sector is essential, as it assists our emerging talent to build and maintain careers.

Our aims are:

- Cultural activity is an integral part of Christchurch's recovery.
- New and high quality cultural content with distinctive New Zealand and Māori character is created.
- New Zealand's cultural sector supports innovative and successful creative industries.

Progress the funded agencies in the cultural sector are making towards achieving this outcome:

Creative New Zealand

Creative New Zealand funded 461 grants and special opportunities in 2012/13 across a range of art forms. Of these, Creative New Zealand funded 29 Māori and 16 Pacific heritage arts projects to preserve, develop and transmit cultural traditions and artistic practices.

NZ On Air

During 2012/13, NZ On Air supported 862 hours of television content across a range of genres, as well as radio programmes and digital projects. It also provided 244 Making Tracks music grants (for recordings and/or videos).

NZ On Air continued supporting key Christchurch projects and creative businesses, including an increase in funding for CTV and maintained support for access radio station Plains FM and student radio RDU. It funded *Hope & Wire*, a major upcoming mini-series on the aftermath of the earthquakes, and a regional television series *Christchurch from the Streets*.

New Zealand Symphony Orchestra

Ten new New Zealand orchestral works were premiered by the New Zealand Symphony Orchestra in 2012.

Te Matatini

During 2012/13 traditional Māori performing arts were fostered, developed and protected through Te Matatini's regional programmes of education and presentations involving 2,000 participants.

Preserve

Culture can be enjoyed by future generations

Our places, taonga and cultural activities need to be collected, recorded and preserved, for all New Zealanders to access. This means the cultural sector needs to continue to develop its capacity to collect, protect and display.

Our aims are:

- New Zealand's taonga are protected and preserved.
- Traditions and tikanga are preserved, developed and transmitted through active use.
- Capacity and capability in cultural conservation are maintained and enhanced.
- Commemorations of the First World War are coherent throughout New Zealand and effective in honouring the contribution New Zealanders made in the War.

Progress the funded agencies in the cultural sector are making towards achieving this outcome:

Antarctic Heritage Trust

During 2012 the Antarctic Heritage Trust, in collaboration with photographer Jane Ussher and the Christchurch City Council, successfully mounted a large-scale audio-visual exhibition, *Still Life: Inside the Antarctic Huts of Scott and Shackleton* as part of the inaugural New Zealand Antarctic Festival. Festival visitors ranked the exhibition the most popular element of the Festival.

The Antarctic Heritage Trust's Ross Sea Heritage Restoration Project continues to schedule. Over 14,000 artefacts have now been conserved. Conservation of the building fabric of Shackleton's hut at Cape Royds and Scott's hut at Cape Evans is complete. The Trust has also taken on management responsibility (including conservation and fundraising) for preserving Sir Edmund Hillary's historic TAE/IGY base, as the foundation of New Zealand's Scott Base and operations in Antarctica.

Drug Free Sport New Zealand

Drug Free Sport New Zealand contributes to the preservation of New Zealand's strong sporting traditions through its robust testing programme and work to eliminate doping from sport. A continued low level of positive tests during the 2012/13 year helped reassure New Zealand's athletes that the sport sector remains 'clean' and in line with the goals of the World Anti-doping Code.

New Zealand Film Archive

The transfer of the Sound Archive Ngā Taonga Kōrero from Radio New Zealand to the New Zealand Film Archive took place on 1 October 2012. The Film Archive has scoped a major project to digitise the most significant elements of the Sound Archive collection and work will begin on this in 2013/14.

The New Zealand Film Archive is also responsible for the preservation of at-risk nitrate film and has raised funding and leased land for a purpose-built storage facility near Wellington.

New Zealand Historic Places Trust

As a result of Canterbury earthquake damage, the work of the New Zealand Historic Places Trust to ensure the survival of its own and other heritage properties has increased. Cotton's Cottage and the Timeball Station in Lyttelton both had to be deconstructed due to irreparable damage; during 2012/13 Cotton's Cottage was rebuilt and work got underway on the rebuild of the Timeball Station. The New Zealand Historic Places Trust has allocated 100 percent of the National Heritage Preservation Incentive Fund to help owners of privately owned and nationally significant heritage places undertake conservation work.

The New Zealand Historic Places Trust also substantially completed a three-year work programme to address significant safety and deferred maintenance needs across its property portfolio.

NZ On Air

NZ On Air is actively assessing screen projects related to the First World War. In June 2013 funding was granted to a drama series *Anzac Girls* (a co-production with Australia) and to documentaries *The Berry Boys* and *World War One Stories*.

Te Papa

Since the Canterbury Earthquakes, Te Papa has been assessing the seismic strength of its buildings and the storage of its collections in Wellington. In 2012/13 it completed a major programme of work upgrading racking and shelving to improve the security of collections and staff in the event of an earthquake. Te Papa is a partner in the CEISMIC research consortium and the Canterbury Cultural Collections Recovery Centre at the Air Force Museum in Christchurch, and is advising other museums about addressing seismic risk.

Engage

Engagement in cultural and sporting activities is increasing

Increasing participation and engagement means wider enjoyment of our culture by New Zealanders and international audiences. This in turn benefits the cultural sector, our wider community, and the economy.

Our aims are:

- New Zealanders see their culture as relevant and distinctive, and make it part of their daily lives.
- New Zealanders engage with Māori language and cultural content.
- More New Zealand children and young people get involved in organised sport through the KiwiSport fund and the focus of regional sports trusts, schools and clubs is on the delivery of sport to young people.

- Culture contributes to innovative solutions in the areas of health, social development, the environment, education and the economy.

Progress the funded agencies in the cultural sector are making towards achieving this outcome:

Broadcasting Standards Authority

The Broadcasting Standards Authority contributes to engagement by ensuring the broadcasting standards regulation system is accessible, responsive and understood. An important project in 2012/13 was an upgrade of the website to make the complaints process easier to follow, and to make present and past decisions more easily accessible.

Creative New Zealand

Audience attendance at 5,869 events and performances, presented by 56 key organisations receiving multi-year funding from Creative New Zealand, totalled 701,615 in 2012/13. Creative New Zealand funding to Territorial Local Authorities resulted in 1,777 Creative Community grants to arts activities which support communities in preserving and developing their arts.

Creative New Zealand funded 67 authors as well as over 90 performing artists and visual arts exhibitions as part of a New Zealand contingent to deliver the year-long Ministry-led New Zealand Guest of Honour Programme at the Frankfurt Book Fair 2012. There were 3 million visitors to the Museumsuferfest where contemporary New Zealand music and kapa haka were showcased. A literary and performance programme featured in the New Zealand-designed pavilion, culminating in nearly 68,000 visitors over the five days. The impact of New Zealand's arts was evident in the over-9,000 German press clippings during October alone, many of which were in-depth feature articles in Germany's 'top 10' media channels.

Freeview

Freeview promotional activity, alongside the Going Digital campaign, has contributed to over a million households owning at least one Freeview-receiving device as at December 2012. This was 10 percent higher than anticipated and equates to roughly 65 percent of New Zealand households.

New Zealand Music Commission

Vote Education funding enables the New Zealand Music Commission to run a mentoring scheme in which professional musicians work in at least 60 schools each year. 74 schools participated in 2012/13. There is an equitable spread across all deciles and over 50 percent of this work takes place in regional communities. During the 2012 school year, 1,350 students directly participated in one-on-one mentoring.

NZ On Air

An increasing number of New Zealanders are watching NZ On Air-funded programming on primetime television. During the 2012/13 year, the top thirty NZ On Air-funded television programmes achieved audiences of at least a quarter of a million viewers and the most successful programme reached nearly 900,000 viewers.

The music investments made by NZ On Air through its Making Tracks scheme also reached sizeable audiences. NZ On Air supported 244 songs during the scheme's second year. As at June 2013, funded songs had already achieved over 10 million plays on You Tube, 86,023 on radio and 19,564 on music television.

In 2012/13 NZ On Air funded two websites providing curated access to content from New Zealand's screen and music history. NZ On Screen, the online showcase of New Zealand television, film and music video, had 1.2 million visitors during the year. The site continues to be popular with New Zealanders and increasingly with education providers throughout the country. A new website, AudioCulture – the “noisy library of New Zealand music” – was successfully launched in May 2013.

New Zealand Symphony Orchestra and Royal New Zealand Ballet

The New Zealand Symphony Orchestra presented 123 concerts in 2012 to audiences numbering 93,808 nationwide.

The Royal New Zealand Ballet presented 184 performances in 2012 to national audiences of 160,752.

Sport New Zealand

Nine out of 10 young people and eight out of 10 adults participate in sport and recreation activities. With the help of over 750,000 sport and recreation volunteers, over 15,000 clubs support formal participation. In addition, informal engagement in sport and play makes a significant contribution to the lives of young New Zealanders.

Te Matatini

Te Matatini's 2013 National Kapa Haka Festival in Rotorua comprised 1,845 performers competing over four days. Spectator audiences exceeded 60,000. Television audiences during the daily three-hour highlights packages averaged 85,000 and over 220,000 viewers watched the finals day live broadcast. Radio audience averaged 150,000 daily and the finals day attracted over 230,000 listeners. Live streaming of the finals day to Australia, America and Europe was viewed by more than 80,000 people. Audiences for regional competitions during 2012 exceeded 24,000.

Te Papa

Te Papa is one of the most visited museums and galleries in Australasia. It has had over 21 million visits since its opening in 1998. In 2012/13, 1.31 million visitors attended the Cable Street site. A further 267,737 domestic visitors¹ saw Te Papa touring exhibitions outside Wellington and 1,017,514 in international venues², making a total of over 2.6 million visitors. In addition, over 1.4 million visits were made to the Te Papa website and nearly 400,000 to Collections Online.

Access to Te Papa's collections is increased by national and international touring exhibitions. During 2012/13 five exhibitions toured to eleven venues in nine regions around New Zealand. *Kura Pounamu: Treasured Stone of Aotearoa New Zealand* and *Brian Brake: Lens on China and New Zealand* showed at the National Museum of China in Beijing and the contemporary art exhibition *Meridian Lines* showed at the China Art Museum in Shanghai. The success of these exhibitions is paving the way for more exchanges with museums in China. *E Tū Ake: Standing Strong* and *Whales: Tohorā* toured to five venues in Canada, Mexico and the United States.

Excel

Artists, athletes and organisations achieve excellence

Increasing the quality of cultural activities, inspires others to achieve more, means more recognition for participants and generates other benefits for New Zealand, enhancing communities, and contributing to the economy.

Our aims are:

- New Zealand's high-performance sport system continues to develop more world-class infrastructure and delivers support for athletes, including a stronger role for High Performance Sport New Zealand.
- New Zealanders reach high levels of achievement when participating in cultural activities.
- New Zealand's unique cultural activities gain recognition in both domestic and overseas arenas.

¹ Based on official (130,942) and estimated (136,795) counts as not all museums and galleries have systems for capturing official accounts.

² Based on official (981,001) and estimated (36,513) counts as not all museums and galleries have systems for capturing official accounts.

Progress the funded agencies in the cultural sector are making towards achieving this outcome:

Antarctic Heritage Trust

The Antarctic Heritage Trust, in collaboration with Canterbury Museum and the Natural History Museum, London created an exhibition to mark the centenary of Captain Scott's last Antarctic expedition. The exhibition toured to Sydney, London and Christchurch, was seen by more than 200,000 people and won "Best Temporary or Touring Exhibition" at the British Museums and Heritage Awards for Excellence 2013.

New Zealand Film Archive

The New Zealand Film Archive's research into American and European nitrate films in its keeping has uncovered more than 100 films which no longer exist anywhere in the world. Collaboration with the US National Film Preservation Foundation has led to Hollywood screenings for many of them, including particularly significant titles by John Ford and Alfred Hitchcock. The Archive's role in saving films long thought to be lost has brought international recognition.

New Zealand Film Commission

In 2012/13 New Zealand Film Commission-funded feature films *Mr Pip*, *Shopping* and *The Weight of Elephants* were selected for A-list festivals: the Toronto International Film Festival, the Sundance Film Festival and the Berlin International Film Festival. *Shopping* also won the Grand Prix Generation 14-plus International section at Berlin

The feature film *Mt Zion*, funded by the New Zealand Film Commission, achieved almost \$1.3 million at the New Zealand box office which made it the highest-grossing New Zealand film of 2013. It also won the Flicks People's Choice Award for Best Film at the New Zealand Motion Picture Industry Council (NZMPIC) awards.

Success in short film is seen as a crucial stepping-stone in the careers of New Zealand feature filmmakers. Six short films funded by the New Zealand Film Commission screened at A-list festivals in 2012/13. *Ellen is Leaving* won top prize at the South By South West Film Festival and has qualified for consideration by the 2014 Academy Awards, as have two other New Zealand Film Commission-funded short films, *Night Shift* and *Abiogenesis*.

New Zealand Music Commission

72 percent of the 2012/13 applications to the New Zealand Music Commission for matched funding for the international marketing of New Zealand musicians and bands were considered to be "export ready" from both business and artistic perspectives (up from 70 percent in 2011/12).

Royal New Zealand Ballet

The excellence of the Royal New Zealand Ballet was demonstrated by its nomination for "Outstanding Company" in the prestigious UK National Dance Awards 2011 and the artistic success of its tour to China in 2013.

Sport New Zealand

The 2012 London Olympiad was a high point for New Zealand sporting success. The 13 medals at the Olympics (including six golds, placing New Zealand 15th on the gold medal list) and the 17 medals at the Paralympics (including six golds, placing New Zealand 21st on the gold medal list) represented an important return on Government's four-year investment of \$180 million in athletes and facilities.

OUTCOMES FRAMEWORK

| | | | | | |
|---------------------------------|--|---|---|---|--|
| Government priorities | A more competitive and productive economy | Better public services | Rebuild Christchurch | | |
| Outcomes for New Zealand | A higher quality of life in our communities, towns and cities | A growing workforce that drives innovation, creativity and collaboration | A culture that is unique, distinctive and valued in a globalised world | | |
| Vision | New Zealand's distinctive culture enriches our lives | | | | |
| Sector outcomes | Create Cultural and sporting activity flourishes in New Zealand | Preserve Our heritage can be enjoyed by future generations | Engage Engagement in cultural and sporting activities is increasing | Excel Artists, athletes and organisations achieve excellence | |
| Sector priorities | Growing young people's participation in cultural activities | | Growing the revenue base | Digitisation of interactions and outputs | |
| Ministry impacts | Our histories, taonga, places and symbols of nationhood are preserved for past, present and future generations | People understand and enjoy New Zealand's diverse culture and heritage | Our culture inspires positive changes in communities, the economy, and the environment | New Zealand's unique Māori culture and heritage is protected and enhanced | A collaborative culture sector strengthens performance and flexibility |
| Ministry outputs | Fund and Monitor <ul style="list-style-type: none"> Performance monitoring and development of arts, heritage, media and sport Vote-funded agencies | Advise <ul style="list-style-type: none"> Provide advice to support decision making by Ministers on government policy relating to arts, heritage and media Ministerial servicing Advise on and process Board appointments | Deliver <ul style="list-style-type: none"> Maintain war graves and access to memorials and other places of national significance Collect and preserve oral history and digital stories Promote cultural events and significant commemorations Produce and promote cultural and historical resources and events Delivery of international cultural diplomacy projects Support New Zealanders' transition to digital television Eventfinder partnership | Regulate <ul style="list-style-type: none"> Administer legislation to protect Māori and New Zealand's cultural heritage | |

How we performed against our impacts

Tā mātou whakatutukitanga ki ā mātou papātanga

The following outlines the Ministry's performance against our impacts, which show the more direct results of our activities that will contribute to each of our four outcomes. The Ministry has also identified key indicators that will tell us whether the Ministry's desired impacts have been achieved. The Ministry's outputs and supporting activities both directly and indirectly contribute to our outcomes. A number of these contribute across the arts, heritage, media and sport (cultural) outcomes as the Ministry's activities are designed to encourage creation of, preservation of, and engagement in cultural activities.

This section also identifies the outputs that relate to each of the impacts. The Ministry's performance against our output measures is reported in the Statement of Service Performance on pages 25 to 47.

In a year of fiscal constraint, the cultural sector faced the challenge of continuing to deliver within existing resourcing levels. For the Ministry, one way of helping organisations meet this challenge was to focus on efficiency, value for money and the potential for better collaboration.

The year was also dominated by a number of large-scale projects that recognised the importance of arts, culture and heritage to New Zealand's society and economy: the Frankfurt Book Fair, planning for the First World War Centenary, and the recovery of Christchurch.

Impact: Our histories, taonga, places and symbols of nationhood are preserved for past, present and future generations

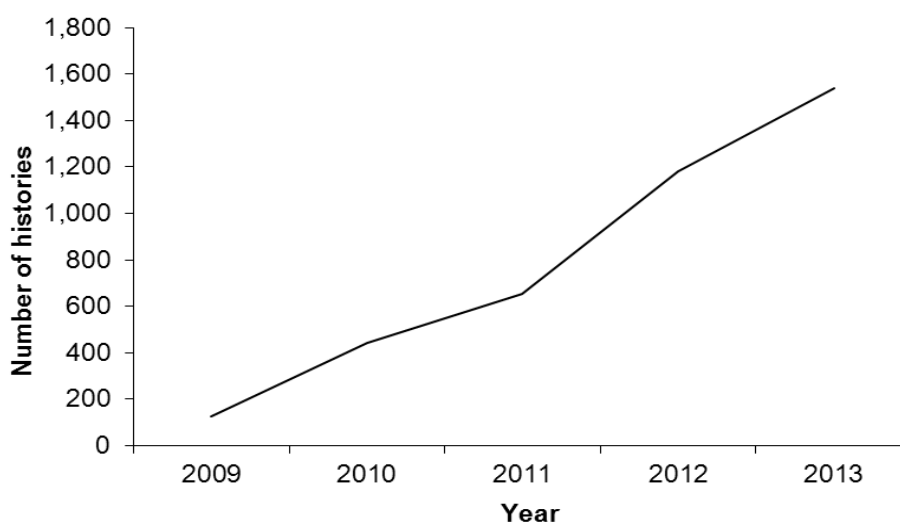
| Impact measures | Initiatives – what we have been doing | Ministry outputs |
|--|---|---|
| <ul style="list-style-type: none"> • Histories and taonga are preserved for the future • Histories, taonga, places and symbols of nationhood managed by the Ministry are increasingly accessed | <ul style="list-style-type: none"> • Collecting and preserving oral and digital stories of cultural importance to New Zealand in a form accessible to current generations. • Administering the New Zealand Oral History Awards annually. • Managing the maintenance of war graves in New Zealand and abroad, and the management of the National War Memorial. • Maintaining the National War Memorial. • Progressing the Canterbury Earthquake Memorial project. • Developing policy to incentivise structural upgrading of heritage buildings as part of the review of the earthquake-prone building provisions of the Building Act 2004 (led by the Ministry of Business, Innovation and Employment). • Administering legislation to protect symbols of nationhood and movable and found heritage. | <ul style="list-style-type: none"> • Provide advice to support decision making by Ministers on government policy matters relating to arts, heritage and media • Collect and preserve oral history and digital stories • Administration of legislation to protect taonga Māori and New Zealand cultural heritage • Maintain war graves and access to memorials and other places of national significance |

Histories and taonga are preserved for the future

The Ministry continues to develop new topics for Te Ara and NZHistory as well as recording oral histories. The majority of the Ministry's resources are published on the websites we run. The Ministry also encourages the community to contribute images, stories, and comments to our websites, including QuakeStories, 28th Māori Battalion, NZHistory, and Te Ara.

The following graph shows the cumulative number of histories, including web features and oral history interviews, recorded by the Ministry. This shows that the Ministry has continued to increase the number of histories it records.

Cumulative number of histories recorded by the Ministry since 1 July 2008

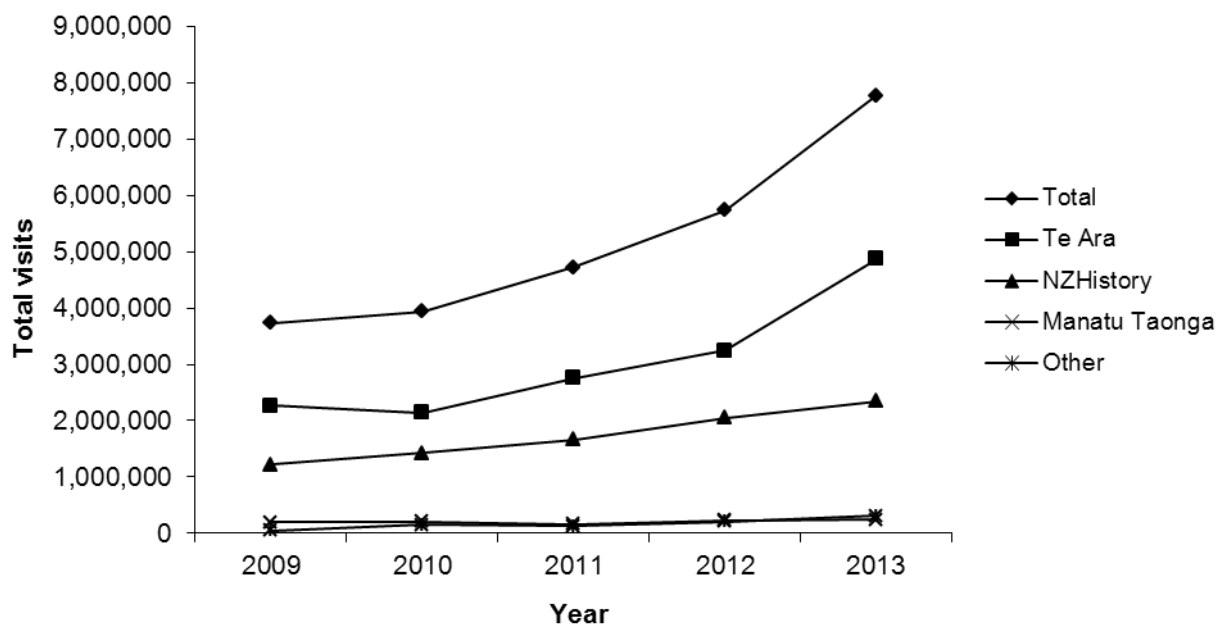


Histories, taonga, places and symbols of nationhood managed by the Ministry are increasingly accessed

Websites

The Ministry produces a range of websites bringing New Zealand's culture and heritage online. Over the past five years there has been a significant increase in the number of visits to the Ministry's websites. Total visits have increased from 3.737 million in 2008/09 to 7.774 million in 2012/13, representing a 108% increase.

Total visits to Ministry websites



The number of people using our information has continued to grow steadily over the past five years. Our websites have proven to be an effective channel of communication to increase people's understanding of New Zealand's heritage and culture. In our 2013 web satisfaction survey, we asked our website users what they thought was the best way of delivering content like ours, with options of Ebook, mobile app, printed book and website. 83.5% of respondents thought website was the best way.

National War Memorial

New Zealand's National War memorial is located at Buckle Street in Wellington. The Memorial commemorates all New Zealanders who gave their lives in the South African War, the two World Wars, the conflicts in Malaysia and Vietnam, and on peace-keeping operations world-wide. The National War Memorial features a Carillon, Hall of Memories, and the Tomb of the Unknown Warrior. A National War Memorial Park to be based alongside the Memorial is currently under development.

There were 9,443 visits to the National War Memorial in Wellington in 2012/13. Visitor numbers decreased from previous years as a result of construction work being undertaken at the site.

The National War Memorial is currently closed pending seismic strengthening with a view to make it accessible again to visitors. The primary goal of a visit to the National War Memorial is to help visitors to remember and understand the New Zealand experience of war and its enduring impact on New Zealand society.

Book sales

The Ministry has helped to foster an increasing public appetite for printed information about New Zealand's culture and heritage. A number of its print publications have been extremely popular: *Frontier of Dreams* (2005) has sold more than 26,000 copies; *Nga Tama Toa* (2008) 10,000 copies; and *Māori Peoples of NZ* (2006) and *Trainland* (2007) around 7,000 copies each. The Ministry's total sales of all print publications is around 93,000 sales across 32 different products since 2004/05.

Public seminars

The Ministry hosted 9 public seminars during the year (2012: 11). These were on subjects ranging through history, economics, and science. Around 50-60 people (2012: 50-60 people) attend these seminars each time they are held.

Impact: People understand and enjoy New Zealand's diverse culture and heritage

| Impact measures | Initiatives – what we have been doing | Ministry outputs |
|---|--|--|
| <ul style="list-style-type: none"> New Zealanders who access Ministry information and places the Ministry manages feel informed about their country, history and culture New Zealanders are switching to digital television | <ul style="list-style-type: none"> Providing historical and cultural information that engages New Zealanders and international audiences, using a range of media, including print and digital. Producing and promoting significant cultural and historical resources and events, including First World War centenary commemorative digital and print projects. Progressing New Zealand's First World War centenary commemorations projects, including National War Memorial Park. Providing advice on policy, legislation and funding to enhance the development of cultural sector services and activities, including visual, performing and literary arts, historic heritage, museum collections, taonga and whare taonga, cultural tourism, broadcasting and broadcasting standards. Scoping options for increasing the public accessibility of New Zealand's audiovisual archives. Supporting New Zealanders to make the switchover to digital television by December 2013: <ul style="list-style-type: none"> Implementing a full marketing and communications programme. Undertaking community outreach facilities through our network of community advisors. Delivering the Targeted Assistance Package to support vulnerable groups to go digital. | <ul style="list-style-type: none"> Promotion of cultural events and significant commemorations Collect and preserve oral history and digital stories Produce and promote cultural and historical resources Delivery of Going Digital Programme Provide advice to support decision making by Ministers on government policy matters relating to arts, heritage and media |

New Zealanders who access Ministry information and places the Ministry manages feel informed about their country, history and culture

A survey of the Ministry's website users was conducted during February and March 2013 to gain feedback about our websites and identify areas of development to be included in our programme of work. As part of this survey, we asked users how well informed they were about a variety of subjects. We also asked them how well informed they felt about New Zealand, its history, and its culture after using our websites, on a scale of not informed, somewhat informed, better informed, and extremely well informed. After viewing our websites, 97% of respondents felt at least 'somewhat' informed about New Zealand, its history and its culture, with 87% of respondents feeling either 'better' or 'extremely' well informed.

New Zealanders are switching to digital television

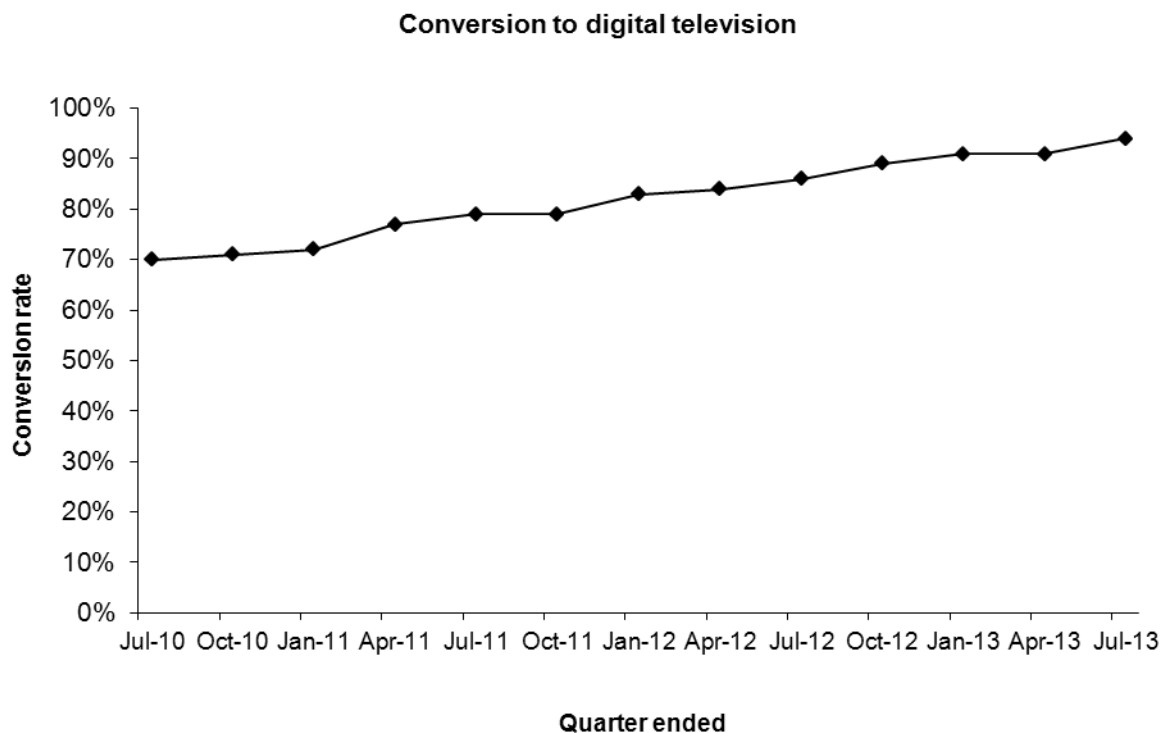
As the end of analogue television approaches, it is important all New Zealanders have the information and assistance they need to access digital television.

One of the Ministry's flagship programmes is Going Digital, responsible for transitioning New Zealand to digital television by the end of 2013. Going Digital operates a nationwide community outreach programme, supported by a comprehensive marketing programme featuring Seymour the digital dog.

The Targeted Assistance Package was launched in 2012 to provide technical and financial support to those groups most likely to face the greatest challenges in moving to digital television. From February 2012 to 30 June 2013, Going Digital provided more than 21,000 installations under the Targeted Assistance Package. The Targeted Assistance Package is now closed in Hawke's Bay, the West Coast and the South Island.

The number of households that have converted to digital television has increased from 70% in July 2010 to 94% in July 2013.

Hawke's Bay and the West Coast were the first regions to go digital on 30 September 2012, followed by the rest of the South Island on 28 April 2013. The last two regions to go digital are the lower North Island and East Coast on 29 September 2013, followed by the upper North Island on 1 December 2013.



Impact: Our culture inspires positive changes in communities, the economy, and the environment

| Impact measures | Initiatives – what we have been doing | Ministry outputs |
|--|--|---|
| <p>New initiatives where culture helps achieve the goals of other sectors</p> <p><i>Frankfurt Book Fair</i></p> <ul style="list-style-type: none"> Number of book rights sales to foreign buyers Preference of Germans for New Zealand as a travel destination <p><i>Rebuild Christchurch</i></p> <ul style="list-style-type: none"> Participation in sport, arts, recreation and culture at all levels occurs across all of greater Christchurch | <ul style="list-style-type: none"> Providing advice on policy, funding and other opportunities to enhance the contribution of the cultural sector to the Government's wider social and economic goals. Supporting the recovery from the Canterbury earthquakes by contributing to a range of cultural initiatives in greater Christchurch. Working with Auckland Council to develop and implement an arts and culture strategy for Auckland. Managing the presence of New Zealand as the host country at the Frankfurt Book Fair in 2012 to develop our presence in Germany and inspire tourism and investment from Europe, as well as other cultural diplomacy projects. Supporting an Auckland-based Sistema Aotearoa project and advising on options for expansion of the programme in other parts of New Zealand. | <ul style="list-style-type: none"> Provide advice to support decision making by Ministers on government policy matters relating to arts, heritage and media Delivery of international cultural diplomacy projects |

Frankfurt Book Fair

New Zealand was the Guest Country of Honour at the 2012 Frankfurt Book Fair (FBF). Attended by around 300,000 people from 110 countries, the Frankfurt Book Fair is the world's largest book fair and most prestigious annual publishing event.

New Zealand's Guest of Honour project ran for the whole year leading up to the fair, presenting 80 New Zealand writers and many cultural performers in numerous events in Frankfurt and other centres throughout Germany and Europe. It provided an unprecedented opportunity not only to sell our books into international markets, but also to showcase New Zealand's literature and culture, to promote trade and tourism and to strengthen our political ties with Germany.

The Frankfurt Book Fair project was a major focus for the Ministry during 2011/12 and the first half of 2012/13. As the lead agency, the Ministry formed a small team to run the project, in collaboration with a number of other government agencies in New Zealand and Germany.

New Zealand's highly successful programme built awareness and interest throughout the year, peaking at the Book Fair with almost 68,000 people visiting the New Zealand pavilion over five days. The FBF organisers attributed the 6% overall increase in the FBF's public attendance figures to New Zealand's Guest of Honour presence and profile.

Number of book rights sales to foreign buyers

The German translation rights for 83 New Zealand books were sold in the lead up to the Frankfurt Book Fair – an 800% increase on annual sales into Germany for the past 10 years. Since the Fair, there have been a further 22 German rights sales to 30 June 2013 – a total of 105 in all.

New Zealand rights sales into other territories were not measured before the October 2012 FBF. However, the 2012 FBF has resulted in 71 sales into other territories to 30 June 2013. That makes a total of 176 rights sales internationally that can be linked to New Zealand's Guest of Honour presence at the FBF. This is almost double the Publishers Association of New Zealand (PANZ) target of 100 rights sales by the end of 2013.

It is expected that this number will continue to rise. New Zealand publishers report further rights deals are in negotiation or under discussion as a result of the FBF.

The geographic reach of deals done and in negotiation include: Germany, France, UK, USA, Canada, South Africa, Portugal, Spain, Croatia, Brazil, Poland, Sweden, The Netherlands, China, Italy, Japan, the Middle East, Slovenia, Malaysia, Indonesia, Korea, Taiwan, Switzerland, Luxembourg, Austria, and Norway.

Preference of Germans for New Zealand as a travel destination

Tourism New Zealand (TNZ) runs an “Active Considerer Monitor” in six of TNZ’s key international markets, including Germany. The target audience is consumers who are actively considering New Zealand for a holiday in the near future. The monthly survey reports on New Zealand’s brand image and advertising effectiveness in each market. The July – November 2012 surveys in Germany also included specific questions on the Frankfurt Book Fair.

The results of the July- November 2012 surveys in Germany show the majority of active considerers (85% on average) were aware of the Frankfurt Book Fair. Awareness of New Zealand as the Guest of Honour for 2012 averaged 25%, peaking at 40% in October 2012. Interest among the active considerer market as a whole in visiting New Zealand remained at 12%. Among the German active considerer target group who were aware of New Zealand’s Guest of Honour status, there was an average 42% increase in interest in visiting New Zealand over the July – November 2012 period.

June 2013 figures from the same survey show a 64% preference for New Zealand. This preference is well above benchmarks for Germany and has shown steady improvement since 2012. Results for the quarter to June 2013 also show that 50% of Active Considerers associate New Zealand with the brand attribute “offers rich local arts and culture experiences” compared with 39% in the previous quarter.

Rebuild Christchurch

Participation in sport, arts, recreation and culture at all levels occurs across all of greater Christchurch

Every three years, Creative New Zealand conducts its New Zealanders and the arts survey, which looks at attitudes, attendance and participation. The latest surveys were completed in 2011 and 2008. The 2008 data for Canterbury has been used as our baseline for attendance and participation prior to the Canterbury earthquakes.

In 2008, 81% of Christchurch residents attended an arts event in the last 12 months, and 44% participated in the arts over the last 12 months.

Audience figures for organisations funded through the Tōtara and Kahikatea investment programmes indicate that overall 2012 Canterbury arts audience numbers are returning to pre-earthquake levels, despite there being fewer events for people to attend.

| Canterbury Attendances | 2009 | 2010 | 2011 | 2012 |
|--|----------------|----------------|---------------|----------------|
| Arts on Tour NZ | 1,584 | 3,026 | 1,591 | 1,560 |
| Chamber Music New Zealand | 0 | 3,248 | 2,645 | 3,723 |
| Christchurch Symphony Orchestra | 22,754 | 18,016 | 8,540 | 19,974 |
| Footnote Dance | 0 | 282 | 0 | 450 |
| National Theatre for Children | 2,633 | 2,174 | 730 | 397 |
| New Zealand String Quartet | 781 | 1,112 | 314 | 362 |
| NZ Youth Choir / Voices NZ Chamber Choir | 0 | 3,250 | 2,380 | 1,300 |
| The Court Theatre | 100,323 | 81,048 | 33,860 | 98,808 |
| The Physics Room | 6,137 | 1,296 | 0 | 2,114 |
| New Zealand Opera | 879 | 0 | 0 | 0 |
| Total | 135,091 | 113,452 | 50,060 | 128,688 |

In 2007/08 Sport New Zealand conducted its Active New Zealand survey, which collects data on sport and recreation participation by New Zealand adults aged 16 years and over. The results for the Canterbury West Coast region have been used as our baseline for participation in sport and recreation prior to the Canterbury earthquakes.

In 2007/08, 79.6% of adults took part in at least one sport or recreation activity per week. Over a 12 month period, 85.2% of adults participated in at least two different types of sport and recreation activities, and, on average, adults participated in 4.6 different sport and recreation activities.

Sport New Zealand is currently conducting its 2013/14 Active New Zealand survey. The survey commenced in April 2013 and will finish in March 2014, with results to follow later in 2014.

Sport New Zealand conducted its Young People's Survey in 2011, which surveyed over 17,000 students in primary, intermediate and secondary schools about their participation in sport and recreation. However, the results are under representative of Christchurch schools as many were not in a position to participate. A subsequent survey was conducted in 2012, with results currently being analysed.

The Ministry will report updated results of participation in sport and recreation at all levels across all of greater Christchurch as they become available.

The Ministry continues to lead two recovery programmes. These are:

- Arts and Culture Recovery, which includes Culture and Heritage Collections, Creative and Cultural Activities and Spaces and the National Earthquake Memorial; and
- Heritage Buildings and Cultural Heritage Places Recovery Programme.

These two programmes along with the Spaces and Places and People Plan for Sport and Recreation in Greater Christchurch, form the cultural recovery component of the overarching *Recovery Strategy for Greater Christchurch: Te Mahere Haumanutanga o Waitaha* (Recovery Strategy).

The National Earthquake Memorial, while led by the Ministry under the Arts and Culture Recovery programme is also a Christchurch Central Development Unit (CCDU) project and is linked to both the Heritage Building and Cultural Heritage Places Programme and the Avon River Park Precinct Anchor Project.

The Ministry is also a member of the Sensitive Sites Cross-Agency Group, and provides input and advice to the Art Trail of the Avon River Park Precinct.

While progress on both recovery programmes has been slowed by complexity of the issues surrounding Canterbury, the Ministry will be in a position to take both programmes out for consultation before December 2013.

To support its work in Canterbury, the Ministry implemented two significant actions in 2012/13. It:

- Resourced a principal advisor to work at least two days per week in Christchurch; and
- Established a Joint-Agency Group (JAG) consisting of representatives from the Ministry, Christchurch City Council, CERA, CCDU and Creative New Zealand. This group consults with the District Councils of Waimakariri and Selwyn and other relevant agencies as required. JAG considers projects and plans within the cultural sector and provides a consistent and collective message to project organisers reducing duplication and ensuring information is shared between agencies.

Impact: New Zealand’s unique Māori culture and heritage is protected and enhanced

| Impact measures | Initiatives – what we have been doing | Ministry outputs |
|---|---|--|
| <ul style="list-style-type: none"> • People who access Ministry information about the Treaty settlement process are better informed about the benefits of the Treaty settlement process for all New Zealanders • Māori who access Ministry information feel taonga are better cared for and managed | <ul style="list-style-type: none"> • Producing digital and print publications which showcase Māori culture, history, and language. • Scoping the Treaty Settlement Histories oral, print, and digital projects, to be developed over the next two to three years. • Co-ordinating wānanga, to assure the quality of content across the Ministry’s cultural publications. • Providing advice on policy, legislation and funding to enhance the development of Māori culture and heritage, including researching and advising on approaches to whare taonga initiatives. • Encouraging the use of and access to te reo in the work and workplaces of agencies funded through the Ministry. | <ul style="list-style-type: none"> • Provide advice to support decision making by Ministers on government policy matters relating to arts, heritage and media • Collect and preserve oral history and digital stories • Produce and promote cultural and historical resources and events • Administration of legislation to protect taonga Māori and New Zealand cultural heritage |

People who access Ministry information about the Treaty Settlement process are better informed about the benefits of the Treaty settlement process for all New Zealanders

During 2013 the Ministry was in the process of establishing the Treaty Settlement Histories project. Over the next three years, the Ministry will be producing oral histories on the Treaty settlement process, as well as other Treaty settlement print and digital projects.

In March 2013, the Ministry asked users of the Ministry’s websites how well informed they were about the Treaty of Waitangi settlement process, on a scale of not informed, somewhat informed, well informed, extremely well informed. 48.5% of respondents consider that they are well informed or extremely well informed about the Treaty of Waitangi settlement process.

Māori who access Ministry information feel taonga are better cared for and managed

The Ministry is responsible for managing taonga under the Protected Objects Act 1975, which regulates:

- the export of protected New Zealand objects;
- the illegal export and import of protected New Zealand and foreign objects; and
- the sale, trade and ownership of taonga tūturu, including what to do if you find a taonga or Māori artefact.

Our work in this area ensures significant movable heritage subject to the Protected Objects Act is not lost overseas.

In March 2013, the Ministry conducted a survey asking respondents to rate our work in this area using a scale of very poorly, poorly, well, very well. 72% of Māori respondents and 68% of New Zealanders rated this as well or very well.

Impact: A joined-up cultural sector strengthens performance and flexibility

| Impact measures | Initiatives – what we have been doing | Ministry outputs |
|---|--|--|
| <ul style="list-style-type: none"> • Level of private or philanthropic giving to arts and heritage organisations • Collaboration between funded agencies, and between the Ministry and the funded agencies, to achieve cultural and government outcomes | <ul style="list-style-type: none"> • Developing a strategy to frame and drive the Government’s investments in New Zealand’s culture. • Providing advice on policy, legislation, and funding to enhance sector coherence and infrastructure. • Supporting the Heritage Forum to identify and manage priority work across the heritage sector. • Improving funded agencies’ strategic planning and performance reporting frameworks through collaboration and support. • Advising on mechanisms for sustaining the performance and financial strength of key cultural sector agencies, through agency cooperation and development of shared service arrangements, and assisting the cultural sector to diversify revenues. • Undertaking reviews and making improvements in cultural areas, including the professional orchestra and screen sectors. • Working with key agencies to increase levels of private and philanthropic giving in the wider cultural sector. • Advising on the appointment of Board members for Crown-connected agencies. • Advising on and administering legislation for the cultural Crown entities. | <ul style="list-style-type: none"> • Provide advice to support decision making by Ministers on government policy matters relating to arts, heritage and media • Performance monitoring and development of arts, heritage, media and sport Vote-funded agencies • Advice on and processing of arts, heritage, media and sport board appointments • Negotiated services to support Ministers including speeches and correspondence |

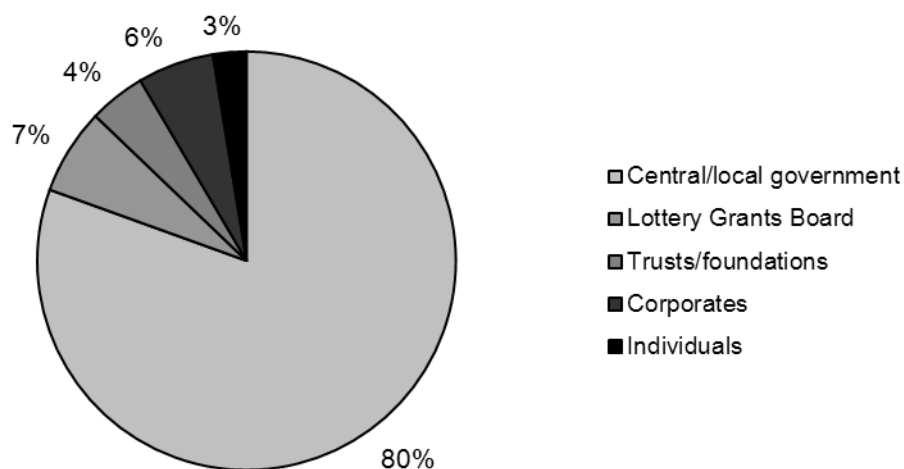
Level of private or philanthropic giving to arts and heritage organisations

In order to thrive, cultural organisations need sufficient resources. As well as self-generated income such as ticket sales, many organisations rely heavily on government support. Both central and local government invest in a wide range of cultural organisations. However, more could be achieved if the funding base was increased.

The Ministry is leading a cross-agency shared cultural philanthropy work programme to implement recommendations made by the Cultural Philanthropy Taskforce. These initiatives are well underway. Together they are laying the groundwork for growing the culture of giving, and asking, in New Zealand. A caveat is that fully tapping into the significant potential for private giving to boost cultural activity will require a long-term, sustained approach as well as on-going reinforcement (such as continuing to promote knowledge of tax mechanisms and to recognise and value the generosity of philanthropists). The drive to improve New Zealand’s private sector support for culture is still in its infancy, and could take at least five to ten years to make a significant difference.

In March-April 2009 the Ministry surveyed cultural organisations on the income they had obtained from gifts, grants and other charitable and sponsorship sources in the tax year of 1 April 2007 to 31 March 2008. The Ministry invited around 2,000 cultural organisations to take part in the survey. As a result 480 valid responses were obtained.

Total contributions by five main sources



Private or philanthropic giving is contributions received from trusts/foundations, corporate organisations, and individuals. In the 2007/08 tax year the level of private or philanthropic giving was \$49.2 million, which represented 13% of total contributions received.

A subsequent survey was completed in 2012. The Ministry again invited around 2,000 cultural organisations to take part in the survey. As a result 801 valid responses were obtained. The results are currently being analysed.

Collaboration between funded agencies, and between the Ministry and the funded agencies, to achieve cultural and government outcomes

The Government continues its commitment to enhancing the performance of the public sector. In light of this and the constrained fiscal environment, the Ministry has worked with cultural sector organisations to improve coordination across the sector.

As at February 2012 there were 56 collaborative arrangements in place between agencies. These included shared systems, functions and individuals working across agencies in areas such as finance and communications. The number of collaborative arrangements increased to 91 in January 2013 and 121 in June 2013. While this number is increasing, over time this number is expected to decrease as greater efficiencies are established and multiple arrangements are consolidated into one arrangement. Although the number of arrangements will decrease, coordination and efficiencies across the funded agencies will increase as a result of greater collaboration.

The key areas where changes are leading to strengthened performance and more collaborative arrangements are:

Heritage Forum

The Government has indicated a need for closer integration between public agencies and a more coherent approach to policy development. In 2011/12, the Ministry established the Heritage Forum to forge stronger links and more coherence across the sector, and to be a visible presence promoting government heritage interests at a national level.

Over the past 12 months, the Forum has continued to build on its role and has now established a strategic sector-based work programme.

Orchestral review

During 2011/12, the Ministry embarked on a review of New Zealand's professional orchestral sector. The aim of this review was to examine whether the current model – one national and four regional orchestras – is optimal in ensuring New Zealand audiences have access to high-quality, cost-effective orchestral services.

During 2011/12, the Ministry developed terms of reference and established a reference group. We worked with consultant Avi Shoshani (Secretary General of the Israel Philharmonic Orchestra), the orchestras and other stakeholders, and drafted a discussion paper outlining some of the challenges facing the sector and four possible scenarios for change.

The Ministry completed the Review of the Professional Orchestra Sector during 2012/13. The Review discussion document received 2,000 submissions. These submissions, together with economic analysis and input from the Review reference group and Creative New Zealand, helped inform our recommendations. In February 2013 the Minister endorsed the Final Report, including its 19 recommendations, and released it publicly.

The Review concluded that the current model of one national, touring orchestra and four city-based orchestras remains the best way of ensuring New Zealanders have access to high quality orchestral music. It found there was considerable scope for the orchestras to work more collaboratively in areas such as programming, professional development and career development to ensure the best use of public money invested in them. The review also defines roles for a national, a metropolitan and city-based orchestras.

Work on implementing the Review's findings and recommendations will be completed by January 2015. This includes the Ministry and Creative New Zealand implementing a joint policy and funding framework for orchestras.

Legislative change for the cultural sector

During 2012/13 the Ministry progressed a number of proposals for legislative change in the cultural sector.

The Heritage New Zealand Pouhere Taonga Bill, which replaces the Historic Places Act 1993, was reported back from the Local Government and Environment Committee on 20 June 2013 and awaits its second reading. The Bill reforms the governance arrangements of the New Zealand Historic Places Trust and changes the name of the Trust to Heritage New Zealand Pouhere Taonga. It also streamlines archaeological consenting processes, establishes an emergency authority process, and modernises other provisions of the Act. The Bill, as reported back by the Select Committee, also proposes the establishment of a list of New Zealand's most important historic places to be entitled 'National Historic Landmarks/Ngā Manawhenua o Aotearoa me ōna Kōrero Tūturu'.

The Cultural Property (Protection in Armed Conflict Act) 2012 came into force on 1 July 2013. The provisions in this Act enable New Zealand to accede to the First and Second Protocols to the 1954 Hague Convention on the Protection of Cultural Property in the Event of Armed Conflict. The objective of the Convention is to provide a regime that will protect cultural property of significance in times of armed conflict. The Convention is supplemented by two protocols.

The National War Memorial Park (Pukeahu) Empowering Act 2012 came into force on 4 October 2012. The Act empowers the creation of the National War Memorial Park (Pukeahu). The Memorial Park is the Government's key project to acknowledge the Centenary of the First World War, and will be completed in time to be the centrepiece of Anzac Day commemorations in 2015.

The Ministry also progressed an amendment to the Flags, Emblems, and Names Protection Act 1981 in the Statutes Amendment Bill in 2012/13. The proposed amendment protects against the unauthorised use of the name and emblem of the 28th Māori Battalion. The Statutes Amendment Bill was reported back from the Government Administration Committee on 11 June 2013 and had its second reading on 10 July 2013.

Service Performance

Ngā Whakatutukitanga mahi

Vote Arts Culture and Heritage

Policy Advice, Monitoring of Funded Agencies and Ministerial Servicing

Scope

Policy advice

The provision of advice to support decision-making by Ministers on government policy matters relating to arts, culture, heritage and broadcasting.

Monitoring of funded agencies

Monitoring the Crown's interests in sector agencies.

Ministerial servicing

Providing negotiated services to the Minister for Arts, Culture and Heritage and the Minister of Broadcasting.

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the following impacts:

- Our histories, taonga, places and symbols of nationhood are preserved for past, present and future generations.
- People understand and enjoy New Zealand's diverse culture and heritage.
- Our culture inspires positive changes in communities, the economy, and the environment
- New Zealand's unique Māori culture and heritage is protected and enhanced.
- A joined-up cultural sector strengthens performance and flexibility

During 2012/13, we have been:

- Providing advice on policy, legislation and funding to enhance the development of cultural sector services and activities, including visual, performing and literary arts, historic heritage, museum collections, taonga and whare taonga, cultural tourism, broadcasting and broadcasting standards.
- Providing advice on policy, funding, and other opportunities to enhance the contribution of cultural sector to the Government's wider social and economic goals.
- Developing a strategy to frame and drive the Government's investments in New Zealand's culture in the medium term.
- Providing advice on policy, legislation, and funding to enhance sector coherence and infrastructure.
- Working with key agencies to increase levels of private and philanthropic giving in the wider cultural sector.
- Providing advice on policy, legislation and funding to enhance the development of Māori culture and heritage, including researching and advising on approaches to whare taonga initiatives.
- Leading, on behalf of the Government, the successful delivery of a comprehensive programme of literary, cultural and business activities in Germany in 2012 as New Zealand's Guest Country of Honour for the Frankfurt Book Fair.
- Working with Auckland Council to develop and implement an arts and culture strategy for Auckland.
- Supporting the recovery from the Canterbury earthquakes by contributing to a range of cultural initiatives in greater Christchurch.
- Supporting the Heritage Forum to identify and manage priority work across the heritage sector.

Developing policy to incentivise structural upgrading of heritage buildings as part of the review of the earthquake-prone building provisions of the Building Act 2004 (led by the Ministry of Business, Innovation and Employment).

- Undertaking reviews and making improvements in cultural areas, including implementing decisions arising from a review of the professional orchestra sector.
- Supporting an Auckland-based Sistema Aotearoa project and advising on options for support of similar projects in other parts of New Zealand.
- Facilitating the transfer of management of the Sound Archive Ngā Taonga Kōrero from Radio New Zealand to the New Zealand Film Archive.
- Scoping options for increasing the public accessibility of New Zealand's audiovisual archives.
- Completing a review of the New Zealand screen sector and coordinating government and media sector agencies action in response to the review.
- Improving funded agencies' strategic planning and performance reporting frameworks through collaboration and support.
- Advising on mechanisms for sustaining the performance and financial strength of key cultural sector agencies, through agency cooperation and development of shared service arrangements, and assisting the cultural sector to diversify revenues.
- Advising on the appointment of Board members for Crown-connected agencies.
- Advising on and administering legislation for the cultural Crown entities.

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2012/13.

Policy advice

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|-------------------------|--|------------------------------|-------------------------|
| 408 | Number of briefings, reports and other updates provided to Vote Ministers | 250 | 277 |
| 7.0 | The quality of written policy papers to the Vote Ministers, as assessed by an external independent reviewer on an annual basis | Overall score of 7 or better | 7.2 |
| Refer to note below | Ministerial satisfaction with the quality and timeliness of advice | Rated 'good' or better | 8.0 out of 10 |

Number of briefings, reports and other updates

Advice was provided through 277 Ministerial briefings and regular oral briefings throughout the year.

Quality of written policy papers

In addition to seeking responses from Ministers, as reported in our Ministerial satisfaction results below, the NZIER undertook an assessment of the quality of a sample of policy papers, providing an overall rating of 7.2 out of 10.

Ministerial satisfaction 2012/13

Minister feedback was sought from the Minister for Arts, Culture and Heritage, and the Minister of Broadcasting in December 2012 and June 2013.

Ministerial satisfaction of Policy Advice and Monitoring of Funded Agencies from the Minister for Arts Culture and Heritage in December 2012 and June 2013 was 9 and 8.5 respectively. Ministerial satisfaction of Policy Advice and Monitoring of Funded Agencies from the Minister of Broadcasting in December 2012 and June 2013 was 7 and 7 respectively.

77% of briefings provided were for Vote Arts, Culture and Heritage.

Ministerial satisfaction 2011/12

Minister feedback was sought from the Minister for Arts, Culture and Heritage in December 2011 and June 2012 and from the Minister of Broadcasting in June 2012. The feedback received from the Ministers covered policy advice, ministerial servicing, and advice on funded agency performance. The rating criteria changed from a scale of poor to very good in the December 2011 survey to a rating out of 10 in the June 2012 survey. Therefore, an actual performance for 2012 cannot be reported as a single result, and as such we have reported the ratings we received below:

| Minister for Arts, Culture and Heritage | Quality | Timeliness |
|--|----------------|-------------------|
| December 2011 results | Very good | Very good |
| June 2012 results | 9 out of 10 | 10 out of 10 |

| Minister of Broadcasting | Quality | Timeliness |
|---------------------------------|----------------|-------------------|
| June 2012 results | 8 out of 10 | 6 out of 10 |

70% of briefings provided were for the Arts, Culture and Heritage portfolio.

Monitoring of funded agencies

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|---|-------------------------------------|--------------------------------|
| New measure for 2013 – comparative information not available | Number of briefings, reports and other updates provided to Vote Ministers | 100 | 123 |
| Refer to note above under policy advice | Ministerial satisfaction with the quality and timeliness of advice is consistently high | Rated 'good' or better ³ | 7.9 out of 10 |

Number of briefings, reports and other updates

Advice was provided in the form of Ministerial briefings on 13 funded agency Letters of Expectation, Statements of Intent and Memorandum of Understanding.

Ministerial satisfaction

Ministerial satisfaction of Policy Advice and Monitoring of Funded Agencies from the Minister for Arts Culture and Heritage in December 2012 and June 2013 was 9 and 8.5 respectively. Ministerial satisfaction of Policy Advice and Monitoring of Funded Agencies from the Minister of Broadcasting in December 2012 and June 2013 was 7 and 7 respectively.

69% of agency monitoring briefings provided were for the Arts, Culture and Heritage portfolio.

³ The rating criteria changed from a scale of poor to very good to a rating out of 10 subsequent to the budget standard being set.

Ministerial servicing

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|--|-------------------------------------|-------------------------|
| Refer to note above under policy advice | Ministerial satisfaction with the quality and timeliness of correspondence is consistently high | Rated 'good' or better ⁴ | 8.4 out of 10 |
| 96% | All timeframes for Ministerial correspondence replies, Parliamentary question responses, and Ministerial Official Information Act requests are met | 100% | 94% |
| 1,544 | Number of draft ministerial correspondence, replies to the house, and sets of speech notes provided to the Vote Minister | 800 | 1,012 |
| 34 | Number of new appointments to Crown-connected Boards | 33 | 26 |
| New measure for 2013 – comparative information not available | Number of reappointments to Crown-connected Boards | 19 | 20 |

Ministerial satisfaction

Ministerial satisfaction of Ministerial Servicing from the Minister for Arts Culture and Heritage in December 2012 and June 2013 was 9 and 9 respectively. Ministerial satisfaction of Ministerial Servicing from the Minister of Broadcasting in December 2012 and June 2013 was 7 and 7 respectively.

72% of Ministerial Servicing briefings provided were for the Arts, Culture and Heritage portfolio.

Ministerial correspondence

Ministerial correspondence during 2012/13 was higher than expected due to public interest in the Orchestra Review. This also resulted in delays while official responses were formulated for Orchestra Review Ministerials. Ministerial correspondence was higher in 2011/12 due to public interest in, and Official Information Act requests about, TVNZ 7.

Board appointments and reappointments

The Ministry is responsible for supporting the Minister for Arts, Culture and Heritage and the Minister of Broadcasting in board appointments to 12 boards where the Ministers are the “responsible Ministers” under the Crown entities Act 2004, other specific enabling legislation (e.g. Arts Council of New Zealand Toi Aotearoa Act), and deeds of trust.

Appointment ‘omnibus’ briefings are provided to each Minister, which detail the current composition of the boards, highlight terms expiring in 2013, and notes key issues and background information.

These briefings form the basis of subsequent discussions and communications with Ministers. During 2012/13, the Ministry provided advice on 22 appointments and 13 reappointments to arts, culture and heritage boards; and 4 appointments and 7 reappointments to broadcasting sector boards.

⁴ The rating criteria changed from a scale of poor to very good to a rating out of 10 subsequent to the budget standard being set.

Financial performance

Policy Advice and Monitoring

| Actual 2012 \$000 | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|----------------------|--------------------------|------------------------------------|------------------------------------|
| 5,801 | Revenue Crown | – | – |
| 164 | Revenue other | – | – |
| 5,965 | Total revenue | – | – |
| 5,896 | Total expenses | – | – |
| 69 | Surplus/(deficit) | – | – |

Policy Advice, Monitoring of Funded Agencies and Ministerial Services MCOA

Policy Advice

| Actual 2012 \$000 | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|----------------------|--------------------------|------------------------------------|------------------------------------|
| – | Revenue Crown | 3,221 | 3,033 |
| – | Revenue other | – | 120 |
| – | Total revenue | 3,221 | 3,153 |
| – | Total expenses | 3,221 | 3,153 |
| – | Surplus/(deficit) | – | – |

Monitoring of Funded Agencies

| Actual 2012 \$000 | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|----------------------|--------------------------|------------------------------------|------------------------------------|
| – | Revenue Crown | 1,898 | 1,788 |
| – | Revenue other | – | – |
| – | Total revenue | 1,898 | 1,788 |
| – | Total expenses | 1,898 | 1,788 |
| – | Surplus/(deficit) | – | – |

Ministerial Servicing

| Actual 2012 \$000 | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|------------------------------|------------------------------|--|--|
| – Revenue Crown | 766 | 829 | 766 |
| – Revenue other | 17 | – | – |
| – Total revenue | 783 | 829 | 766 |
| – Total expenses | 744 | 829 | 766 |
| – Surplus/(deficit) | 39 | – | – |

The previous appropriation for Policy Advice and Monitoring of Funded Agencies has been reorganised as a Multi-class Output Expense Appropriation to make the cost of producing policy advice for Ministers transparent. Other revenue was received as reimbursement for costs of staff on secondment to other agencies. Policy advice expenditure is \$283,000 less than supplementary estimates due to the timing of work, including a media survey, which will now commence in 2013/14.

Vote Sport and Recreation

Purchase Advice and Monitoring of Sport and Recreation Crown Entities

Scope

Provision of purchase advice and monitoring of Sport New Zealand and Drug Free Sport New Zealand, including advice in relation to appointments to boards.

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the following impact:

- A joined-up cultural sector strengthens performance and flexibility.

During 2012/13, we:

- Provided advice and support for board appointments.
- Advised and assisted portfolio Crown-funded agencies.
- Improved assessment of the performance of Crown-funded agencies.

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2012/13.

Purchase advice and monitoring of sport and recreation Crown entities

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|---|--|-----------------------------|--------------------------------|
| 28 | Briefing reports to be provided during the year | 20 | 27 |
| The Minister's feedback was not sought in this period | Performance advice and other support meets Minister's expectations | Expectations met | Not measured |

The purchase advice and monitoring achievements in 2012/13 were:

- 27 Ministerial reports covering the performance and governance of Sport New Zealand (Sport NZ) and Drug Free Sport New Zealand (DFSNZ) throughout the year.
- Advised and assisted Sport NZ and DFSNZ on their performance reporting.
- Provided oversight of Sport NZ's investment in high performance sport infrastructure.

The Ministry is responsible for supporting the Minister for Sport and Recreation in board appointments to 3 boards where the Minister is the "responsible Minister" under the Crown Entities Act 2004, other specific enabling legislation, and deeds of trust. During 2012/13, the Ministry provided advice on 8 appointments to 3 sport and recreation boards (2012: 11 appointments to 3 boards).

Formal feedback from the Minister was not sought in this period.

Financial performance

| Actual 2012 \$000 | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|-----------------------------|----------------------|------------------------------------|------------------------------------|
| 323 Revenue Crown | 318 | 318 | 318 |
| – Revenue other | – | – | – |
| 323 Total revenue | 318 | 318 | 318 |
| 270 Total expenses | 290 | 318 | 318 |
| 53 Surplus/(deficit) | 28 | – | – |

Vote Arts, Culture and Heritage

Heritage Services

Scope

Management of new memorial projects, national monuments, war and historic graves; promotion of cultural events; administration of legislation and grants; and research, writing and publication of New Zealand history and reference works including the on-line encyclopedia of New Zealand.

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the following impacts:

- Our histories, taonga, places and symbols of nationhood are preserved for past, present and future generations.
- People understand and enjoy New Zealand's diverse culture and heritage.
- New Zealand's unique Māori culture and heritage is protected and enhanced.

During 2012/13 we:

- Collected and preserved oral and digital stories of cultural importance to New Zealand in a form accessible to current generations.
- Administered the annual New Zealand Oral History Awards.
- Managed the maintenance of war graves and historic monuments in New Zealand and abroad, and the management and maintenance of the National War Memorial.
- Administered legislation to protect symbols of nationhood and movable and found heritage.
- Developed Regional Museum Policy, Taonga Tūturu protocols and inter-agency commemorations group.
- Provided historical and cultural information that engages New Zealanders and international audiences, using a range of media, including print and digital.
- Produced and promoted significant cultural and historical resources and events, including First World War centenary commemorative digital and print projects.
- Progressed New Zealand's First World War centenary commemorations projects, including National War Memorial Park.
- Produced digital and print publications which showcase Māori culture, history, and language.
- Scoped the Treaty Settlement Histories oral, print, and digital projects, which are to be developed over the next two to three years.

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2012/13.

Collect and preserve oral history and digital stories

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|---|-----------------------------|--------------------------------|
| New measure for 2013 – comparative information not available | Oral history interviews completed, including Post war New Zealand Society – “Next generation” project | 12 | 20 |
| 100% | Deposit (to professional archival standards) all Vietnam War oral history interviews obtained during the previous 12 months | 100% | 100% |
| 2,068 | Expand the collection of images for the 28 th Māori Battalion website project | 1,500 | 849 |
| New measure for 2013 – comparative information not available | Total number of stories and images collected on the Christchurch earthquake | 100 stories and 200 images | 29 stories and 39 images |

Oral History Programme

During 2012/13 20 oral histories were completed as part of the Ministry’s Oral History programme. This comprised nine interviews for the Remembering Christchurch project; three for the Next Generation project; seven for the Vietnam War Oral History Project; and one miscellaneous interview.

All Vietnam Oral History Project interviews collected during 2012/13, and outstanding interviews from the previous year, have been archived to professional standards within the Ministry’s system. They are currently awaiting processing by the Alexander Turnbull Library.

Website images

849 images were collected for the 28th Māori Battalion website project. This was lower than originally expected, which reflected a shift in emphasis of the site, which concentrated on uploading different types of content, including more te reo content.

Submissions for Christchurch earthquake continue to drop as the earthquakes recede in time, which is shown by the reduction in submissions each quarter.

Administration of legislation to protect New Zealand and taonga Māori and cultural heritage

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|---|----------------------|-------------------------|
| None that the Ministry is aware of | Significant movable heritage subject to the Protected Objects Act is not lost overseas | 100% | 100% |
| New measure for 2013 – comparative information not available | Percentage of newly found taonga notified as preserved and returned to traditional owners by the Māori Land Court | 100% | 100% |
| 0 | There are less than 5 justified complaints from applicants in regards to the Protected Objects Act | Less than 5 | 1 |
| 4 | Number of Protected Objects Act awareness presentations to key stakeholders | 6 | 4 |

Fourteen temporary export and 4 permanent export certificates were issued under the Protected Objects Act; and 51 letters advising that the objects were not covered by the Protected Objects Act were issued. One export was declined and no decisions were overturned through the appeal process. Thirty cases of newly found taonga tūturu were notified to the Ministry and 9 determinations of ownership of newly found taonga tūturu were made by the Māori Land Court; and the Ministry registered 107 new collectors of taonga tūturu.

During 2012/13 there was one justified complaint received in relation to the export process. This concerned the time taken to process the application. In light of this, we have reviewed the process for applications to export to ensure the timely processing of all applications.

During 2012/13 the Ministry has continued to proactively identify and secure good opportunities for presentations with key stakeholders. Presentations were delivered to a Government official from Cambodia, Museum and Heritage Studies students at Victoria University of Wellington, to the Salvation Army in Upper Hutt and groups in Kerikeri, Oamaru and Gisborne.

The Ministry also administers the Flags, Emblems and Names Protection Act. During 2012/13 we completed 8 applications for the use of the word “Royal” and declined one use of the word “Anzac” under the Flags, Emblems and Names Protection Act. In the last year we have continued to receive an increase in the number of enquiries in relation to the use of the Coat of Arms largely in relation to Government Departments.

Fifty-nine applications to the Commemorating Waitangi Day Fund 2013 were received, 50 applications were approved for funding and \$285,000 was distributed around New Zealand. Grants were awarded for a broad range of activities, including the largest one day event in New Zealand, held in Manukau (45,000 in attendance), a river pageant in Clive, and the four day event held at Waitangi.

Maintain war graves and access to memorials and other places of national significance

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--------------------------------|--|-----------------------------|--------------------------------|
| 78% | Inspect all war graves and memorials included in the Ministry's portfolio within New Zealand at least once every two years | 100% | 87% |
| Refer to note below | War graves, historic sites and national monuments within the Ministry's portfolio are legible and deemed intact | 100% | 100% |
| 0 | There are no more than 5 justified complaints received about the standard of maintenance | Less than 5 | 0 |

Over the past two years, 3,096 out of 3,576 war graves and memorials in New Zealand have been inspected. This result excludes graves in the Pacific as they are inspected once every 5 years. Six out of six planned inspection tours were completed during 2012/13. The two yearly result is below our target of 100% due to only two out of six planned inspection tours being completed during 2011/12. This was due to no travel undertaken during the Rugby World Cup and a period of unexpected illness of a key member of staff who carries out inspections.

During our inspection of war graves, historic sites and monuments, we identify which graves, sites and monuments require refurbishment work to ensure they are legible and deemed intact.

During 2012/13 we carried out refurbishment work on 220 graves, historic sites and monuments that had been identified as requiring refurbishment from our inspections over the past two years (2012: 210).

Due to the two yearly inspection rotation, it must be remembered that many graves that were clean and legible when inspected two years ago may have deteriorated since then. Therefore, it is during our inspections that we identify where refurbishment work is required. As a result, we cannot guarantee all war graves, historic sites and monuments in the Ministry's portfolio are legible and intact, but if at any time during our inspection they are identified as needing repair work, this is completed as soon as practicable.

The Ministry has not received any complaints about the standard of maintenance. As always, work on war graves and memorials is completed to high standards. Work has only been completed by reputable stonemasons belonging to the New Zealand Master Monumental Masons Association (NZMMA), stonemasons who have carried out work of a high standard in the past, or conservators employed to work on war and historic graves and memorials.

Promotion of cultural events and significant commemorations

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|--|-----------------------------|--------------------------------|
| Rated 'very good' | Ministerial satisfaction of the co-ordination of anniversaries and the commemorations programme | Rated 'good' or better | Rated 'good' |
| New measure for 2013 – comparative information not available | Progress WW1 centenary commemorative print projects (Western Front, Illustrated, Heritage Sites) | Delivered against plan | Delivered against plan |

An important piece of work for the Ministry during 2012/13 has been to lead planning for New Zealand's commemoration of the First World War Centenary. The First World War Centenary Programme office was established during 2011/12, and is being expanded as preparations for the centenary grow. The Ministry's objectives for the centenary are to honour the service and sacrifice of those who fought, to acknowledge the impact of the war on those who remained at home, to encourage families and communities to pass on their memories, and to strengthen connections with countries which share First World War experiences with New Zealand.

The Ministry continued their work with the Ministry of Transport and the New Zealand Transport Agency on planning the completion of Memorial Park (Pukeahu), a legacy project to mark the Centenary. Cabinet announced their decision in August 2012 to underground a section of Buckle Street, in order to create an unbroken memorial precinct as an appropriate setting for the National War Memorial and gathering place for ceremonial occasions.

Construction of the underpass commenced in October 2012 and is currently on track. The Community Forum, established under the legislation to advise the Minister on the design and development of the park, has met three times so far.

There is high interest from other nations wanting to build memorials at the park. We are currently developing policy for how memorials will be added to the park.

Two other legacy projects in development are the education and interpretation centre and heritage trails. The proposed education and interpretation centre will be a significant addition to the National War Memorial Park, as the memorial is currently a place of remembrance but contains little to tell the stories behind what is being commemorated. Two heritage interpretation centres (also called 'heritage trails') in Gallipoli and the Western Front will be developed in parallel, with the Gallipoli product to be completed by the first quarter of 2015, and the Western Front project a year later.

The WW100 website was successfully launched in September 2012. Other social media activities, such as Twitter and Facebook, have also been launched. There has been increased public engagement through these sites and more than 40 groups have registered to use the WW100 symbol.

The dedicated lottery funding is building a rich and diverse level of community engagement in the centenary programme. The Programme Office works with the Lottery Grants Board and Department of Internal Affairs in assessing applications for funding against the centenary programme's objectives.

All WW1 centenary commemorative print projects have been delivered against plan. Illustrated history and hospital ships history completed all production stages and sent to print. The Western Front and Heritage Sites projects are on target. There has been a strong response to request for proposals from publishers for these latter two projects and two other Ministry print projects.

Indemnify exhibitions

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--------------------------------|--|-----------------------------|--------------------------------|
| 100% | Compliance with the Government's indemnification scheme criteria | 100% | 100% |
| 100% | Applicant timing requirements are met | 100% | 100% |

There were no applications to the Government Indemnity Scheme for touring exhibitions during 2012/13.

Produce and promote cultural and historical resources and events

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|---|------------------------------------|------------------------------------|
| 5.7 million | Annual number of total visits to the Ministry's websites (TeAra.govt.nz, NZHistory.net.nz, 28 th Māori Battalion, Quake Stories, Anzac.govt.nz) | 5.1 million | 7.8 million |
| 21.7 million | Annual number of page impressions for Ministry's websites (TeAra.govt.nz, NZHistory.net.nz, 28 th Māori Battalion, Quake Stories, Anzac.govt.nz) | 19.0 million | 23.6 million |
| New measure for 2013 – comparative information not available | Total community contributions to the Ministry's websites (Te Ara, NZHistory.net, 28 th Māori Battalion) | 2,000 | 1,132 |
| 95 | Development of new topics for Te Ara – the encyclopedia of New Zealand | 94 | 113 |
| 23 | Development of new topics for NZHistory.net.nz, including for educational purposes | 20 | 12 |
| Average rating of 'good' or better | Annual user satisfaction of Ministry websites | Average rating of 'good' or better | Average rating of 'good' or better |
| Refer to note below | Create additional content in te reo Māori on relevant websites as planned | Increase current content by 10% | Refer to note below |

Our websites

Te Ara – the encyclopedia of New Zealand provides resources about New Zealand's people, land, culture and society including New Zealand in brief. Te Ara is always being developed and enhanced. It aims to be a comprehensive guide to New Zealand's people, natural environment, history, culture, economy, institutions, and society.

NZHistory covers three broad themes in New Zealand history: culture and society, politics and government, and war and society.

28th Māori Battalion is a place to record, remember, honour and maintain information and knowledge of the Māori Battalion and its outstanding contribution to Aotearoa New Zealand.

QuakeStories is a place where you can tell your stories about the Canterbury earthquakes of September 2010 and February 2011 and their aftershocks.

Anzac.govt.nz was launched to coincide with the 90th anniversary of the Gallipoli landings in 2005. The site provides a virtual guide of the Gallipoli Peninsula and includes searchable records of all New Zealanders who died at Gallipoli.

Visits and page impressions

Te Ara is our most popular website followed by NZHistory.net.nz. Both websites continue to show year-on-year growth in terms of visits and page impressions. Te Ara's total visits and page impressions are up 30.1% and 19.6% respectively on the previous year. NZ History's total visits are up 9.3% on the previous year but page impressions are down 7.0% on the previous year. In part this growth is organic as our websites are being recognised by Google and other search engines as providing reliable and authoritative information. Te Ara also benefited from strong promotion of its Government and Nation theme. We have attributed the decline in page views on NZ History to increasing use of mobile devices and mobile users' requirements for short content.

Community contributions

Community contributions to the Ministry's websites was below our budgeted performance. Contributions included 243 comments on Te Ara; 436 comments on NZHistory; and 243 images, 209 comments, and 1 audio file on 28MāoriBattalion.

We also receive a lot of individual activity via other social media accounts, such as Flickr, Facebook, Twitter, signposts blog, which is a growing source of audience interaction, particularly Twitter.

New topics for Te Ara and NZHistory

During 2012/13, 102 entries were resourced for the Daily Life and Recreation theme, and 11 entries were resourced for the Creative and Intellectual Life theme.

During 2012/13, 12 new topics were developed for NZHistory. This result was below our budgeted performance of 20 new topics due to staff resources being allocated to other work, notably WW100 educational stream and WW1 print publishing work. We are planning to publish significant WW1-related content in 2013/14. The quality of work measures were achieved and visitor numbers continue to increase.

User satisfaction

During 2012/13 we conducted our second annual user satisfaction of our Ministry websites. The number of responses received in 2012/13 was significantly greater than responses received in 2011/12, 651 compared to 76.

Respondents were asked to rate the websites they had used and responses were as follows:

- What did you think about the quality of content?
95.3% of respondents answered 'good' or 'very good' (2012: 98.7%)
- How easy was it to find the information you were looking for?
90.1% of respondents answered 'good' or 'very good' (2012: 98.7%)
- How up-to-date is the content on our websites?
91.3% of respondents answered 'good' or 'very good' (2012: question not asked)

The Ministry has developed a strong user base and is providing a high quality service to these users. Comments received as part of the survey show that users find our content highly engaging and our websites a pleasure to use.

Content in te reo Māori

During 2012/13 we put up 10 entries translated into te reo Māori on Te Ara (2012: 19).

During 2012/13, the 28th Māori Battalion website continued its focus on te reo Māori. The site is 85% bilingual (2012: 50%). We continue to utilise a group of highly regarded translators to progress the growth of te reo Māori on the website. This group have helped to translate 25 months (2012: 11) of the Battalion's war diary into tribal dialect. 48 sound files (2012: 9) from Sound Archives New Zealand have been added to the website, 35 of these include te reo Māori. A new feature on the website is letters from soldiers in the Battalion. These are written in English and te reo Māori, the latter have been translated. Continuing their support of the website the National Library has again supplied a staff member for a month to assist with translations.

Eventfinder partnership

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|--|-----------------------------|--------------------------------|
| 4.7 million | Annual number of total visits to Eventfinder.co.nz | 5.3 million | 6.9 million |
| 17.4 million | Annual number of page impressions for Eventfinder.co.nz | 19.4 million | 20.7 million |
| 4,277 | Average new events listed on Eventfinder.co.nz per month | 2,950 | 3,595 |
| New measure for 2013 – comparative information not available | Annual number of arts, culture and heritage attractions created on Eventfinder.co.nz | 1,800 | 1,963 |
| New measure for 2013 – comparative information not available | Annual number of new artists profiles created or edited in Eventfinder.co.nz | 110 | 29 |

The Eventfinder partnership ended on 10 March 2013. Annual visits and page impressions continued to increase, up 47% and 19% respectively on the previous year. We are continuing to explore and work on projects with Eventfinda that are mutually beneficial, for example, promoting events around the First World War Commemorations programme.

Financial performance

| Actual 2012 \$000 | | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|----------------------|--------------------------|----------------------|------------------------------------|------------------------------------|
| 8,898 | Revenue Crown | 11,349 | 10,224 | 11,349 |
| 461 | Revenue other | 197 | – | 260 |
| 9,359 | Total revenue | 11,546 | 10,224 | 11,609 |
| 8,822 | Total expenses | 9,244 | 10,224 | 11,609 |
| 537 | Surplus/(deficit) | 2,302 | – | – |

Revenue and expenditure increased \$1.385 million through supplementary estimates due to National War Memorial Park funding reclassification from capital to operating, and expense transfers from 2011/12 relating to First World War Centenary Commemorations. Expenditure is \$2.365 million less than supplementary estimates due to the timing of the First World War commemorations project.

Vote Arts, Culture and Heritage

Cultural Diplomacy International Programme

Scope

Management and delivery of an international cultural diplomacy programme through a series of projects and activities primarily focussed on Asia and in locations where New Zealand is pursuing free trade agreements.

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the following impact:

- Our culture inspires positive changes in communities, the economy, and the environment.

During 2012/13 we:

- Provided high-quality advice to the Minister on the Cultural Diplomacy International Programme.
- Led, on behalf of the Government, the successful delivery of a comprehensive programme of literary, cultural and business activities in Germany in 2012 as New Zealand's Guest Country of Honour for the Frankfurt Book Fair.
- Delivered other approved cultural diplomacy projects, including projects in China and the United States.

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2012/13.

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|--|------------------------------|------------------------------|
| 18 (10 Ministerial and 8 Departmental) | Number of approved projects completed (Ministerial and Departmental) | 5 | 7 |
| Refer to note in Policy Advice output | Ministerial satisfaction with the quality and timeliness of advice is consistently high | Rated 'good' or better | 8.0 out of 10 |
| 65% rated 'good' or better | CDIP Chief Executives satisfaction with quality and timeliness of advice | Rated 'good' or better | 75% rated good or better |
| | Frankfurt Book Fair | | |
| New measure for 2013 – comparative information not available | Number of desired outcomes achieved across the various components of the Frankfurt Guest of Honour programme (e.g. books and publishing, cultural, trade, tourism, education, Māori development) | 15 desired outcomes achieved | 20 desired outcomes achieved |

Cultural diplomacy projects

Seven CDIP projects were completed during 2012/13 – one in Germany, one in Samoa, four in China, and one in the United States:

- Frankfurt Book Fair Guest of Honour Programme, Germany, 2012.
- Return to Hawaiki, Samoa, August 2012.
- Te Papa exhibition, Beijing, October 2012 – February 2013.
- Vincent Ward, Shanghai Biennale, October 2012.
- New Zealand Film Festival, Beijing, March 2013.
- Royal New Zealand Ballet Tour of China, April 2013.
- US-NZ Forum and other NZ Week activities, Washington DC and Los Angeles, May 2013.

During 2012/13, the Ministry has provided funding for the following cultural diplomacy projects:

| Project | \$000 |
|---|--------------|
| Frankfurt Book Fair | 2,461 |
| Travelling NZ Film Library | 1 |
| Te Papa exhibition, Beijing | 100 |
| Vincent Ward, Shanghai Biennale | 30 |
| New Zealand Film Festival, Beijing | 45 |
| Return to Hawaiki, Samoa | 3 |
| NZ Ballet tour to China | 40 |
| NZ-US Week | 75 |
| 34 th America's Cup, San Francisco | 110 |
| Buenos Aires Film Festival (May 2011) | 34 |

Ministerial satisfaction

Feedback was sought from the Minister for Arts, Culture and Heritage in December 2012 and June 2013. This feedback includes feedback on advice provided as part of the CDIP programme. For the results of these surveys, refer to our comments under Policy Advice, Monitoring of Funded Agencies and Ministerial Services.

CDIP Chief Executive satisfaction

We sent a survey request to our five key CDIP Chief Executives seeking their feedback on the quality and timeliness of advice provided by the Ministry. We received feedback from three key stakeholders, and much of the feedback was very positive.

Frankfurt Book Fair

On the basis of New Zealand being offered and accepting Guest of Honour status at the Frankfurt Book Fair (FBF) from October 2011 – October 2012, Ministers formally approved the allocation of \$3.2m of CDIP funding to the FBF project. Other government agencies have committed further funding to the project from agency baselines.

New Zealand's Guest of Honour status at the Frankfurt Book Fair provided us with a unique opportunity to showcase our literature, culture and other creative industries, to promote trade, international education and tourism and to strengthen our diplomatic relationships with Germany, the fourth largest economy in the world.

Significant literary, cultural, and business outcomes achieved to date from New Zealand's Guest Country of Honour programme in Germany 2012 include:

- 176 international rights sales of New Zealand books.
- A 37% increase in German registrations in Education New Zealand's Lead Management system. This system captures information about potential students who interact with the student website, for example potential students who sign up to attend an education fair.
- The appointment of New Zealander Robin Stalker, Chief Financial Officer of Adidas, as Specialist Advisor in New Zealand Trade and Enterprise's Beachhead Advisor programme.
- Tourism New Zealand's Active Considerer survey in Germany showing a 64% preference for New Zealand in June 2013 – this is well above benchmarks for Germany and has shown steady improvement since 2012.

Financial performance

| Actual 2012 \$000 | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|----------------------------|----------------------|------------------------------------|------------------------------------|
| 4,573 Revenue Crown | 2,122 | 1,960 | 2,122 |
| 1,445 Revenue other | 975 | – | 1,094 |
| 6,018 Total revenue | 3,097 | 1,960 | 3,216 |
| 6,018 Total expenses | 3,148 | 1,960 | 3,216 |
| – Surplus/(deficit) | (51) | – | – |

Revenue and expenditure increased \$1.256 million through supplementary estimates due to additional third party funding received for the Frankfurt Book Fair.

Vote Arts, Culture and Heritage

Delivery of Going Digital Programme

Scope

Services to support the transition to digital switchover by December 2013.

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the following impact:

- People understand and enjoy New Zealand's diverse culture and heritage.

During 2012/13 we supported the transition to digital television by December 2013 by:

- Implementing a full marketing and communications programme.
- Undertaking community outreach facilities through our network of community advisors.
- Delivering the Targeted Assistance Package to support vulnerable groups to go digital.

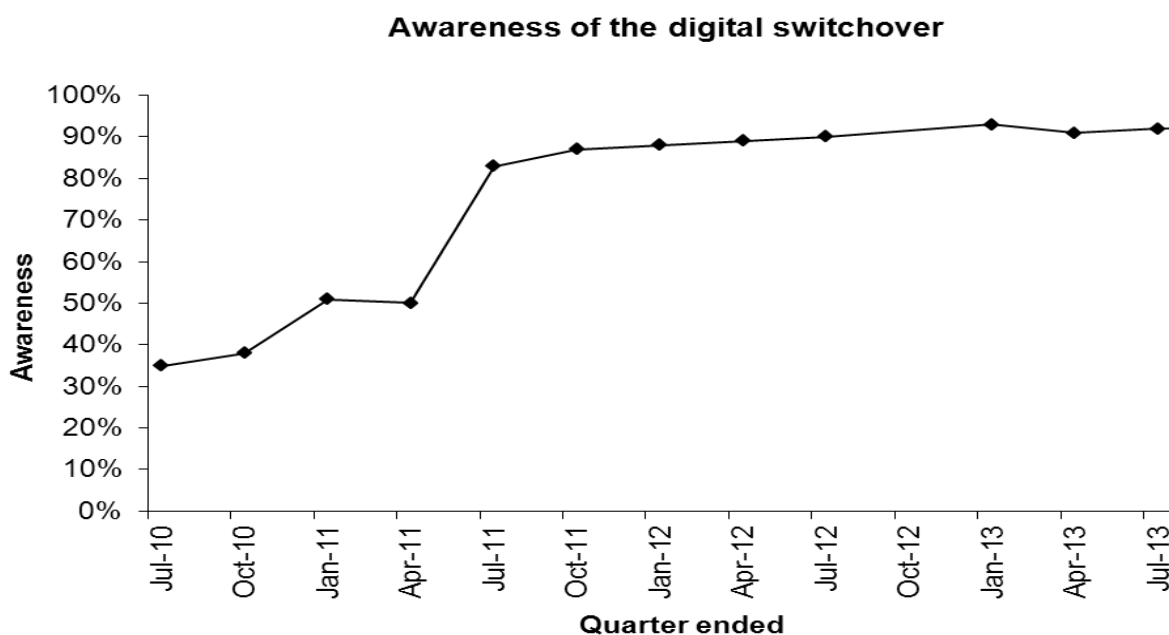
How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2012/13.

Ensure New Zealanders are aware of the need to go digital

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|-------------------------|-----------------------------------|----------------------|-------------------------|
| Increased each quarter | Awareness of digital switchover | 95% by May 2013 | 92% by June 2013 |
| 15,310 | Number of community contacts made | 3,735 | 3,987 |

The graph below shows that awareness has significantly increased since awareness was first recorded in July 2010. In the regions that have gone digital, awareness levels of 99% were achieved.



Awareness in April 2013 dropped to 91%, down from 93% in January 2013. However, awareness in the South Island in April 2013 was 98%. The lower national awareness is due to a strategic decision to defer marketing spend until closer to the switchover date.

Our Community Outreach programme has a team people based around the country, whose purpose is to engage with community groups across New Zealand. Every meaningful engagement with a group or an individual by a team member is counted as a contact. The 2011/12 result was significantly higher due to it including 10,771 contacts made from the door knock campaign in Hawke's Bay during the last two quarters of 2011/12.

Targeted Assistance Package

| Actual performance 2012 | Performance measures | Budget standard 2013 | Actual performance 2013 |
|--|---|----------------------|--|
| New measure for 2013 – comparative information not available | Percentage of people in target groups who were notified about how to access the Targeted Assistance Package | 100% | 100% |
| New measure for 2013 – comparative information not available | Percentage of installations completed within 10 working days of customer opting-in to receive assistance | 95% | 91.7% completed within 14 working days |

At least one letter has been sent to everyone in the data set supplied by the Ministry of Social Development of people who may be eligible for the Targeted Assistance Package.

From February 2012 to 30 June 2013, Going Digital provided more than 21,000 installations under the Targeted Assistance Package, supporting those groups most likely to face the greatest financial and technical challenges in going digital. During 2012/13 91.7% of installations were completed within 14 working days, with the average installation time being 8.6 days. The Targeted Assistance Package is now closed in Hawke's Bay, the West Coast and the South Island.

Financial performance

| Actual 2012 \$000 | | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|----------------------|--------------------------|----------------------|------------------------------------|------------------------------------|
| 7,371 | Revenue Crown | 6,936 | 7,076 | 6,936 |
| – | Revenue other | – | – | – |
| 7,371 | Total revenue | 6,936 | 7,076 | 6,936 |
| 6,511 | Total expenses | 6,738 | 7,076 | 6,936 |
| 860 | Surplus/(deficit) | 198 | – | – |

Actual expenditure is \$198,000 less than supplementary estimates due to the timing of advertising and promotional activity, which has been deferred until 2013/14, closer to the switchover date. The last two regions to go digital will convert to digital television on 29 September 2013 and 1 December 2013.

Effective and efficient delivery of our services

Te whakahaere tika i ā mātou ratonga

This section reports on how the Ministry continuously improved its service delivery and provided value for money. The efficient and effective delivery of the Ministry's services contributes to the Government's policy objective of lifting the performance of the public sector.

Managing in a changeable operating environment

Our ability to identify and manage risks affects our ability to achieve our goals. We mitigate risks effectively through having strong governance structures for all our activities and through having an effective risk management policy, including business continuity plans.

The Ministry's Leadership Team meets weekly to discuss progress on major projects. We regularly assess our organisational performance, financial position, and compliance with statutory and internal policy requirements, and refine our management strategies in response.

Te Arataki

Te Arataki, the Ministry's strategy to support and strengthen Māori culture, has four aspirational goals.

Manatū Taonga is a leader in the protection and depiction of Māori culture:

- In 2012/13 we improved our delivery of services to protect and conserve newly found taonga.
- We drafted the proposed Immunity from Seizure legislation and changes in the Pouhere taonga Bill.
- Our publishing activity continues to excel in comprehensive online Māori content and te reo resources including translations of the online encyclopedia Te Ara and the 28th Māori Battalion website.
- A project team led by Dr Aroha Harris is producing a centrepiece history of the Treaty Settlement process, commencing with oral histories of iwi and leaders to capture the stories of key people.
- The Ministry's publications have achieved a reputation for excellence and for being authoritative and educational for an audience of more than 5.2 million annually.
- The Ministry publishes te reo and Māori content on Te Ara, NZHistory and the 28th Māori Battalion websites, and digital copies of the Dictionary of New Zealand Biography Māori entries.
- Manatū Taonga's online resources are accessed by 50,000 New Zealand and international audiences every day.
- The Ministry continues to translate pages in Te Ara and a large proportion of the 28th Māori Battalion website has been translated into te reo. Māori language experts translate the 28th Māori Battalion website into tribal dialect consistent with government's Māori Language Strategy.

Māori arts, culture and heritage are well supported by the agencies funded through Vote Arts, Culture and Heritage:

- Manatū Taonga is the lead government funder of kapa haka through our support for Te Matatini, the national Māori performing arts organisation. The bi-annual Te Matatini national festival held in Rotorua in February 2013 featured 42 teams from 14 regions supported through the Ministry's input to regional and national capacity building of kapa haka.
- The Mahau 'cultural doorway' investment was a 50-50 joint project with the Māori Arts and Crafts Institute and Te Puia, that created a carved 'cultural doorway' for the festivals into the future.

Te reo 'hums' in the Ministry – our intention is to actively use te reo Māori on appropriate occasions.

- Manatū Taonga updated its te reo Māori competency matrix to gather the data on the impact of te reo training across its work areas and with subject specialist staff.
- The Ministry provided advice to funded agencies where requested to support ngā rautaki reo their own Māori language strategies and approaches to support delivery of a better public service where te reo and Māori culture benefits all New Zealanders.
- The Ministry is a sponsor of the annual Māori Language Awards and participates in the annual government sector Te Wiki o te Reo Māori initiative.

The Ministry is recognised as a lead adviser to government on Māori arts, culture and heritage.

- The Ministry is a lead adviser to government on cultural policy matters however this is still to be aligned with strategic policy priorities in regard to our aspiration to be recognised as a lead adviser to government on Māori arts, culture and heritage.
- In the context of the evolving Crown-Māori relationship Manatū Taonga seeks distinct lead and partner agency relationships with interfacing Crown and Māori development agencies. We have refreshed our Memorandum of Understanding with Te Puni Kōkiri which is underpinned by an agreed work plan which has delivered the Government's priority language and cultural outcomes in 2012/13.
- The Ministry negotiates Manatū Taonga (Taonga Tūturu) Protocols synchronised with the Office of Treaty Settlements and iwi settling their historic Treaty of Waitangi settlements.
- We negotiated 12 protocols and signed four protocols in 2012/13. The Ngai Tahu Protocol was a significant piece of work involving Te Papa and the Department of Internal Affairs in a joined up cultural sector agency approach to discussions.
- We developed a set of guidelines for the implementation of the Historical Publications clause in the Taonga Tūturu Protocol template. This clause relates to engaging with protocol iwi on upcoming publications relating to the iwi.
- We engaged with the Rongowhakaata Settlement Trust on the next steps for the scoping exercise on options for the future location of Te Hau ki Turanga.
- Through the regional Museums Fund we supported the C Company of the 28th Māori Battalion to progress the establishment of a collection at the Tai Rāwhiti Museum in Gisborne.
- Through the Ministry administration of the Cultural Diplomacy International Programme we promoted and celebrated te reo Māori and culture at the internationally acclaimed Frankfurt Book Fair (FBF), demonstrating Māori culture gives New Zealand a competitive advantage internationally. Māori writers, publishers and businesses were showcased and promoted in the German market and with German business media visitors. FBF presented a unique international event for Māori engagement. Māori concepts and design were at the forefront, including brand values, campaign messaging and our funded and partner agencies Toi Māori, Te Matatini and Te Puia and a business delegation featured throughout the programme.

2012/13 staff engagement with Māori goals and objectives

- The 2012/13 staff engagement found a high degree of internal engagement and ownership of Te Arataki and Māori goals and objectives that are aligned to each branch from it.
- The Ministry delivers the annual Waitangi Day Commemoration Fund community awards totalling \$288,000 to Māori and New Zealand communities.

The Ministry delivers support services efficiently

The Ministry is required to meet efficiency savings targets across the Ministry's departmental appropriations. The 2012 Benchmarking Administrative and Support Services (BASS) benchmarked results confirm that the Ministry's support functions are efficient and also effective for an organisation of this size.

The Ministry is already working with agencies to identify opportunities for future efficiency savings, using tools such as BASS, and a goal has been set to co-locate the Ministry and as many of its agencies as practicable in shared premises by September 2014.

Our people

The Ministry is committed to the principle and practice of equal employment opportunities in the recruitment, employment, training and promotion of staff, and to the identification and elimination of barriers that cause or perpetuate inequality in employment opportunities.

The Ministry is made up of a diverse range of staff including:

- 11.4% Māori.
- 3.0% Asian descent.
- 2.3% Pacific descent.
- 58.3% women.

Capability and engagement measures

The following measures were used to monitor trends in the Ministry's organisational capability and health:

| What we want to do | Indicator | Performance |
|---|---|---|
| Sustain high levels of engagement for a responsive, productive and focussed workforce | Employee engagement is at best practice levels based on engagement survey results (JRA) – ratio of at least 30% engaged to 10% disengaged | 2011: 29% engaged to 9% disengaged 2013: 20% engaged to 14% disengaged |
| | At least 90% of new permanent staff still in the same role after 12 months | 2010: 92.3% 2011: 95.7% 2012: 96.8% 2013: 92% |
| | Average length of service for permanent staff is within a range of 4-6 years | 2011: 5.6 years 2012: 6.0 years 2013: 4.96 years |
| Improve the quality of Māori and Treaty policy advice and content we produce | Māori recruitment and retention plan included in the Ministry workforce strategy | 2013: Workforce Plan is due to be completed by 31 December 2013 |
| | Staff achieve Māori Language Commission benchmarks for competency in te reo | 2013: A Māori Language, Culture and Values self-assessment survey of Ministry staff was completed in July 2013 to measure the level of comfort staff have with using te reo Māori. Results are currently being analysed to establish a benchmark. |
| Improve the quality of policy advice | Improvement in rating of quality of policy advice by independent assessment | 2011: Average rating from NZIER 6.9 out of 10 2012: Average rating from NZIER 7.0 out of 10 2013: Average rating from NZIER 7.2 out of 10 |

| What we want to do | Indicator | Performance |
|---|---|---|
| Improve efficiency, reliability and staff use of ICT system | Percentage of time systems are available in normal business hours | 2009: 99.7% 2010: 99.1% 2011: 99.4% 2012: 98.7% 2013: 99.9% This result assumes that there are 2,091 supported hours in a year. The percentage of time the network is functioning has remained reasonably static over the past four years, with a slight decrease in 2012. This decrease was due to outages experienced as part of our transfer of servers to a data centre. |
| | System issues are resolved within an average of 2.5 hours | 2009: Average 1.86 hours 2010: Average 1.94 hours 2011: Average 1.21 hours 2012: Average 2.42 hours 2013: Average 1.1 hours The average time taken to resolve outages decreased in 2011 but increased in 2012. This was due to the temporary increase of email outages as a result of our transfer of servers to a data centre. This result improved again in 2013. |
| | Improving staff satisfaction with information systems | 2012: 83% of respondents were satisfied that the technology they use at work meets their business needs. 83% of respondents were satisfied with the quality of service provided by the ICT service desk. 2013: 67% of respondents were satisfied that the technology they use at work meets their business needs. 91% of respondents were satisfied with the quality of service provided by the ICT service desk. We are currently in the process of upgrading to the latest versions of key application software. A working group has been established to ensure optimal use of technology and tools from 2013/14. |

Financial Statements

Ngā Tuhinga tahua

Statement of responsibility

As Chief Executive of the Ministry for Culture and Heritage, I am responsible under the Public Finance Act 1989 for preparing the Ministry's financial statements and statement of service performance, and for the judgments made in them.

I am responsible for establishing, and I have established, a system of internal control procedures designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In my opinion, these financial statements and this statement of service performance fairly reflect the Ministry's financial position and operations for the year ended 30 June 2013.



Lewis Holden
Chief Executive

27 September 2013



Sarah Wilson
Acting Manager, Finance and Strategic Planning

27 September 2013

Statement of comprehensive income

for the year ended 30 June 2013

| Actual 2012 \$000 | | Note | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|-------------------------|---|------|-------------------------|------------------------------------|------------------------------------|
| Income | | | | | |
| 26,967 | Revenue Crown | | 26,313 | 25,526 | 26,312 |
| 483 | Revenue from other departments | 2 | 321 | – | 180 |
| 1,586 | Revenue from third parties | 2 | 977 | – | 1,294 |
| 29,036 | Total income | | 27,611 | 25,526 | 27,786 |
| Expenditure | | | | | |
| 11,261 | Personnel costs | 3 | 11,629 | 11,180 | 10,913 |
| 15,605 | Other operating expenses | 4 | 12,585 | 13,700 | 16,227 |
| 534 | Depreciation and amortisation expenses | 5, 6 | 405 | 530 | 530 |
| 116 | Capital charge | 7 | 116 | 116 | 116 |
| 27,516 | Total expenditure | | 24,735 | 25,526 | 27,786 |
| 1,520 | Net surplus/(deficit) | | 2,876 | – | – |
| – | Other comprehensive income | | – | – | – |
| 1,520 | Total comprehensive income | | 2,876 | – | – |

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2013

| Actual 2012 \$000 | | Note | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|--------------------------------|--------------------------------------|------|-------------------------|------------------------------------|------------------------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| 1,751 | Cash and cash equivalents | | 5,967 | 2,045 | 2,299 |
| 3,882 | Debtors and other receivables | 8 | 497 | 150 | 250 |
| 148 | Prepayments | | 81 | 400 | 150 |
| 5,781 | Total current assets | | 6,545 | 2,595 | 2,699 |
| Non-current assets | | | | | |
| 701 | Property, plant and equipment | 5 | 512 | 643 | 601 |
| 74 | Intangible assets | 6 | 26 | 136 | 74 |
| 775 | Total non-current assets | | 538 | 779 | 675 |
| 6,556 | Total assets | | 7,083 | 3,374 | 3,374 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| 2,897 | Creditors and other payables | 9 | 2,070 | 1,300 | 1,300 |
| 1,520 | Repayment of surplus to the Crown | 10 | 2,876 | – | – |
| 615 | Employee entitlements | 11 | 613 | 525 | 525 |
| 5,032 | Total current liabilities | | 5,559 | 1,825 | 1,825 |
| Non-current liabilities | | | | | |
| 77 | Employee entitlements | 11 | 77 | 102 | 102 |
| 77 | Total non-current liabilities | | 77 | 102 | 102 |
| 5,109 | Total liabilities | | 5,636 | 1,927 | 1,927 |
| 1,447 | Taxpayers' funds | | 1,447 | 1,447 | 1,447 |

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2013

| Actual 2012 \$000 | Note | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|-------------------------|-----------------------------------|-------------------------|------------------------------------|------------------------------------|
| Taxpayers' funds | | | | |
| 1,447 | Balance at 1 July | 1,447 | 1,447 | 1,447 |
| 1,520 | Surplus/(deficit) | 2,876 | – | – |
| – | – Other comprehensive income | – | – | – |
| – | – Capital contribution | – | – | – |
| (1,520) | Repayment of surplus to the Crown | (2,876) | – | – |
| | 10 | | | |
| 1,447 | Balance at 30 June | 1,447 | 1,447 | 1,447 |

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2013

| Actual 2012 \$000 | Note | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|--|---|-------------------------|------------------------------------|------------------------------------|
| Capital flows from operating activities | | | | |
| 24,009 | Receipts from the Crown | 29,369 | 25,526 | 29,368 |
| 1,324 | Receipts from other departments/third parties | 1,725 | – | 1,474 |
| (11,186) | Payments to employees | (11,630) | (11,069) | (10,853) |
| (14,101) | Payments to suppliers | (13,254) | (13,811) | (17,373) |
| 430 | Goods and services tax (net) | (190) | – | – |
| (116) | Payments for capital charge | (116) | (116) | (116) |
| 360 | Net cash flows from operating activities | 5,904 | 530 | 2,500 |
| Cash flows from investing activities | | | | |
| (373) | Purchase of property, plant and equipment | (145) | (390) | (390) |
| 61 | Receipts from sale of fixed assets | – | – | – |
| (16) | Purchase of intangible assets | (23) | (40) | (40) |
| (328) | Net cash flows from investing activities | (168) | (430) | (430) |
| Cash flows from financing activities | | | | |
| (2,499) | Repayment of surplus | (1,520) | – | (1,521) |
| – | Capital contribution | – | – | – |
| (2,499) | Net cash flows from financing activities | (1,520) | – | (1,521) |
| (2,467) | Net increase/(decrease) in cash held | 4,216 | 100 | 549 |
| 4,218 | Cash at the beginning of year | 1,751 | 1,945 | 1,750 |
| 1,751 | Cash at the end of year | 5,967 | 2,045 | 2,299 |

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

Statement of commitments

as at 30 June 2013

Non-cancellable operating lease commitments

The Ministry leases property, plant and equipment in the normal course of its business, with the main commitment relating to the premises.

Up until 31 March 2012 the Ministry occupied Radio New Zealand House. From 1 April 2012 the Ministry occupies ASB House. The lease term expires on 30 September 2014.

The Going Digital project team occupies part of Level 2 at 85 The Terrace. The lease term expires on 31 December 2013.

The Going Digital project team leases two vehicles.

| Actual 2012 \$000 | | Actual 2013 \$000 |
|-------------------------|--|-------------------------|
| | Non-cancellable operating lease commitments | |
| 419 | Not later than one year | 381 |
| 381 | Later than one year and not later than five years | 88 |
| 88 | Later than five years | – |
| 888 | Total non-cancellable operating lease commitments | 469 |

Ministry has no capital commitments (2012: Nil).

The accompanying notes form part of these financial statements.

Statement of contingent liabilities and contingent assets

as at 30 June 2013

Quantifiable contingent liabilities

The Ministry has one contingent liability at 30 June 2013 (2012: nil). The Ministry arranged a carnet for the temporary export of a whale for the Frankfurt Book Fair in October 2012, to a total value of \$66,475. The indemnity finished on 24 July 2013, with no claim against the contingent liability.

Contingent assets

The Ministry has no contingent assets (2012: nil).

Statement of departmental unappropriated expenditure and capital expenditure

for the year ended 30 June 2013

Expenses and capital expenditure incurred in excess of appropriation

Nil (2012: nil).

Expenses and capital expenditure incurred without appropriation or other authority, or outside scope of appropriation

Nil (2012: nil).

Breaches of projected departmental net asset schedules

Nil (2012: nil).

The accompanying notes form part of these financial statements.

Statement of departmental expenses and capital expenditure against appropriations for the year ended 30 June 2013

| Actual expenditure 2012 \$000 | | Actual expenditure 2013 \$000 | Appropriation voted* 2013 \$000 |
|---|---|-------------------------------------|---------------------------------------|
| VOTE ARTS, CULTURE AND HERITAGE | | | |
| Appropriations for output expenses | | | |
| 8,822 | Heritage services | 9,244 | 11,609 |
| 6,511 | Delivery of Going Digital programme | 6,738 | 6,936 |
| 5,896 | Policy advice and monitoring of funded agencies** | – | – |
| – | Policy advice, monitoring of funded agencies and ministerial services MCOA** | 5,315 | 5,707 |
| – | - Ministerial servicing | 744 | 766 |
| – | - Monitoring of funded agencies | 1,701 | 1,788 |
| – | - Policy advice | 2,870 | 3,153 |
| 21,229 | Total Vote Arts, Culture and Heritage | 21,297 | 24,252 |
| VOTE SPORT AND RECREATION | | | |
| Appropriations for output expenses | | | |
| 270 | Purchase advice and monitoring of sport and recreation Crown entities | 290 | 318 |
| 270 | Total Vote Sport and Recreation | 290 | 318 |
| 21,499 | Total Vote Arts, Culture and Heritage & Vote Sport and Recreation | 21,587 | 24,570 |
| 392 | Appropriation for capital expenditure Ministry for Culture and Heritage – Permanent Legislative Authority | 167 | 430 |

*This includes adjustments made in the Supplementary Estimates and Cabinet decisions made before 30 June 2013.

** The previous appropriation for Policy Advice and Monitoring of Funded Agencies has been reorganised as a Multi-class Output Expense Appropriation to make the cost of producing policy advice for Ministers transparent.

The accompanying notes form part of these financial statements.

Details of departmental multi-year appropriation for the year ended 30 June 2013

| Actual 2012 \$000 | | Actual 2013 \$000 |
|-------------------------|---|-------------------------|
| | VOTE ARTS, CULTURE AND HERITAGE CULTURAL DIPLOMACY INTERNATIONAL PROGRAMME | |
| 9,740 | Original appropriation | 9,740 |
| 1,292 | Cumulative adjustments | 2,329 |
| 11,032 | Total adjusted appropriation | 12,069 |
| 1,999 | Cumulative actual expenditure 1 July | 8,015 |
| 6,016 | Current year actual expenditure | 3,148 |
| 8,015 | Cumulative actual expenditure 30 June | 11,163 |
| 3,017 | Appropriation remaining 30 June | 906 |

The Ministry has a departmental multi-year appropriation for the Cultural Diplomacy International Programme. The appropriation is for the management and delivery of an international cultural diplomacy programme through a series of projects and activities primarily focused on Asia and in locations where New Zealand is pursuing free trade agreements. This appropriation commenced on 1 July 2010 and expires on 30 June 2015.

Notes to the financial statements

Note 1: Statement of accounting policies

Reporting Entity

The Ministry for Culture and Heritage (the Ministry) is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

The Ministry has also reported on Crown activities and trust monies that it administers.

The primary objective of the Ministry is to provide services to the public rather than make a financial return. Accordingly, the Ministry has designated itself as a public benefit entity for the purposes of applying New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Ministry are for the year ended 30 June 2013. The financial statements were authorised for issue by the Chief Executive of the Ministry on 27 September 2013.

Basis of Preparation

Statement of compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP), and Treasury Instructions.

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with NZ IFRS.

Measurement base

The financial statements have been prepared on a historical cost basis. Some assets and liabilities are recorded at "fair value", the amount for which an item could be exchanged or a liability settled between knowledgeable and willing parties in an arm's-length transaction.

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies during the year.

The Ministry has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Ministry has decided to present this analysis in the statement of changes in equity.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendment reduces the disclosure requirements relating to credit risk. Note 8 have been updated for the amendments.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Ministry are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as

those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Ministry is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Ministry will transition to the new standards in preparing its 30 June 2015 financial statements. The Ministry has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant Accounting Policies

Revenue

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

Revenue Crown

Revenue earned from the supply of outputs to the Crown is recognised as revenue when earned.

Other revenue

Other departmental and third-party revenue is predominantly derived from the undertaking of historical projects on a full cost-recovery basis, contributions to other one off projects, and reimbursement for costs of staff on secondment to other agencies. Revenue is recognised when earned and is reported in the financial period to which it relates.

Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs, unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Cash and cash equivalents

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

Debtors and other receivables

Debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment account, and the amount of the loss is recognised in the surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Property, plant and equipment

Property, plant and equipment consist of artwork, leasehold improvements, office furniture, office equipment, computer equipment and motor vehicles.

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$2,000. The value of an individual asset that is less than \$2,000 and is part of a group of similar assets is capitalised. In addition, information communications technology (ICT) assets that individually cost more than \$1,000 each and have a useful life greater than 12 months are capitalised.

Additions

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

In most instances, an item of property, plant or equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at rates that will write down the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| | | |
|-------------------------------------|-----------|-----|
| Office Furniture | 5 years | 20% |
| Office Equipment | 5 years | 20% |
| Computer Equipment – PC-based | 3 years | 33% |
| Computer Equipment – other than PCs | 4 years | 25% |
| Motor Vehicles | 3 years | 33% |
| Works of Art | 100 years | 1% |

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated

remaining useful lives of the improvements, whichever is the shorter.

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

Intangible assets

Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Software is capitalised if its cost is greater than \$2,000.

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

Staff training costs are recognised as expenses 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 that the asset is derecognised.

The amortisation charge for each period is recognised in the surplus or deficit.

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

| | | |
|----------------------------|---------|-----|
| Acquired Computer Software | 3 years | 33% |
|----------------------------|---------|-----|

Impairment of property, plant and equipment, and intangible 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 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 Ministry 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. The impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is also recognised in the surplus or deficit.

Creditors and other payables

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

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

A liability and an expense are recognised for bonuses where the Ministry has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee entitlements that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long service leave and retiring leave, are calculated on an actuarial basis. The calculations are based on:

- 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 entitlements information; and
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees. The Ministry uses the risk-free discount rates and consumer price index assumptions published annually by The Treasury.

Presentation of employee entitlements

Annual leave, long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

The Ministry does not recognise any provision for sick leave as employees are not entitled to accrue sick leave during their period of employment.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, Kiwisaver, Global Retirement Trust Superannuation and Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

Equity

Equity is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Equity is classified as taxpayers' funds.

Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of that penalty or exit cost.

Goods and services tax

All items in the financial statements, including appropriation statements, are stated exclusive of goods and service tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. 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 receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures are those included in the Information Supporting the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2013, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those

adopted in preparing these financial statements.

Statement of cost accounting policies

The Ministry has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those directly attributed to an output. Indirect costs are those that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are allocated to outputs through a two-stage process. The costs are assigned to cost centres within the Ministry, and then allocated to outputs on the basis of the direct staff costs attributable to the outputs of that cost centre. Depreciation and capital charge are allocated on the basis of asset utilisation. Personnel costs are charged directly to the cost centre within the output to which they belong and at the time they were incurred.

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

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to below:

Retirement and long service leave

An analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities is disclosed in note 11.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2013.

Operating leases

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Ministry. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas with an operating lease no such asset is recognised.

The Ministry has exercised its judgement on the appropriate classification of equipment leases, and has determined all lease arrangements to be operating leases.

Note 2: Revenue

| Actual 2012 \$000 | | Actual 2013 \$000 |
|----------------------------------|---|----------------------------------|
| 109 | Contract history projects for other government departments | – |
| 235 | State Sector Retirement Savings Scheme and Kiwisaver recoveries | – |
| 10 | Publication sales/royalties | 9 |
| 1,442 | Non Crown revenue – Frankfurt Book Fair | 975 |
| 189 | Non Crown revenue – WW100 | 178 |
| 84 | Other revenue | 136 |
| 2,069 | Total revenue other | 1,298 |

Note 3: Personnel costs

| Actual 2012 \$000 | | Actual 2013 \$000 |
|----------------------------------|--|----------------------------------|
| 10,679 | Salaries and wages | 11,065 |
| 124 | Training and development | 115 |
| 307 | Employer contributions to defined contribution plans | 316 |
| 151 | Other personnel costs | 133 |
| 11,261 | Total personnel costs | 11,629 |

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, Kiwisaver, Global Retirement Trust Superannuation and Government Superannuation Fund. The Ministry had 126 full-time equivalent (FTE) positions (including vacancies) at 30 June 2013 (2012: 131).

Note 4: Other operating expenses

| Actual 2012 \$000 | | Actual 2013 \$000 |
|-------------------------|---|-------------------------|
| | Fees to auditor | |
| 47 | - fees to Audit New Zealand for audit of financial statements | 51 |
| 16 | - fees to Audit New Zealand for other services | – |
| 621 | Rental and leasing expenses | 430 |
| 983 | Other occupancy expenses | 1,334 |
| 3,047 | Publicity and research | 4,454 |
| 2,434 | Professional and specialist services | 1,970 |
| 780 | Travel and associated expenses | 1,126 |
| 1,311 | Information communication technology | 962 |
| 3,241 | Transfer to agencies* | 821 |
| 1,577 | Digital television extension | – |
| 1,548 | Other operating expenses | 1,437 |
| 15,605 | Total operating expenses | 12,585 |

* Transfers to agencies includes Cultural Diplomacy International Programme agencies.

Note 5: Property, plant and equipment

| | Computer equipment \$000 | Office equipment \$000 | Office furniture \$000 | Leasehold improvements \$000 | Vehicles \$000 | Works of art \$000 | Total \$000 |
|---|--------------------------------|------------------------------|------------------------------|------------------------------------|-------------------|--------------------------|----------------|
| Cost | | | | | | | |
| Balance at 1 July 2011 | 785 | 189 | 417 | 1,480 | 291 | 21 | 3,183 |
| Additions | 29 | 7 | – | 299 | 38 | – | 373 |
| Disposals | (221) | (45) | (11) | (1,476) | (67) | – | (1,820) |
| Balance at 30 June and 1 July 2012 | 593 | 151 | 406 | 303 | 262 | 21 | 1,736 |
| Additions | 124 | 5 | 8 | 8 | – | – | 145 |
| Disposals | (180) | (5) | – | – | – | – | (185) |
| Balance at 30 June 2013 | 537 | 151 | 414 | 311 | 262 | 21 | 1,696 |
| Accumulated depreciation and impairment losses | | | | | | | |
| Balance at 1 July 2011 | 554 | 154 | 319 | 1,291 | 21 | 1 | 2,340 |
| Depreciation expense | 118 | 14 | 53 | 215 | 54 | – | 454 |
| Elimination on disposal | (221) | (40) | (10) | (1,473) | (15) | – | (1,759) |
| Balance at 30 June and 1 July 2012 | 451 | 128 | 362 | 33 | 60 | 1 | 1,035 |
| Depreciation expense | 118 | 8 | 42 | 117 | 48 | 1 | 334 |
| Elimination on disposal | (180) | (5) | – | – | – | – | (185) |
| Balance at 30 June 2013 | 389 | 131 | 404 | 150 | 108 | 2 | 1,184 |
| Carrying amounts | | | | | | | |
| At 1 July 2011 | 251 | 35 | 98 | 189 | 270 | 20 | 843 |
| At 30 June and 1 July 2012 | 142 | 23 | 44 | 270 | 202 | 20 | 701 |
| At 30 June 2013 | 148 | 20 | 10 | 161 | 154 | 19 | 512 |

The amount of property, plant and equipment in the course of construction is nil (2012: nil).

There are no restrictions over the title of the Ministry's assets. No assets are pledged as security for liabilities.

Note 6: Intangible assets

| | Total \$000 |
|---|------------------------|
| ACQUIRED COMPUTER SOFTWARE | |
| Cost | |
| Balance at 1 July 2011 | 442 |
| Additions | 18 |
| Disposals | (182) |
| Balance at 30 June and 1 July 2012 | 278 |
| Additions | 23 |
| Disposals | – |
| Balance at 30 June 2013 | 301 |
| Accumulated amortisation and impairment losses | |
| Balance at 1 July 2011 | 306 |
| Amortisation expense | 80 |
| Elimination on disposal | (182) |
| Balance at 30 June and 1 July 2012 | 204 |
| Amortisation expense | 71 |
| Elimination on disposal | – |
| Balance at 30 June 2013 | 275 |
| Carrying amounts | |
| At 1 July 2011 | 136 |
| At 30 June and 1 July 2012 | 74 |
| At 30 June 2013 | 26 |

There are no restrictions over the title of the Ministry's intangible assets. No intangible assets are pledged as security for liabilities.

Note 7: Capital charge

The Ministry pays a capital charge to the Crown on its equity as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2013 was 8% (2012: 8%).

Note 8: Debtors and other receivables

| Actual 2012 \$000 | Actual 2013 \$000 |
|--|----------------------------------|
| 2,958 Crown Receivable | – |
| 924 Trade debtors | 497 |
| 3,882 Total debtors and other receivables | 497 |

The carrying value of debtors and other receivables approximates their fair value.

Ageing profile of receivables

All of the Ministry's debtors and other receivables are current (within 30 days) except for debtors to the value of \$6,400 which are between 60 and 90 days old (2012: all current except for debtors to the value of \$6,000 which were between 60 and 90 days old).

Impairment of receivables

The Ministry has assessed that no provision for impairment is required as no losses are expected for the Ministry's pool of debtors.

Note 9: Creditors and other payables

| Actual 2012 \$000 | Actual 2013 \$000 |
|---|----------------------------------|
| 1,239 Trade creditors | 1,069 |
| 111 PAYE payable | 120 |
| 203 GST payable | 111 |
| 1,344 Accrued expenses | 770 |
| 2,897 Total creditors and payables | 2,070 |

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

Note 10: Return of operating surplus

The return of operating surplus to the Crown is required to be paid by 31 October of each year. The total surplus to be returned is \$2.876 million (2012: \$1.520 million) as per the Statement of Comprehensive Income.

Note 11: Employee entitlements

| Actual 2012 \$000 | Actual 2013 \$000 |
|--|----------------------------------|
| Current portion | |
| 565 Annual leave | 571 |
| 26 Long service leave | 42 |
| 24 Retirement leave | – |
| 615 Total current portion | 613 |
| Non-current portion | |
| 57 Long service leave | 54 |
| 20 Retirement leave | 23 |
| 77 Total non-current portion | 77 |
| 692 Total employee entitlements | 690 |

The measurement of the long service and retirement leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

The discount rate is based on New Zealand government bond data at 30 June 2013. The salary inflation factor has been determined after considering historical patterns and after obtaining advice from an independent actuary. The Ministry uses the risk-free discount rates and consumer price index assumptions published annually by The Treasury.

If the discount rate were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$5,000 higher/lower.

If the salary inflation factor were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$5,000 higher/lower.

Discount rates and salary inflation applied:

| Employee entitlement variables | 2014 % | 2015 % | 2016 % |
|---------------------------------------|-------------------|-------------------|-------------------|
| Discount rates | 2.71 | 3.14 | 5.50 |
| Salary inflation | 1.50 | 3.50 | 3.50 |

Note 12: Reconciliation of net surplus to net cash flow from operating activities

| Actual 2012 \$000 | | Actual 2013 \$000 |
|----------------------------------|--|----------------------------------|
| 1,520 | Net surplus/(deficit) | 2,876 |
| | <i>Add/(less) non-cash items</i> | |
| 535 | Depreciation and amortisation | 405 |
| (26) | Increase/(decrease) in non-current employee entitlements | 0 |
| 509 | Total non-cash items | 405 |
| | <i>Add/(less) movements in deferrals and accruals</i> | |
| (3,476) | (Increase)/decrease in debtors and other receivables | 3,385 |
| 424 | (Increase)/decrease in prepayments | 67 |
| 1,292 | Increase/(decrease) in creditors and other payables | (827) |
| 91 | Increase/(decrease) in current employee entitlements | (2) |
| (1,669) | Net movements in working capital items | 2,623 |
| 360 | Net cash flow from operating activities | 5,904 |

Note 13: Related party transactions

All related party transactions have been entered into on an arms' length basis.

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the roles of the Ministry, as well as being its major source of revenue.

Significant transactions with government-related entities

The Ministry has received funding from the Crown of \$26.313 million (2012: \$26.967 million) to provide services to the public for the year ended 30 June 2013.

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, the Ministry is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Ministry is exempt from paying income tax.

The Ministry also receives revenue from and purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown.

Revenue from these government-related entities for the year ended 30 June 2013 totalled \$1.1 million (2012: \$2.0 million). This revenue included funding contributions towards specific projects, including the Frankfurt Book Fair and First World War Centenary Commemorations, from the Ministry of Foreign Affairs and Trade, Creative New Zealand, the New Zealand Defence Force, New Zealand Trade and Enterprise, the New Zealand Film Commission, Te Puni Kōkiri, Tourism New Zealand, Education New Zealand, and Department of Internal Affairs.

Purchases from these government-related entities for the year ended 30 June 2013 totalled \$1.9 million (2012: \$3.7 million). These purchases included air travel from Air New Zealand, legal services from Crown Law Office, electricity from Meridian Energy, and postal services from New Zealand Post.

Transactions with key management personnel and their close family members

Key management personnel compensation

| Actual 2012 \$000 | Actual 2013 \$000 |
|--|----------------------------------|
| 974 Salaries and other short-term employee benefits | 999 |
| 5 Other long-term benefits | 7 |
| 979 Total key management personnel compensation | 1,006 |

Key management personnel of the Ministry comprise the Minister for Arts, Culture and Heritage, the Minister of Broadcasting, the Minister for Sport and Recreation, the Chief Executive, and the four members of the Ministry Leadership Team.

The above key management personnel compensation excludes the remuneration and other benefits the Minister for Arts, Culture and Heritage, the Minister of Broadcasting, and the Minister for Sport and Recreation receives. The Ministers' remuneration and other benefits are not received only for their role as a member of key management personnel of the Ministry. The Ministers' remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority, and not paid by the Ministry.

No close family members of key management personnel were employed by the Ministry during 2012/13.

Note 14: Financial instrument risks

The Ministry's activities expose it to a low level of financial instrument risks, which include market risk, credit risk, and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Due to the nature and limited number of foreign exchange transactions undertaken, the Ministry has no significant exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Ministry has no exposure to interest rate risk because it has no interest-bearing financial instruments.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss.

In the normal course of its business, credit risk arises from debtors and deposits with banks.

The Ministry is only permitted to deposit funds with Westpac, a registered bank, and enter into foreign exchange forward contracts with the New Zealand Debt Management Office. These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors (note 8). There is no collateral held as security against these financial instruments.

Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

Contractual maturity analysis of financial liabilities, excluding derivatives

All creditors and other payables will mature within 6 months (2012: within 6 months).

Note 15: Financial instrument categories

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

| Actual 2012 \$000 | | Actual 2013 \$000 |
|----------------------------------|---|----------------------------------|
| | Loans and receivables | |
| 1,751 | Cash and cash equivalents | 5,967 |
| 3,882 | Debtors and other receivables | 497 |
| 5,633 | Total loans and receivables | 6,464 |
| | Financial liabilities measured at amortised cost | |
| 2,897 | Creditors and other payables | 2,070 |

Note 16: Capital management

The Ministry's capital is its equity (taxpayers' funds), which is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with the Government Budget processes, Treasury Instructions, and the Public Finance Act 1989.

The objective of managing the Ministry's equity is to ensure that the Ministry effectively achieves its goals and objectives for which it was established, while remaining a going concern.

Note 17: Explanation of major variances against budget

Explanations for major variances from the Ministry's budgeted figures in the Information Supporting the Estimates are as follows:

Statement of comprehensive income

Other operating expenses

Other operating expenses were \$1.115 million less than budget due to the timing of projects, including First World War commemorations.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents were \$3.922 million greater than budget due the surplus of \$3 million.

Statement of cash flows

Receipts from the Crown were \$3.843 million greater than budget due to the timing of cash drawn down from Treasury in 2011/12, which matched closely to actual cash expenditure, meaning a debtor remained at 30 June 2012. This debtor was received in cash in 2012/13.

Receipts from other departments/third parties were \$1.725 million greater than budget due to contributions received from other government departments and organisations for the Frankfurt Book Fair and First World War projects.

Note 18: Events after the balance date

No event has occurred since the end of the financial period (not otherwise dealt with in the financial statements) that has affected, or may significantly affect, the Ministry's operations or state of affairs for the year ended 30 June 2013.

Non-departmental statements and schedules for the year ended 30 June 2013

The following non-departmental statements and schedules record the income, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets, and trust accounts that the Ministry manages on behalf of the Crown.

Statement of non-departmental expenditure and capital expenditure against appropriations for the year ended 30 June 2013

| Actual 2012 \$000 | | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|--|---|-------------------------|------------------------------------|------------------------------------|
| VOTE ARTS, CULTURE AND HERITAGE | | | | |
| Appropriations for non-departmental output expenses | | | | |
| Management of historic places | | | | |
| 526 | Antarctic Heritage Trust | 526 | 526 | 526 |
| 12,988 | New Zealand Historic Places Trust | 12,988 | 12,988 | 12,988 |
| – | Marsden Cross | 500 | – | 500 |
| 13,514 | | 14,014 | 13,514 | 14,014 |
| Museum services | | | | |
| 29,574 | Museum of New Zealand Te Papa Tongarewa | 29,574 | 29,574 | 29,574 |
| 2,020 | New Zealand Film Archive | 3,170 | 2,020 | 3,520 |
| 31,594 | | 32,744 | 31,594 | 33,094 |
| Performing arts services | | | | |
| 13,446 | New Zealand Symphony Orchestra | 13,446 | 13,446 | 13,446 |
| 4,384 | Royal New Zealand Ballet | 4,384 | 4,384 | 4,384 |
| 1,248 | Te Matatini | 1,248 | 1,248 | 1,248 |
| 1,378 | New Zealand Music Commission | 1,578 | 1,378 | 1,578 |
| 20,456 | | 20,656 | 20,456 | 20,656 |

| | | | | |
|----------------|--|----------------|----------------|----------------|
| | Promotion and support of the arts and film | | | |
| 15,689 | Arts Council of New Zealand Toi Aotearoa (Creative New Zealand) | 15,689 | 15,689 | 15,689 |
| 3,401 | New Zealand Film Commission | 3,401 | 3,401 | 3,401 |
| 19,090 | | 19,090 | 19,090 | 19,090 |
| | Protection of taonga tūturu | | | |
| 191 | Museums and conservation service providers | 82 | 79 | 82 |
| 191 | | 82 | 79 | 82 |
| | Public Broadcasting Services | | | |
| 129,926 | Broadcasting Commission (NZ On Air) | 128,226 | 129,926 | 128,226 |
| 12,257 | Television New Zealand | 1,529 | 1,757 | 1,757 |
| 1,900 | Radio New Zealand International | 1,900 | 1,900 | 1,900 |
| 609 | Broadcasting Standards Authority | 609 | 609 | 609 |
| 5,028 | Freeview | 5,000 | 5,000 | 5,000 |
| 149,720 | | 137,264 | 139,192 | 137,492 |
| 234,565 | Total appropriations for output expenses | 223,850 | 223,925 | 224,428 |
| | Appropriations for other expenses to be incurred by the Crown | | | |
| 2,586 | Commonwealth war graves | 2,537 | 2,586 | 2,586 |
| 4,857 | Contribution to a Fund for Canterbury Heritage Buildings | 479 | – | 2,841 |
| 512 | Development and maintenance of War graves, historic graves and monuments | 499 | 527 | 527 |
| 6,000 | Regional Museums | 4,600 | 6,667 | 7,261 |
| – | Tāmaki Makaurau maunga co-governance contributions | 400 | – | 400 |
| 288 | Treaty of Waitangi Commemorations | 285 | 288 | 288 |
| 14,243 | Total appropriations for other expenses to be incurred by the Crown | 8,800 | 10,068 | 13,903 |

| | | | | |
|--|--|----------------|----------------|----------------|
| Appropriations for capital expenditure | | | | |
| 3,000 | Museum of New Zealand Te Papa Tongarewa | 3,000 | 3,000 | 3,000 |
| – | National War Memorial Park | 473 | – | 3,538 |
| 3,000 | Total appropriations for capital expenditure | 3,473 | 3,000 | 6,538 |
| 251,808 | Total non-departmental Vote Arts, Culture and Heritage | 236,123 | 236,993 | 244,869 |
| VOTE SPORT AND RECREATION | | | | |
| Appropriations for non-departmental output expenses | | | | |
| 2,093 | Sports anti-doping | 2,239 | 2,239 | 2,239 |
| 19,151 | Sport and recreation programmes | 19,151 | 19,151 | 19,151 |
| 53,338 | High-performance sport | 58,192 | 58,192 | 58,192 |
| 74,582 | Total appropriations for output expenses | 79,582 | 79,582 | 79,582 |
| Appropriations for other expenses to be incurred by the Crown | | | | |
| 293 | Miscellaneous grants | 7 | 44 | 44 |
| 4,250 | Prime Minister's sport scholarships | 4,250 | 4,250 | 4,250 |
| 1,300 | Rugby New Zealand 2011 Limited | – | – | – |
| 5,843 | Total appropriations for other expenses to be incurred by the Crown | 4,257 | 4,294 | 4,294 |
| 80,425 | Total non-departmental Vote Sport and Recreation | 83,839 | 83,876 | 83,876 |

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

Details of multi-year appropriations for the year ended 30 June 2013

The Ministry has two multi-year appropriations for other expenses to be incurred by the Crown.

Going Digital Targeted Assistance Package

This appropriation is for the provision of a targeted assistance package to support the transition of disadvantaged households to digital television. This appropriation commenced on 1 January 2012 and expires on 30 June 2014.

| Actual 2012 \$000 | | Actual 2013 \$000 |
|--|---------------------------------------|-------------------------|
| VOTE ARTS, CULTURE AND HERITAGE Going Digital Targeted Assistance Package | | |
| 16,165 | Original appropriation | 16,165 |
| – | Cumulative adjustments | 2,584 |
| 16,165 | Total adjusted appropriation | 18,749 |
| – | Cumulative actual expenditure 1 July | 576 |
| 576 | Current year actual expenditure | 6,230 |
| 576 | Cumulative actual expenditure 30 June | 6,806 |
| 15,589 | Appropriation remaining 30 June | 11,943 |

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

New Zealand Screen Production Incentive Fund

This appropriation gives provides grant payments to eligible producers of New Zealand feature film, television or other format screen productions that meet the qualifying tests set by the New Zealand Film Commission. The New Zealand Film Commission can also co-invest in these productions. This appropriation commenced on 1 July 2008 and expires on 30 June 2013.

| Actual 2012 \$000 | | Actual 2013 \$000 |
|----------------------------------|---|----------------------------------|
| | VOTE ARTS, CULTURE AND HERITAGE New Zealand Screen Production Incentive Fund | |
| 68,500 | Original appropriation | 68,500 |
| – | Cumulative adjustments | – |
| 68,500 | Total adjusted appropriation | 68,500 |
| 32,334 | Cumulative actual expenditure 1 July | 39,272 |
| 6,938 | Current year actual expenditure | 18,233 |
| 39,272 | Cumulative actual expenditure 30 June | 57,505 |
| 29,228 | Appropriation remaining 30 June | 10,995 |

Statement of non-departmental unappropriated expenditure and capital expenditure for the year ended 30 June 2013

There has been no unappropriated expenditure for the year ended 30 June 2013 (2012: Nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

Schedule of non-departmental income for the year ended 30 June 2013

| Actual 2012 \$000 | | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|-------------------------|--|-------------------------|------------------------------------|------------------------------------|
| | VOTE ARTS, CULTURE AND HERITAGE | | | |
| 9 | Broadcasting Standards Authority – fines | – | – | – |
| – | Rugby New Zealand – return of surplus | 41 | – | – |
| 9 | Total non-departmental income | 41 | – | – |

Explanations of major variances against budget are provided in note 5.

Schedule of non-departmental expenses for the year ended 30 June 2013

| Actual 2012 \$000 | | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|-------------------------|--|-------------------------|------------------------------------|------------------------------------|
| | VOTE ARTS, CULTURE AND HERITAGE & VOTE SPORT AND RECREATION | | | |
| 10,543 | Grants, subsidy and benefit expenses | 33,320 | 10,961 | 12,055 |
| 326,007 | Other operating expenses | 307,443 | 338,393 | 352,010 |
| 196 | Depreciation – buildings | 189 | 196 | 196 |
| 49,212 | GST input expense | 50,660 | 44,644 | 45,327 |
| 385,958 | Total non-departmental expenses | 391,612 | 394,194 | 409,588 |

Explanations of major variances against budget are provided in note 5.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

Schedule of non-departmental assets as at 30 June 2013

| Actual 2012 \$000 | | Note | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 |
|--------------------------------------|--------------------------------------|------|-------------------------|------------------------------------|------------------------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| 2,570 | Cash and cash equivalents | 4 | 11,013 | 12,433 | 3,316 |
| 1,200 | Debtors and other receivables | | – | 20 | 20 |
| 3,770 | Total current assets | | 11,013 | 12,453 | 3,336 |
| Non-current assets | | | | | |
| <i>Property, plant and equipment</i> | | | | | |
| 11,477 | Land | 3 | 11,950 | 11,497 | 15,015 |
| 9,430 | Buildings | 2 | 9,241 | 8,996 | 9,234 |
| 20,907 | Total non-current assets | | 21,191 | 20,493 | 24,249 |
| 24,677 | Total non-departmental assets | | 32,204 | 32,946 | 27,585 |

Explanations of major variances against budget are provided in note 5.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

Schedule of non-departmental liabilities as at 30 June 2013

| Actual 2012 \$000 | Note | Actual 2013 \$000 | Main Estimates 2013 \$000 | Supp Estimates 2013 \$000 | |
|----------------------------|---|-------------------------|------------------------------------|------------------------------------|------------|
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| 435 | Creditors and other payables | 4 | 2,356 | 200 | 200 |
| 435 | Total current liabilities | | 2,356 | 200 | 200 |
| 435 | Total non-departmental liabilities | | 2,356 | 200 | 200 |

Explanations of major variances against budget are provided in note 5.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

Schedule of non-departmental contingent liabilities and contingent assets

as at 30 June 2013

Unquantifiable contingent liabilities

An unsolicited assessment from the New Zealand Fire Service Commission was received in September 2010. This related to fire service levies on arts exhibitions covered by the Government Indemnity of Touring Exhibitions scheme. This assessment is still being disputed by the Ministry.

Quantifiable contingent liabilities

The Ministry on behalf of the Crown has no contingent liabilities at 30 June 2013 (2012: one – this was under the Government Indemnity for Touring Exhibitions Scheme to a total level of \$220 million. This indemnity finished on 7 July 2012, with no claim against the contingent liability).

Contingent assets

The Ministry on behalf of the Crown has no contingent assets (2012: nil).

Schedule of non-departmental commitments

as at 30 June 2013

The Ministry on behalf of the Crown has no non-cancellable operating lease commitments (2012: nil).
The Ministry has no capital commitments. (2012: Nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

Statement of trust monies

for the year ended 30 June 2013

| | Opening balance 2012 \$000 | Contributions \$000 | Distributions \$000 | Revenue \$000 | Expenditure \$000 | Closing balance 2013 \$000 |
|--|-------------------------------------|------------------------|------------------------|------------------|----------------------|-------------------------------------|
| New Zealand Historical Atlas | 130 | – | – | 7 | – | 137 |
| New Zealand History Research | 1,273 | – | (165) | 68 | – | 1,176 |
| New Zealand Oral History Awards | 1,618 | – | (152) | 67 | (6) | 1,527 |
| Dictionary of New Zealand Biography | 14 | – | – | – | – | 14 |
| War History | 1,239 | – | – | 8 | (193) | 1,054 |
| Total | 4,274 | – | (317) | 150 | (199) | 3,908 |

New Zealand Historical Atlas Trust

This trust was established to hold New Zealand Lottery Grants Board funds, donations and royalties from sales to be used for the production of the New Zealand Historical Atlas and subsidiary volumes. In 2013 the Trust earned \$7,000 in royalties and interest (2012: \$3,000).

New Zealand History Research Trust

This trust was established to hold New Zealand Lottery Grants Board funds to be used to make awards to individuals and groups for historical research and writing projects. During 2013, 16 awards were made for a total of \$175,000, of which \$170,000 was paid and \$5,000 was returned (2012: 13 awards; \$172,000).

New Zealand Oral History Awards

This trust was established to hold funds from the Government of the Commonwealth of Australia, gifted to New Zealand in 1990 specifically to gather oral histories of importance to this country. The income from these funds is used to promote oral history in New Zealand. During 2013, 14 awards were made for a total of \$152,000 (2012: 17 awards; \$65,000).

Dictionary of New Zealand Biography Trust

This trust was established to hold funds from the New Zealand Lottery Grants Board, sales of publications, and private sponsorship or fundraising for the production of the Dictionary of New Zealand Biography and subsidiary volumes.

War History Trust

This trust was established to hold funds bequeathed to the Ministry by the estate of Mr J B B Watson, a long-time supporter of research into New Zealand's military history. The funds and any interest income are to be used for the researching and writing of works on New Zealand's involvement in overseas conflicts. In 2013 the trust earned \$8,000 in interest (2012: \$40,000).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

Notes to the non-departmental schedules and statements

Note 1: Statement of accounting policies

Reporting Entity

These non-departmental schedules and statements present financial information on public funds that are managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2013. For a full understanding of the Crown's financial position, results of operations, and cash flows for the year, refer to the Financial Statements of the Government for the year ended 30 June 2013.

Basis of Preparation

The non-departmental schedules and statements have been prepared in accordance with the accounting policies of the Financial Statements of the Government, Treasury Instructions, and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

There have been no changes in accounting policies during the financial year.

Significant Accounting Policies

Revenue

Revenue from fines and other receipts is recognised when received.

Grant expenditure

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

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

Foreign exchange

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the schedule of non-departmental income or expenses.

Goods and services tax

All items in the financial statements, including appropriation statements, are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits held at call with banks with maturities of three months or less.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debt is uncollectible, it is written-off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Property, plant and equipment

Property, plant and equipment administered by the Ministry on behalf of the Crown are the National War Memorial and the Massey Memorial. These assets are carried at fair value less subsequent impairment losses and, for non-land assets, less subsequent accumulated depreciation. They are revalued every three years. If it is established during the intervening period that a memorial's carrying value may be materially different from its fair value, a revaluation will be sought.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its estimated useful life.

The Ministry on behalf of the Crown currently depreciates buildings at 2% per annum.

Creditors and other payables

Creditors and other payables are recorded at their face value.

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of that penalty or exit cost.

Budget figures

The budget figures are consistent with the financial information in the Main Estimates. In addition, these financial statements also present the updated budget information from the Supplementary Estimates.

Trust Monies

The Ministry administers trust monies on behalf of the Crown under Part VII of the Public Finance Act 1989. Under the Act, and by delegation from the Secretary to the Treasury, trust money can only be invested on deposit with New Zealand registered banks or in New Zealand Government stock. Trust money is also managed so that there is no significant concentration of credit risk. Interest rate risk is managed by investing across a wide range of maturity dates, subject to liquidity requirements.

Note 2: Buildings

| | Massey Memorial \$000 | National War Memorial \$000 | Total buildings \$000 |
|---|-----------------------------|--------------------------------------|-----------------------------|
| Cost or valuation | | | |
| Balance at 1 July 2011 | 1,250 | 8,530 | 9,780 |
| Revaluation increase/(decrease) | 270 | (620) | (350) |
| Balance at 30 June and 1 July 2012 | 1,520 | 7,910 | 9,430 |
| Balance at 30 June 2013 | 1,520 | 7,910 | 9,430 |
| Accumulated depreciation and impairment losses | | | |
| Balance at 1 July 2011 | 50 | 342 | 392 |
| Depreciation expense | 25 | 171 | 196 |
| Elimination on revaluation | (75) | (513) | (588) |
| Balance at 30 June and 1 July 2012 | – | – | – |
| Depreciation expense | 30 | 159 | 189 |
| Balance at 30 June 2013 | 30 | 159 | 189 |
| Carrying amounts | | | |
| At 1 July 2011 | 1,200 | 8,188 | 9,388 |
| At 30 June and 1 July 2012 | 1,520 | 7,910 | 9,430 |
| At 30 June 2013 | 1,490 | 7,751 | 9,241 |

The National War Memorial and Massey Memorial were revalued as at 30 June 2012 by Beca Valuations (an independent valuer) using depreciated building cost in accordance with NZ IAS 16. The Ministry on behalf of the Crown revalues the memorials every three years. The balance of the revaluation reserve at 30 June 2013 is \$1.912 million (2012: \$1.912 million).

Note 3: Land

| | Massey Memorial \$000 | National War Memorial \$000 | New Zealand Memorial Park \$000 | Total land \$000 |
|---|--------------------------|--------------------------------|------------------------------------|---------------------|
| Cost or valuation (and carrying amounts) | | | | |
| Balance at 1 July 2011 | 550 | 5,530 | 5,417 | 11,497 |
| Revaluation increase/(decrease) | 10 | (30) | – | (20) |
| Balance at 30 June and 1 July 2012 | 560 | 5,500 | 5,417 | 11,477 |
| Additions | – | – | 473 | 473 |
| Balance at 30 June 2013 | 560 | 5,500 | 5,890 | 11,950 |

The National War Memorial and Massey Memorial were revalued as at 30 June 2012 by Beca Valuations (an independent valuer) using market-based evidence in accordance with NZ IAS 16. The Ministry on behalf of the Crown revalues the memorials every three years. The balance of the revaluation reserve at 30 June 2013 is \$4.750 million (2012: \$4.750 million).

New Zealand Memorial Park was not revalued at 30 June 2012, due to the uncertainty around its future, relating to the announcement in August 2012 that it will be further developed as part of the undergrounding of a section of Buckle Street in Wellington.

Note 4: Financial Instruments

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

| Actual 2012 \$000 | | Actual 2013 \$000 |
|---|-------------------------------|-------------------------|
| Loans and receivables | | |
| 2,570 | Cash and cash equivalents | 11,013 |
| 1,200 | Debtors and other receivables | – |
| 3,770 | Total loans and receivables | 11,013 |
| Financial liabilities measured at amortised cost | | |
| 435 | Creditors and other payables | 2,356 |

Credit risk

Credit risk is the risk that a third party will default on its obligation, causing a loss to be incurred. Credit risk arises from debtors and deposits with banks. Funds must be deposited with Westpac, a registered bank. The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank, there are no significant concentrations of credit risk.

Note 5: Explanations of major variances against budget

The major variances from the Ministry's non-departmental estimated figures in the Main Estimates are as follows:

Schedule of income and expenses

Regional Museums

This appropriation was \$2.067 million less than budget due to unexpected delays of two projects being funded from the Regional Museums capital construction fund.

Schedule of assets and liabilities

Creditors and other payables

Creditors and other payables were \$2.156 million greater than budget due to unpaid invoices at year end for the New Zealand Screen Production Incentive Fund and Contribution to a Fund for Canterbury Heritage Buildings.

**Independent Auditor's Report
To the readers of the
Ministry for Culture and Heritage's
financial statements, non-financial performance information
and schedules of non-departmental activities
for the year ended 30 June 2013**

The Auditor-General is the auditor of the Ministry for Culture and Heritage (the Ministry). The Auditor-General has appointed me, J.R. Smail, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, the non-financial performance information and the schedules of non-departmental activities of the Ministry on her behalf.

We have audited:

- the financial statements of the Ministry on pages 55 to 79, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations, statement of departmental unappropriated expenditure and capital expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Ministry that comprises the statement of service performance on pages 26 to 47 and the report about outcomes on pages 12 to 24; and
- the schedules of non-departmental activities of the Ministry on pages 80 to 94 that comprise the schedule of assets, schedule of liabilities, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2013, the schedule of expenses, statement of expenditure and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure, schedule of income and statement of trust monies, for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 55 to 79:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Ministry's:
 - financial position as at 30 June 2013;
 - financial performance and cash flows for the year ended on that date;
 - expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2013; and
 - unappropriated expenses and capital expenditure for the year ended 30 June 2013.
- the non-financial performance information of the Ministry on pages 12 to 24 and 26 to 47:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Ministry's service performance and outcomes for the year ended

30 June 2013, including for each class of outputs:

- its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
- its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- the schedules of non-departmental activities of the Ministry on pages 80 to 94 fairly reflect, in accordance with the Treasury Instructions:
 - the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2013 managed by the Ministry on behalf of the Crown; and
 - the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Ministry on behalf of the Crown.

Our audit was completed on 27 September 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Ministry's preparation of the financial statements, the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- the appropriateness of the reported non-financial performance information within the Ministry's framework for reporting performance;
- the adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- the overall presentation of the financial statements, the non-financial performance

information and the schedules of non-departmental activities.

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

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

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Ministry's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure; and
 - fairly reflect its service performance and outcomes; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions that fairly reflect those activities managed by the Ministry on behalf of the Crown.

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

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, the non-financial performance information and the schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

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

Other than the audit, we have no relationship with or interests in the Ministry.



J.R. Smaill
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Manatū Taonga

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