

Te Manatū
Taonga
**Ministry for
Culture &
Heritage**

ANNUAL REPORT 2010



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SNAPSHOT OF THE CULTURAL SECTOR

TE WĀHANGA TIKANGA INĀIANEI

Introduction

New Zealand's cultural sector encompasses a broad range of industries and activities: film, broadcasting and digital technologies, design, literature, visual arts, music, theatre, dance, built heritage, libraries and archives, museums and galleries and, more broadly, sport and recreation.

The cultural sector is integral to New Zealand's quality of life and contributes to our economic success. The government's investment in the sector ensures that all New Zealanders are able to access and benefit from high-quality cultural experiences. In 2009/10 the Ministry spent approximately \$350 million via Vote Arts, Culture and Heritage and Vote Sport and Recreation. (Further information can be found in the Financial Statements in this report).

New Zealanders value and participate in culture

New Zealanders place great value on culture and participation in cultural activities. The 2009 *Cultural Indicators* report shows that almost 75 percent of New Zealanders see culture and cultural activities as very, extremely or critically important to national identity. In this respect culture ranks above both sport and the economy.

Economy and employment

The cultural sector is an engine of growth for the New Zealand economy. In recent years it has matched or outpaced other sectors of the economy in terms of income, employment and value added.

In the year to June 2007, New Zealand households spent more on cultural items than they did on clothing and footwear, health care or passenger transport.¹

In 2007, cultural activity contributed \$3.15 billion to New Zealand's GDP, 2.1 percent of the total figure for industry.²

The cultural sector now supports a growing workforce that makes up almost 7 percent of all the people in paid employment in New Zealand. It continues to drive new opportunities in terms of innovation, creativity, and collaboration with sectors such as tourism and education.

Sector infrastructure

The sector is home to thousands of individuals and organisations whose work fits broadly into the categories of 'heritage', 'arts', and 'film and broadcasting'.

Heritage

'Heritage' includes archaeological and traditional sites, historic buildings, heritage objects and Māori heritage and taonga. The heritage sector is engaged in researching, identifying, conserving, interpreting and promoting New Zealand's heritage for future generations.

There are between 500 and 600 museums and galleries in New Zealand, including the Museum of New Zealand, Te Papa Tongarewa. Collectively these museums contain many of our heritage objects and taonga Māori.

The New Zealand Historic Places Trust is the lead national agency for identifying and protecting places of historic heritage value. Many private trusts and organisations are also involved in protecting and promoting heritage.

Arts

'Arts' spans the breadth of visual, literary and performing arts, as well as many recent forms that use new technologies or cross traditional artform boundaries.

The infrastructure includes major national organisations such as the New Zealand Symphony Orchestra, Te Matatini and the Royal New Zealand Ballet; regional organisations such as theatres and orchestras; smaller community-based groups; and individual artists.

Creative New Zealand, the national agency for arts development, is responsible for supporting, maintaining and developing community and professional arts in New Zealand.

Film and broadcasting

New Zealand's screen industry has become increasingly important as a source of employment and overseas revenue. It recorded gross revenue of \$2,806 million in 2009, a 10 percent increase on the previous year.³ The number of businesses in the industry grew by 20 percent to 2,673 over the same period.

The New Zealand Film Commission oversees the development, financing, production, marketing and distribution of New Zealand films, both domestically and internationally. It also administers funding incentives that are designed to boost film production in New Zealand.

NZ On Air is the government's primary agency for funding local content on television, radio and the internet. Broadcasting standards are maintained by the Broadcasting Standards Authority and the Advertising Standards Authority.

¹ Statistics New Zealand and Ministry for Culture and Heritage (2010). *Household Spending on Culture 2010*

² *Cultural Indicators for New Zealand 2009*, p. 77

³ Statistics New Zealand. *Screen Industry Survey 2008/09*, p. 5

CHIEF EXECUTIVE'S REPORT

TĀ TE TUMUAKI RĪPOATA

This annual report marks a personal milestone for me as I complete my first full year as Chief Executive of the Ministry for Culture and Heritage. I have valued the process of engaging with Ministry staff and members of the cultural sector, and it is with some satisfaction that I look back over the progress we have made across the range of the Ministry's activity.

It has been a challenging year for many, responding to the constraints of a tight economic environment. I have been very impressed with the resourcefulness that has been shown throughout the sector to ensure New Zealanders continue to have access to quality cultural experiences.

It has been especially encouraging to see the Ministry and cultural sector agencies working collaboratively to make things happen. One example is the successful merging of the Ministry's cultural 'what's on' website NZLive.com with the online events calendar Eventfinder. We have worked closely too with the NZ2011 Festival Office and cultural organisations around the country, helping position the sector to take full advantage of the nationwide festival that will run alongside the Rugby World Cup.

Another notable achievement during the year was working alongside the New Zealand Lottery Grants Board and a number of cultural sector agencies to enable the Minister to provide funding for some specific areas of need. Beyond the obvious benefits, such as much-needed maintenance on heritage sites, I was struck by the sense of a real spirit of cooperation in the sector, a willingness to work together to create smart and practical solutions.

I am hoping to build on this in the coming year. It makes sense to me to share the resources of knowledge, expertise and creativity in a sector that is rich with these things. During 2009/10 we took the first steps towards a sector-wide project, an integrated statement of intent for the Ministry and its funded agencies. I want to progress this in 2010/11 and, together, to articulate a vision for the sector and present a stronger message to New Zealanders about what arts, culture and heritage can contribute to their lives.

A more closely integrated sector will be well placed to respond to the government's objectives and provide a good return on its investment in culture. There are many ways in which arts and culture can contribute to broader goals. I am firmly of the view, for instance, that the cultural sector has a significant part to play in lifting New Zealand's economic performance, and I strongly endorse the Ministry's role in realising that potential.

Ensuring key cultural infrastructure is able to operate effectively in the current environment is also an important focus, and this year we reviewed the legislation for a number of sector agencies. We also worked towards laying the foundations for the much-anticipated switchover to digital television, making sure New Zealanders will have good access to services in the new digital environment.

In the meantime, we continued rolling out our own cultural products, including Te Ara's new theme, Economy and the City, and some important new history works. The Māori Battalion website was enthusiastically received, with more than 45,000 unique visitors, 657 registered users contributing, and some very positive feedback.

Finally, I would like to note the expertise and commitment of the Ministry's staff, all of whom have a genuine affinity with the sector with which, and within which, they work. I take this opportunity to say thank you, and I look forward to working together to deliver the greatest possible value to the sector and the government in 2010/11.



Lewis Holden
Chief Executive
 Ministry for Culture and Heritage



THE YEAR IN REVIEW

HE ĀTA TIROHANGA KI TE TAU

The Year in Review reports on key progress towards the two medium-term goals identified in the Ministry's *Statement of Intent 2009–14*, and developments in Ministry capability.

The medium-term goals are:

- the increased visibility and accessibility of culture and cultural activities
- well-governed, efficient and sustainable government-funded cultural organisations.

More detailed reporting on the Ministry's non-financial performance is provided in the next section of this report.

The increased visibility and accessibility of culture and cultural activities – ka tipu te kitenga me te urunga ki ngā tikanga me āna mahi

Digital Switchover

Completing Digital Switchover and switching off analogue transmission services is a key priority for the broadcasting and communications sectors. As well as offering viewers a greater range of channels and clearer pictures, this will reduce transmission costs for broadcasters and free up radio spectrum for 'fourth generation' telecommunications services such as mobile broadband. The Ministry made considerable progress in its role as lead agency for Digital Switchover, working closely with industry and other departments to establish the infrastructure and policy parameters.

The Ministry commissioned Colmar Brunton to carry out a Digital Tracker telephone survey on the take-up of digital television and awareness of Digital Switchover. The survey began in May. The first results have been received, and decisions on Digital Switchover and what is needed to support it will be made in 2010.

Rugby World Cup: NZ2011 Festival

Preparatory work continued for the NZ2011 Festival, a significant cultural event that will run nationwide during the Rugby World Cup. Throughout the year the Ministry worked closely with the NZ2011 Festival Office and cultural sector organisations to develop a programme of flagship cultural events for the thousands of potential cultural consumers – from New Zealand and abroad – who will be travelling around the country in 2011. We also ran a series of workshops to ensure that the wider cultural sector is engaged in the development of regional festivals and activities.

Promoting New Zealand culture overseas

During 2009/10, the Cultural Diplomacy International Programme funded performances by New Zealand artists in Manila and Jakarta, as well as work for the Expo 2010 pavilion by artists from Te Puia in Rotorua. The carved waharoa (gateway) will remain in Shanghai as a symbol of New Zealand's relationship with China.

With the support of the New Zealand Film Commission, the Cultural Diplomacy International Programme also established a travelling film library. Designed for use at New Zealand's overseas posts, this provides an opportunity to showcase New Zealand filmmaking with a selection of feature and short films.

An important advance for the film industry was the completion of a film co-production agreement with China, negotiated by the Ministry and signed by Prime Minister John Key in July 2010. The agreement relates to feature films, offering the New Zealand and Chinese screen industries mutual benefits and the chance to build closer relationships in filmmaking.

Cultural Indicators report

The Ministry's *Cultural Indicators* report brings together a wide range of statistics about the cultural sector from a variety of sources into one easy reference place. It provides a benchmark for measuring changes in the status or health of cultural activity. An updated and expanded report was published in July 2009. This contains new indicators for a number of areas, including the protection of heritage places, household spending on culture, and Māori TV ratings. The enhanced publication forms a basis for meaningful debate about the role and value of culture in New Zealand.

Auckland 'Super City' – cultural sector infrastructure

The Ministry participated in the Auckland Governance Working Group, advising on cultural matters relating to the Local Government (Auckland Law Reform) Bill. We also advised on transitional arrangements for council-funded organisations, with a focus on the proposed council-controlled organisation, 'Regional Facilities Auckland'.

Te Ara – the online encyclopedia of New Zealand

A milestone for Te Ara was the release of its fifth theme, Economy and the City, covering New Zealand's story of business, work, the economy, transport and urban life. The Ministry also launched the Hawke's Bay, Taranaki and Waikato sections of Te Ara's theme about New Zealand's geographical regions, Places. Te Ara now has 560 entries across five themes, with about 1.4 million words and more than 15,000 resources in the form of images, sound files, interactives, maps and film clips.

The Ministry released a book, *New Zealanders and the Sea*, drawn from essays and illustrations in Te Ara. We also undertook work to integrate the Dictionary of New Zealand Biography website into Te Ara, and to prepare a dozen new biographies for release in October 2010.

Taonga Māori

The Ministry repatriated an early twentieth-century fake carved funnel from Australia. The work of renowned faker of taonga Māori James Edward Little, the funnel had been exported in breach of the Protected Objects Act 1975. Its significance arises from its place in the history of the domestic and international trade in taonga Māori.

Conservation treatment was begun on waterlogged sections of waka found in the Hutt River and at Paekakariki. A third waka found at Muriwai will also require careful treatment over a number of years.

Working with the Minister's delegated Chair of the Pukaki Trust, the Ministry helped achieve a durable solution for the preservation and location for display of the taonga Pukaki – the carving that features on the New Zealand 20 cent coin.

Relationship agreement with Te Puni Kōkiri

The Ministry for Culture and Heritage and Te Puni Kōkiri have a common interest in the arts, culture and heritage of iwi/Māori. In June 2010 the chief executives of the two Ministries signed a relationship agreement. This will ensure that the Ministries work together closely to create positive outcomes for Māori and all New Zealanders.

Protocols for Treaty of Waitangi settlements

Under the 'Cultural Redress' sections of historical Treaty of Waitangi settlements, Ministers are responsible for issuing protocols that set out how they and their departments will interact with iwi on certain matters. The Minister for Arts, Culture and Heritage is responsible for issuing Taonga Tūturu protocols. Before November 2009, this protocol set out how the Minister and Ministry would interact with iwi over newly found taonga tūturu, the export of taonga tūturu, and other provisions of the Protected Objects Act 1975.

In November 2009 the Ministry, by agreement with the Minister, made substantial changes to the protocol, expanding it to cover a number of new areas. These include: input to board appointments; tendering for spiritual, cultural and professional services; registering a governance entity as a collector of taonga tūturu; and creating an inventory of a governance entity's taonga held at Te Papa.

Supporting museums and galleries

The Ministry made recommendations on two new grants from the Regional Museums Policy for Capital Construction Projects. \$6 million over four years was granted for the redevelopment and extension of the Hawke's Bay Museum and Art Gallery, and \$750,000 was provided towards a permanent home for the New Zealand Portrait Gallery on the Wellington waterfront. Final payments were made to multi-year museum redevelopment projects at the Auckland Art Gallery, Rotorua Museum of Art and History, and Otago Settlers Museum.

Promoting New Zealand's history

The Ministry provided \$400,000 to the Puke Ariki museum in New Plymouth for the development and touring of an exhibition on the Taranaki Wars. The 150th anniversary of the outbreak of the main phase of the New Zealand Wars was marked by a series of features on NZHistory.net.nz, and we completed a guide to New Zealand Wars battlefields that was published in September 2010.

The Ministry curated two exhibitions. The subject of 'The Cabinet Makers' was New Zealand's premiers and prime ministers, while 'Memories of West Auckland at War' showcased the Ministry's oral histories and photographs of veterans.

History outreach activities during the year included a seminar programme, talks to community groups and workshops for history teachers, all of which were well received.

A number of significant war history publications were completed. *Home: Civilian New Zealanders Remember the Second World War* is an illustrated book based on oral history interviews with some of the last survivors of the Second World War generation. *The Penguin Book of New Zealanders at War*, in which ordinary New Zealanders describe their experiences of war through letters, diaries and memoirs, was published in print and online. As part of work marking the centenary of the First World War, the Ministry's history website, NZHistory.net.nz, released a major new section on New Zealand's role in that conflict.

The 28th Māori Battalion website was formally launched in August 2009. During the year the Ministry focused on building the visual and audio content. Many of the site's 657 registered users contribute information regularly and use the site to communicate with each other.

The Ministry's Vietnam War Oral History Project hit targets for its first three years, including the recording of 115 interviews with veterans and family members, some video interviews, and the addition of material to the digital archive.

Commemorations

The Ministry worked with Te Puni Kōkiri to develop policy for flying the national Māori flag on Waitangi Day, and provided guidance for government departments and others on how the Māori flag should be flown in relation to the New Zealand flag.

More broadly, the Ministry led the development of a policy for the government's involvement in commemorative activities. The aim is that such commemorations be more imaginative and meaningful, be better coordinated, give value for money, and acknowledge wholly domestic events that are internationally unique. The next step will be to gain approval for a prioritised list of significant anniversaries.

Funding for the landscaping of the New Zealand National Memorial Park on Buckle Street in central Wellington was secured in Budget 2010. This will become available in 2013, ensuring that the park can be completed in time for the centenary of the First World War.

The National War Memorial continues to be an important part of many official visits to New Zealand. Over the year, wreath-laying ceremonies were held for HRH The Prince William, the Chief of Canadian Defence Forces, the Supreme Allied Commander of NATO forces in Europe, and the Vice Chairman of the Joint Chiefs of Staff, US Forces. Maintenance carried out at the National War Memorial as part of an ongoing programme to bring the building up to modern standards included the first major upgrade of the elevator since it was installed in 1937.

Well-governed, efficient and sustainable government-funded cultural organisations – te whakahaere tika, te māia, te ora o ngā rōpū e whakawhiwhia ai ki te tahua kawanatanga

Reviews of cultural infrastructure

Sir Peter Jackson and David Court undertook a review of the New Zealand Film Commission and delivered their report to the Minister for Arts, Culture and Heritage in June 2010. The Ministry is now working with the Film Commission and other agencies to advise Ministers on an appropriate government response. This will recommend action to strengthen the work of the Commission and address issues that have implications for the wider film sector.

The Ministry completed a review of Creative New Zealand's governance structure which resulted in a decision to replace the Arts Council and three funding bodies with a 13-member board. Legislation was drafted and introduced to Parliament.

The Ministry also completed a review of the Historic Places Act. This recommended changing the governance of the New Zealand Historic Places Trust to reflect its evolution from a largely volunteer agency to a government-funded Crown entity. The review also proposed streamlining the Act's archaeological authority process and aligning it more closely with the resource consent process in the Resource Management Act. Cabinet approved the proposed amendments, which are to be introduced to Parliament in the second half of 2010.

The Television New Zealand Amendment Bill, which replaces TVNZ's Charter with more general statutory functions, was introduced to Parliament in December 2009. The bill also proposes better access to 'orphaned works' languishing in TVNZ's archive, with a payment scheme for rightsholders removing the need to negotiate a fee with each individual involved in a production prior to re-screening. Ministry officials have been appointed as advisers to the Select Committee on the bill, which is required to report back to Parliament by 29 October.

Cultural philanthropy

The Ministry completed the first comprehensive study into levels of giving and sponsorship for arts and heritage organisations in New Zealand. The research report, *Giving and Sponsorship*, provides baseline data that will inform future policy development on the sustainability of the cultural sector. Alongside this work, the Ministry supported the members of the Minister's Cultural Philanthropy Taskforce that is responsible for advising on incentives for increased charitable giving to arts and heritage organisations.

Working with cultural sector agencies

The Ministry worked with Ministers to secure additional funds from the New Zealand Lottery Grants Board for Creative New Zealand, the New Zealand Film Commission, SPARC and the New Zealand Film Archive. This provided the opportunity to reallocate some Vote funding, and the Ministry advised the Minister for Arts, Culture and Heritage on a one-off reprioritisation of funds to the essential maintenance of heritage buildings and preservation of New Zealand films.

In January 2010 the Ministry's website NZLive.com was merged with the Eventfinder website, creating a single easy-to-use site for information about cultural events and attractions. The merger has been well received by the cultural sector. Cultural organisations now enter their events information in one place, and the information is distributed through numerous outlets in syndicated form. The Ministry's ongoing role is to moderate the content and add richer context to the material.

LOOKING FORWARD TE TIROHANGA WHAKAMUA

During the year the Ministry worked with its funded agencies to identify opportunities for shared services and centres of expertise within the sector. With benchmarking data on the back-office services of other government agencies soon to be available, this work is well placed to advance in the current year.

The development of a combined cultural sector statement of intent is a key initiative supporting the Ministry's priority of providing leadership for the sector. The Ministry achieved its specific goal for 2009/10: the successful development of a 'cultural sector outcomes framework' containing outcomes, goals and progress measures. The Ministry is now well positioned to advance work towards a combined statement of intent for the cultural sector.

Ministry operation and capability

Newly established internal processes sped up responses to routine Ministerial-servicing items during 2009/10. The Ministry met or exceeded service performance standards for policy advice and Ministerial servicing, and achieved a significant improvement in formal survey feedback from Ministers.

Redevelopment of the Ministry's corporate website progressed during the year and is on track to go live in September 2010. The Ministry also reconfigured its corporate 'look and feel' to better profile its and the cultural sector's work, and to support its leadership role in the sector.

The Ministry extended its in-house training programme to support its Māori Engagement Plan and its sector leadership objectives.

A new Electronic Document and Records Management System was successfully planned, piloted and rolled out to all Ministry staff. This was an important advance in ensuring better information and records management, productivity enhancement and compliance with the Public Records Act.

The Ministry's strategic direction is the means by which we contribute to the government's priorities for the cultural sector.

For 2010/11, our focus has shifted from Ministry outputs and outcomes to sector-wide outcomes.

This reflects the government's objectives of:

- improving the cultural sector's contribution to broader government and societal goals
- improving the cultural sector's sustainability and lifting its overall performance.

For the Ministry, this means better demonstrating how our culture, including arts, heritage, broadcasting, and sport and recreation, contributes to broader economic and social outcomes – and increasing the extent to which it does so. Key examples for the coming year include contributing to the success of the 2011 Rugby World Cup by boosting opportunities for cultural tourism, and managing the transition to digital broadcasting to maximise benefits for consumers and the government.

The Ministry will also encourage coordination at a sector level to ensure greater strategic and organisational coherence. This will enhance funded agencies' ability to contribute to Ministry goals and government priorities, and help ensure a good return on the government's investment in the cultural sector.

Non-financial performance
Te Whakatutukitanga hāunga
te tahua



This section of the annual report describes the Ministry’s performance against our goals and objectives for 2009/10. This strategy map provides an overview of how the Ministry’s services in the reporting period supported medium and long-term goals.

What is driving our business?		How we make things happen		The difference we make	
Priorities	Products/services we deliver (outputs)	For whom?	With what impact?	Medium term goals (intermediate outcomes)	Long term goals (end outcomes)
<p>Increased audiences and appreciation of culture</p> <p>Expanding the visibility of cultures in New Zealand</p> <p>Implementing a competitive broadcasting environment</p> <p>Increased sector and business focused leadership</p> <p>Legislative reviews of selected funded agencies</p> <p>Encouraging increased philanthropy</p> <p>Increased contribution of Māori and Māori culture</p> <p>Expanded policy leadership coordination and collaboration</p> <p>Continuously improving operating efficiency and effectiveness</p>	<p>Heritage products and services</p> <p>Policy advice services</p> <p>Funded agencies monitoring and review services</p> <p>Cultural diplomacy international programme</p>	<p>Schools, New Zealanders, international audiences, local authorities</p> <p>Ministers</p> <p>Agency boards and senior managers</p> <p>Government agencies</p> <p>Broadcasting agencies</p> <p>Producers and consumers of cultural activities</p> <p>Māori and Pacific peoples</p>	<p>Increased visibility, access and usability</p> <p>Increased awareness of culture</p> <p>A competitive broadcasting environment delivering quality content to audiences</p> <p>Seamless cultural policies and processes</p> <p>Increased funded agency sustainability and efficiency</p> <p>Increased awareness of New Zealand and its culture</p> <p>Increased collaboration with Māori on cultural policies and programmes</p>	<p>Increased visibility and accessibility of culture and cultural activities</p> <p>Well governed, efficient and sustainable government funded organisations</p>	<p>New Zealanders valuing access and opportunities to participate in cultural experiences</p> <p>A sector that is diverse, sustainable and contributing economically and socially</p> <p>An increased presence and profile of culture in New Zealand that also realises the potential of Māori</p>
<p>Improving our business</p> <ul style="list-style-type: none"> • Sector and internal relationships and leadership • Māori engagement, and policy relationship • Talent development, performance management • ICT network reliability and web ease of use for visitors • Productive and service-focused work culture 			<p>What is influencing our business?</p> <ul style="list-style-type: none"> • Cultural and ethnic population diversity • Adverse economic outlook • Demand for history, culture and heritage experiences • Increasing cultural and economic visibility of Māori • International visibility of New Zealand’s culture • Rapidly changing digital and online technologies • Increased range of audiences and demands 		
<p>Demonstrating progress and value for money</p>					
<p>Internal health and priority measures (How efficient are we?)</p>	<p>Annual service performance measures (Are we making the most of our resources and services?)</p>	<p>Impact indicators and cost effectiveness (What difference are we making?)</p>	<p>Outcome progress indicators</p>		

EXTERNAL INFLUENCES NGĀ WHAKAAWE MAI I WAHO

In the Ministry's 2009 Statement of Intent we identified a number of external trends that could influence our work programme.

Greater cultural, ethnic, population and community diversity

Increasing cultural and ethnic diversity, growing numbers of Pacific and Asian people and an ageing population will transform New Zealand. These changes are boosting demand for greater diversity and customisation of cultural experiences.

Economic outlook

An adverse economic and fiscal outlook may affect the availability of funding for artists and cultural organisations and threaten the development of high-quality local content. Initiatives that focus on value for money, stimulating demand for cultural activities and sustainable cultural organisations will be more important.

Increasing demand for history, culture and heritage experiences

There is a growing appetite for information about New Zealand's history, people, land, culture and heritage. Reaching a wider audience and accessing national heritage sites will also be more important.

Realising the potential of Māori

Māori culture will be increasingly important both as the Māori population grows, and as more New Zealanders gain an appreciation of Māori culture.

Greater visibility of New Zealand's culture internationally

There are opportunities to promote New Zealand's identity overseas and advance diplomatic, cultural and economic priorities in key regions and countries. Events such as the Rugby World Cup offer opportunities to promote New Zealand internationally.

Rapidly changing digital technologies

As online and broadcasting technologies progress and audience segmentation increases, there is likely to be greater demand for customised cultural content. The broadcasting environment is changing, and policies and processes must also develop to ensure a competitive public broadcasting system.

MANAGING RISKS

TE WHAKAHAERE TŪPONO

The Ministry's 2009 Statement of Intent identified the main risks to the Ministry's performance. This table summarises the Ministry's management of each risk during 2009/10.

Risk	Action taken
Failure to maintain the quality of policy advice, monitoring and other services to Ministers	In 2009/10 we increased our emphasis on improving the quality of policy advice. This also supported the government's focus on providing better public services, producing more for less.
Loss of reputation for reliability and accuracy of Ministry-developed digital resources	Wherever possible the Ministry used subject experts to prepare material.
Performance failure at a funded organisation	An adverse economic climate increased this risk. Through funded entity reviews and performance monitoring, the Ministry proactively identified and addressed any risks to entity performance. We also delivered best-practice guidance for agency boards.
Failure to understand or meet the requirements of users of Ministry resources	The number of visitors to the Ministry's online resources, the increase in user-generated website content, the ease with which book publishers were obtained, and the positive response to the 28th Māori Battalion website showed that the Ministry continued to understand and meet the needs of users.
Failure to maintain and develop effective networks and robust processes for consultation with audiences	As part of its ongoing operations the Ministry conducted a number of consultation and feedback exercises with stakeholders.
Major technology failure	Improvements continued to be made to the Ministry's technology systems, reducing exposure to technology failure. Services were delivered throughout the year without any significant disruption.

OUR PERFORMANCE TĀ MĀTOU WHAKATUTUKITANGA

Medium-term Goal One

The increased visibility and accessibility of culture and cultural activities.

Priority	Initiatives	Performance achieved																																																				
Output: Heritage services																																																						
<p>Increasing audiences and appreciation of New Zealand culture and cultural resources</p> <p>Expanding the visibility of cultures in New Zealand</p> <p>Increasing the contribution of Māori and Māori culture</p>	<p>Initiative one: Research and publish information and works about New Zealand history, including Māori history, in print form and on www.NZHistory.net.nz</p>	<p><i>The Penguin Book of New Zealanders at War</i> was published in print and online.</p> <p>Under the From Memory War Oral History Programme, interviews with J-force veterans were completed, and a book of interviews with Second World War civilians, <i>Home: Civilian New Zealanders Remember the Second World War</i>, was published.</p> <p>The 28th Māori Battalion website was launched in July 2009. It achieved steady interest during the year, as the following graphs illustrate:</p>																																																				
		<div data-bbox="778 1099 1444 1496"> <p>28th Māori Battalion website – page views 2009/10</p> <p>Thousands (ooo)</p> <table border="1"> <caption>28th Māori Battalion website – page views 2009/10</caption> <thead> <tr> <th>Month</th> <th>Page Views (Thousands)</th> </tr> </thead> <tbody> <tr><td>July</td><td>45</td></tr> <tr><td>Aug</td><td>115</td></tr> <tr><td>Sept</td><td>55</td></tr> <tr><td>Oct</td><td>55</td></tr> <tr><td>Nov</td><td>50</td></tr> <tr><td>Dec</td><td>40</td></tr> <tr><td>Jan</td><td>45</td></tr> <tr><td>Feb</td><td>40</td></tr> <tr><td>Mar</td><td>70</td></tr> <tr><td>Apr</td><td>160</td></tr> <tr><td>May</td><td>75</td></tr> <tr><td>June</td><td>60</td></tr> </tbody> </table> </div> <div data-bbox="778 1547 1444 1944"> <p>28th Māori Battalion website – unique visits 2009/10</p> <p>Thousands (ooo)</p> <table border="1"> <caption>28th Māori Battalion website – unique visits 2009/10</caption> <thead> <tr> <th>Month</th> <th>Unique Visits (Thousands)</th> </tr> </thead> <tbody> <tr><td>July</td><td>1.8</td></tr> <tr><td>Aug</td><td>5.5</td></tr> <tr><td>Sept</td><td>3.5</td></tr> <tr><td>Oct</td><td>3.8</td></tr> <tr><td>Nov</td><td>3.2</td></tr> <tr><td>Dec</td><td>2.8</td></tr> <tr><td>Jan</td><td>3.0</td></tr> <tr><td>Feb</td><td>3.0</td></tr> <tr><td>Mar</td><td>4.5</td></tr> <tr><td>Apr</td><td>7.5</td></tr> <tr><td>May</td><td>4.2</td></tr> <tr><td>June</td><td>3.8</td></tr> </tbody> </table> </div>	Month	Page Views (Thousands)	July	45	Aug	115	Sept	55	Oct	55	Nov	50	Dec	40	Jan	45	Feb	40	Mar	70	Apr	160	May	75	June	60	Month	Unique Visits (Thousands)	July	1.8	Aug	5.5	Sept	3.5	Oct	3.8	Nov	3.2	Dec	2.8	Jan	3.0	Feb	3.0	Mar	4.5	Apr	7.5	May	4.2	June	3.8
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<p>Increasing audiences and appreciation of New Zealand culture and cultural resources</p> <p>Expanding the visibility of cultures in New Zealand</p> <p>Increasing the contribution of Māori and Māori culture</p>	<p><i>Initiative one:</i> Research and publish information and works about New Zealand history, including Māori history, in print form and on www.NZHistory.net.nz</p>	<p>23 new features were added to NZHistory.net.nz during the year. The website has achieved a steady increase in the number of visitors and in the volume of content viewed by visitors over the past three years.</p>															
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	<p><i>Initiative two:</i> Publish encyclopedia and reference works on New Zealand's people, land, culture, society and communities, including Māori (www.TeAra.govt.nz)</p>	<p>100 new entries, four new regional features and four new Māori language titles (entries translated into Māori) were added to Te Ara – the Encyclopedia of New Zealand during the year. The volume of content viewed by visitors decreased by the number of visitors and during the year.</p>															
		<table border="1"> <caption>Te Ara website - the Encyclopedia of New Zealand</caption> <thead> <tr> <th>Year</th> <th>Page views (millions)</th> <th>Unique visits (millions)</th> </tr> </thead> <tbody> <tr> <td>2006/07</td> <td>8.2</td> <td>2.2</td> </tr> <tr> <td>2007/08</td> <td>9.8</td> <td>4.2</td> </tr> <tr> <td>2008/09</td> <td>10.8</td> <td>5.2</td> </tr> <tr> <td>2009/10</td> <td>8.8</td> <td>4.8</td> </tr> </tbody> </table>	Year	Page views (millions)	Unique visits (millions)	2006/07	8.2	2.2	2007/08	9.8	4.2	2008/09	10.8	5.2	2009/10	8.8	4.8
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Priority	Initiatives	Performance achieved																
Output: Heritage services																		
<p>Increasing audiences and appreciation of New Zealand culture and cultural resources</p> <p>Expanding the visibility of cultures in New Zealand</p> <p>Increasing the contribution of Māori and Māori culture</p>	<p><i>Initiative three:</i> Protect and promote symbols of national identity, cultural heritage, historic graves and memorials</p> <p>Ensure New Zealanders have access to memorials and places of national significance</p>	<p>During 2009/10 the Ministry registered 145 collectors of taonga tūturu, processed 88 applications for the export of cultural objects, and assisted with determining the ownership of 41 newly found taonga. This graph shows the trends in these numbers over the past three years.</p>																
<div style="display: flex; align-items: flex-start;"> <div style="flex: 1;"> <p>Heritage protection activities</p> <ul style="list-style-type: none"> Applications made for export of cultural objects Collectors registered by the Ministry Number of taonga found </div> <div style="flex: 2;"> <table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Year</th> <th>Applications made for export of cultural objects</th> <th>Collectors registered by the Ministry</th> <th>Number of taonga found</th> </tr> </thead> <tbody> <tr> <td>2007/08</td> <td>110</td> <td>80</td> <td>350</td> </tr> <tr> <td>2008/09</td> <td>90</td> <td>80</td> <td>110</td> </tr> <tr> <td>2009/10</td> <td>95</td> <td>145</td> <td>41</td> </tr> </tbody> </table> </div> </div>			Year	Applications made for export of cultural objects	Collectors registered by the Ministry	Number of taonga found	2007/08	110	80	350	2008/09	90	80	110	2009/10	95	145	41
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<p>95 applications to the Treaty of Waitangi Commemoration Fund were processed in 2009/10, up from 68 the previous year.</p> <p>During the year maintenance work was carried out on the National War Memorial as part of an ongoing programme to bring the building up to modern standards. The government also approved funding for landscaping the proposed New Zealand National Memorial Park.</p>																		

Priority	Initiatives	Performance achieved															
Output: Heritage services																	
<p>Increasing audiences and appreciation of New Zealand culture and cultural resources</p> <p>Expanding the visibility of cultures in New Zealand</p> <p>Increasing the contribution of Māori and Māori culture</p>	<p>Initiative four: Development of online cultural information through www.NZLive.com</p>	<p>During the year the Ministry's NZLive.com website was merged with the online events calendar Eventfinder. This following graph, which contains data for 2009/10 up to the merger in February 2010, shows fluctuating results for 'unique visitors' and content viewed over the three years prior to the merger.</p> <table border="1"> <caption>NZLive.com (now Eventfinder.co.nz) Performance Data</caption> <thead> <tr> <th>Year</th> <th>Page views (millions)</th> <th>Unique visits (thousands)</th> </tr> </thead> <tbody> <tr> <td>2006/07</td> <td>~1.1</td> <td>~4.5</td> </tr> <tr> <td>2007/08</td> <td>~2.4</td> <td>~7.5</td> </tr> <tr> <td>2008/09</td> <td>~2.7</td> <td>~8.5</td> </tr> <tr> <td>2009 - Feb 2010</td> <td>~1.6</td> <td>~5.5</td> </tr> </tbody> </table>	Year	Page views (millions)	Unique visits (thousands)	2006/07	~1.1	~4.5	2007/08	~2.4	~7.5	2008/09	~2.7	~8.5	2009 - Feb 2010	~1.6	~5.5
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2009 - Feb 2010	~1.6	~5.5															
Output: Policy advice and monitoring of funded agencies																	
<p>Expanding sector and policy leadership and departmental collaboration and coordination</p>	<p>Initiative five: Encourage cultural tourism – Rugby World Cup</p> <p>Initiative six: Implement best practice in the management of cultural heritage</p>	<p>Throughout the year the Ministry worked closely with the NZ2011 Festival Office and cultural sector organisations to develop a programme of flagship cultural events for the thousands of potential cultural consumers – from New Zealand and abroad – who will be travelling around the country in 2011. We also ran a series of workshops to ensure that the wider cultural sector is engaged in the development of regional festivals and activities.</p> <p>A review of the performance of government departments in complying with the Policy for the Management of Historic Heritage was completed in February 2009. There is nothing further to report for 2009/10.</p>															

Priority	Initiatives	Performance achieved
Output: Policy advice and monitoring of funded agencies		
Developing a competitive public broadcasting environment that delivers a greater range of cultural content to more audiences	Initiative seven: Manage the transition to digital television (Digital Switchover)	During the year the Ministry made considerable progress in its role as lead agency for Digital Switchover, working closely with industry and other departments to establish the infrastructure and policy parameters.
	Initiative eight: Develop and implement a Broadcasting Programme of Action	The Broadcasting work programme was completed and a number of initiatives within it were advanced.
	Initiative nine: Optimise the delivery of high-quality public broadcasting content through contestable funding and improved transparency	The new NZ On Air Platinum Fund became fully operational. Information on the performance of publicly funded broadcasting was prepared for inclusion on the Ministry's website. The Ministry further developed options to enhance the range and accessibility of broadcast content.
	Initiative ten: Give TVNZ the flexibility to operate as a commercially successful broadcaster delivering a range of good-quality content to New Zealand audiences	During the year the Television New Zealand Amendment Bill was introduced to Parliament.
Output: International cultural diplomacy		
Increasing audiences and appreciation of New Zealand culture and cultural resources	Initiative eleven: Cultural Diplomacy International Programme (CDIP)	During the year six projects were completed in the Asia Pacific region. Initial feedback indicates that these attracted media interest and raised awareness of New Zealand amongst target audiences.

Measuring progress towards Medium-term Goal One

In our 2009 Statement of Intent we undertook to monitor our progress towards Medium-term Goal One using three key indicators. This table summarises the Ministry's progress at year-end.

Progress towards Medium-term Goal One			
			 Increase  Maintained  Decrease
KEY PROGRESS INDICATOR	DESIRED (TARGET) TREND	ACTUAL TREND 2009/10	CONTRIBUTING MEASURES
More people accessing more cultural information or experiences more often			Overall website visitors up 8%; page views down 17%
Appreciation of New Zealand's strengths, products and services in key regions offshore			Feedback obtained from MFAT posts and local media coverage
Other agencies' perceptions of our cultural policy leadership		2009/10 is the base-line year	Stakeholder feedback

Medium-term Goal Two

Well-governed, efficient and sustainable government-funded cultural organisations.

Priority	Initiatives	Performance achieved
<i>Outputs: Policy advice and monitoring of funded agencies; purchase advice and monitoring of sport and recreation Crown entities</i>		
Increasing sector leadership and ensuring effective use of funding	<p>Service one: Advising government on the use of funding</p> <p>Providing Ministers with advice on risks to service performance</p> <p>Assisting agencies to improve their performance measures</p> <p>Providing advice on board appointments and performance</p>	<p>Timely briefings were provided to Ministers on the reports received from agencies on their activities and risks.</p> <p>A well-received series of seminars and consultations, with expert input, was run for the directly-funded agencies. This led to improved performance measures in statements of intent and annual plans.</p> <p>Advice to Ministers was provided on all board vacancies, along with support for appointment processes. Ministers were provided with advice on the board evaluations carried out by each agency. Retiring board members were also interviewed.</p>
Increasing sector leadership and ensuring effective use of funding	<p>Service two: Monitoring the government's investment in arts, heritage, broadcasting and sports</p>	<p>Advice was provided to Ministers on re-balancing the allocations of funding within Vote Arts, Culture and Heritage for 2009/10.</p>
Ensuring value for money from government investment in cultural organisations	<p>Service three: Assessing value-for-money reviews</p> <p>Assisting agencies to review their capacity to deliver high-quality services</p> <p>Developing governance and capability in funded organisations</p>	<p>Value-for-money reviews of agencies were completed and reported to Ministers in late 2009. Further work on re-prioritisation options was undertaken and reported back to the government in March 2010.</p> <p>Reviews were conducted of Te Papa's outreach activities that support other New Zealand museums, and the New Zealand Film Commission's support for Māori filmmakers.</p> <p>The Ministry's work in this period also included:</p> <ul style="list-style-type: none"> • running customised courses on understanding financial information and excel spreadsheet training for agency staff • supporting agency staff to attend leadership training courses • arranging workshops for new board members and meetings of board chairs • rebuilding the Ministry's internet-based support service for board members and agency staff • providing e-newsletters for board members on governance-related topics.

Priority	Initiatives	Performance achieved
Outputs: Policy advice and monitoring of funded agencies; purchase advice and monitoring of sport and recreation Crown entities		
Legislative reviews of selected funded agencies	<i>Initiative one:</i> Review of legislation of cultural agencies: Creative New Zealand, the Historic Places Act 1993 and the New Zealand Film Commission Act 1978	Proposals regarding the Creative New Zealand and Historic Places Acts were put to Cabinet and agreed. A report on the Review of the New Zealand Film Commission was received and advice provided to the Minister.
Encouraging increased philanthropy in the cultural sector	<i>Initiative two:</i> Establishing a Philanthropy Taskforce	During the period a Cultural Philanthropy Taskforce was established. The Ministry provided advice and support to the Taskforce. A report on charitable giving and sponsorship in New Zealand was also completed and published during the year.

Measuring progress towards Medium-term Goal Two

In our 2009 Statement of Intent we undertook to monitor our progress towards Medium-term Goal Two using three key indicators. The following table summarises the Ministry's progress at year-end:

Progress towards Medium-term Goal Two			▲ Increase ► Maintained ▼ Decrease
KEY PROGRESS INDICATOR	DESIRED (TARGET) TREND	ACTUAL TREND 2009/10	CONTRIBUTING MEASURES
Funded agencies' performance	▲	►	• Ministerial confidence in funded-agency performance
Quality of funded-agency programmes	▲	►	• Board evaluations of Ministry support
Target audience participation in funded-agency programmes	▲	►	• Board member exit interview feedback • Impact of risks • Participation rates in cultural programmes

STRENGTHENING MINISTRY-WIDE PERFORMANCE

TE WHAKAKAHA I NGĀ WHAKATUTUKITANGA

HURI NOA TE MANATŪ

Developing capability

The Ministry's five-year organisational health and capability strategy is to continuously improve people capability, systems and processes in order to support the delivery of high-quality services. The Ministry's performance on health and capability priorities for the year 2009/10 was as follows:

Organisational capability	
PRIORITY	ACTUAL PERFORMANCE 2009/10
Increased sector leadership capability	<ul style="list-style-type: none"> We implemented a modular sector leadership training programme which is being made available to all staff. It is intended to develop people's skills in communications, representation and networking. In collaboration with the sector, we developed a sector outcomes framework (strategy map) to improve the alignment of the Ministry's and funded agencies' strategies.
Increasing the involvement of Māori	<ul style="list-style-type: none"> We continued the implementation of Māori language training for Ministry staff. We implemented a relationship agreement with Te Puni Kōkiri to guide increased collaboration between the two ministries.
Improving the ease of use of our online systems and the reliability of internal ICT	<ul style="list-style-type: none"> We installed a new document management system to improve access to documents and information, and to ensure compliance with the Public Records Act 2005. We redeveloped our web resource database to make it more reliable, robust, and easy to use in developing resources for our websites. We consolidated our network server hardware, and continued to improve our storage capability and the management of our network. We upgraded staff computers.
Sustaining a responsive, productive and focused work culture	<ul style="list-style-type: none"> We continued the implementation of our work culture development programme, which includes internal communications, leadership skills, and empowering staff.
Expanding communications with the sector and audiences	<ul style="list-style-type: none"> We continued our programme of regular meetings with the chief executives of funded organisations.

Improving organisational health and efficiency

The organisation health and efficiency objectives, performance measures and actual performance for 2009/10 were as follows:

Organisational health and efficiency

ORGANISATIONAL HEALTH

<i>Objective</i>	<i>Measure</i>	<i>Actual three-year trend</i>
The Ministry is considered a desirable place to work (a responsive, productive and focused work culture)	Employee engagement rates	2007/08: 3.71 out of 5 2008/09: 4.03 out of 5 2009/10: 3.95 out of 5
	Average length of service	2007/08: 4.1 years 2008/09: 3.8 years 2009/10: 4.6 years

ORGANISATIONAL EFFICIENCY

<i>Indicator</i>	<i>How used</i>	<i>Trend</i>
Staff cost per output	Monitor the costs of producing outputs in relation to quality and resources required	2007/08: \$70,386 2008/09: \$80,456 2009/10: \$74,687
Ratio of staff full-time equivalent (FTE) engaged in output production to corporate support		2007/08: 3.7: 1 2008/09: 3.2: 1 2009/10: 3.4: 1
Personnel expenses per FTE (total personnel costs divided by FTE staff numbers)		2007/08: \$78,442 2008/09: \$73,890 2009/10: \$79,827

Legislation and expenditure

Te Ture me te utunga



LEGISLATION ADMINISTERED BY THE MINISTRY TE TURE I WHAKAHAERETIA E TE MANATŪ

Anzac Day Act 1966

Arts Council of New Zealand Toi Aotearoa Act 1994

Broadcasting Act 1989
(Parts 1–4 and section 81)

Flags, Emblems, and Names Protection Act 1981
(except for section 20)

Historic Places Act 1993

Massey Burial-Ground Act 1925

Museum of New Zealand Te Papa Tongarewa Act 1992

National War Memorial Act 1992

New Zealand Film Commission Act 1978

New Zealand Symphony Orchestra Act 2004

Protected Objects Act 1975

Radio New Zealand Act 1995

Radio New Zealand Act (No. 2) 1995

Seddon Family Burial-Ground Act 1924

Sovereign's Birthday Observance Act 1952

Television New Zealand Act 2003

Waitangi Day Act 1976

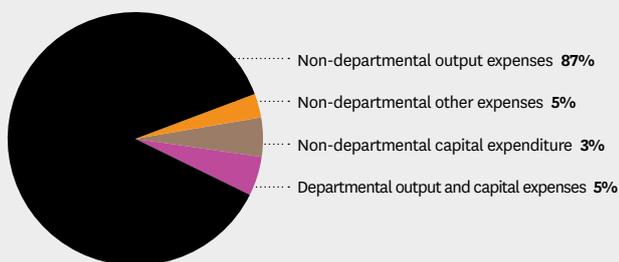
Note: The Antiquities Act 1975 is now the Protected Objects Act 1975.

EXPENDITURE ADMINISTERED BY THE MINISTRY TE UTUNGA I WHAKAHAERETIA E TE MANATŪ

The table and chart below display the Vote structure in terms of appropriation types for 2009/10*:

VOTE STRUCTURE – APPROPRIATION TYPE	\$000
Departmental output expenses	15,579
Departmental capital expenses	398
Non-departmental output expenses	292,203
Non-departmental other expenses	18,003
Non-departmental capital expenditure	9,482
Total annual and permanent appropriations	335,665

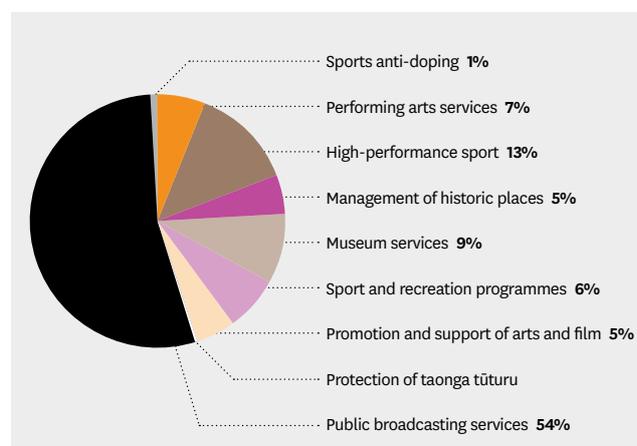
*This includes adjustments made in the Supplementary Estimates.



The table below displays non-departmental output expenditure for 2009/10:

NON-DEPARTMENTAL OUTPUT EXPENDITURE	\$000
Management of historic places	16,014
Museum services	26,644
Performing arts services	20,456
Promotion and support of arts and film	13,800
Protection of taonga tūturu	139
Public broadcasting services	157,932
Sports anti-doping	2,171
Sport and recreation programmes	16,709
High-performance sport	38,338
Total non-departmental output expenditure	292,203

The chart below displays the proportion of funding from each non-departmental output to the total non-departmental output expenses:



Vote Arts, Culture and Heritage

In 2009/10 the Ministry incurred expenses of \$13.545 million (GST exclusive) in the provision of services under the departmental outputs Heritage Services, International Cultural Diplomacy, and Policy Advice and Monitoring of Funded Agencies.

The Ministry also incurred the following expenditure against non-departmental appropriations administered on behalf of the Crown:

- Six outputs totalling \$234.985 million for services supplied mainly by arts, heritage and broadcasting Crown entities: ballet, orchestral, museum, public broadcasting, film archive and Māori performing arts activities, protection for historic places, and the promotion and support of New Zealand films and the arts.
- Six other expenses appropriations totalling \$13.396 million:
 - \$2.789 million for New Zealand’s annual contribution to the Commonwealth War Graves Commission
 - \$526,000 for the development and maintenance of war graves, historic graves and monuments in New Zealand and overseas
 - \$1.5 million one-off payment to the Hurunui District Council for work, including earthquake strengthening, required to bring the Nurses’ Hostel, Queen Mary Hospital, Hanmer Springs, to a stable state
 - \$298,000 contribution to costs of design, land purchase and construction of the Kerikeri Heritage Bypass to protect nationally significant buildings (Kemp House and the Stone Store)
 - \$8 million in grants to regional museums for capital construction projects
 - \$284,000 towards the cost of Treaty commemorations held at Waitangi and communities elsewhere in New Zealand.
- \$9 million capital contribution to the Museum of New Zealand Te Papa Tongarewa for ongoing capital expenditure for museum operations, exhibition research and development, and acquisition of collection items.
- \$77,000 in capital works at the National War Memorial.

The Ministry was responsible for making payments for the services supplied under non-departmental appropriations, for ensuring that these appropriations were not exceeded, and for managing and monitoring on behalf of Ministers the Crown’s interests in these organisations.

Vote Sport and Recreation

In 2009/10 the Ministry incurred expenses of \$98,000 (GST exclusive) in the provision of services under the departmental output Purchase Advice and Monitoring of Sport and Recreation Crown Entities.

The Ministry also administered the following non-departmental appropriations:

- Three outputs totalling \$57.218 million for services supplied by Drug Free Sport New Zealand and Sport and Recreation New Zealand (SPARC)
- \$4.25 million to Sport Education Scholarships to enable emerging and talented New Zealanders to pursue tertiary study and elite-level sport development concurrently
- Miscellaneous grants totalling \$44,000 to support sports-related initiatives, including participation in sport and recreation activities for groups, individuals and organisations that are unable to obtain support through organisations such as SPARC, local government and the New Zealand Lottery Grants Board
- \$300,000 to support activities connected to New Zealand’s campaign at the 2010 FIFA World Cup.

The Ministry was responsible for making payments for the services supplied under non-departmental appropriations, for ensuring that these appropriations were not exceeded, and for managing and monitoring on behalf of Ministers the Crown’s interests in these organisations.

Accountabilities

The Chief Executive of the Ministry was accountable to the Minister for Arts, Culture and Heritage for the production of the outputs under Vote Arts, Culture and Heritage detailed in the Statement of Service Performance, and for the efficient use of the resources invested by the Crown in the Ministry. The Chief Executive of the Ministry was also accountable to the Minister for Sport and Recreation for the production of the outputs under Vote Sport and Recreation as detailed in the Statement of Service Performance. Negotiated services were also provided to the Minister of Broadcasting.

Financial statements

Ngā Tuhinga tahua



Statement of compliance and responsibility

In terms of the Public Finance Act 1989, I am responsible, as Chief Executive of the Ministry for Culture and Heritage, for the preparation of the Ministry's financial statements and statement of service performance, and for the judgments made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, 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 statement of service performance fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2010.



Lewis Holden
Chief Executive

30 September 2010



Matt Archer
Branch Manager Corporate Services

30 September 2010

Statement of comprehensive income

for the year ended 30 June 2010

This statement reports the income and expenditure relating to all outputs (goods and services) produced by the Ministry. The supporting notes break down these amounts and give further detail. Explanations of significant variances against the Main Estimates are detailed in Note 17.

ACTUAL 2008/09 \$000		NOTE	ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
Income					
14,713	Revenue Crown		14,312	16,061	15,202
407	Revenue from other departments	2	323	202	337
17	Revenue from third parties	2	76	-	40
15,137	Total income		14,711	16,263	15,579
Expenditure					
8,452	Personnel costs	3	8,888	8,919	8,900
4,668	Other operating expenses	5	4,667	6,824	6,196
438	Depreciation and amortisation expenses	7, 8	437	435	398
85	Capital charge	4	85	85	85
13,643	Total expenditure		14,077	16,263	15,579
1,494	Net surplus/(deficit)		634	-	-
-	Other comprehensive income		-	-	-
1,494	Total comprehensive income		634	-	-

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of financial position

as at 30 June 2010

This statement reports total assets and liabilities. The difference between the assets and liabilities is called taxpayers' funds.

ACTUAL 2008/09 \$000		NOTE	ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
Assets					
Current assets					
3,112	Cash and cash equivalents		2,371	1,475	1,623
241	Debtors and other receivables	6	128	240	150
33	Prepayments		724	75	30
3,386	Total current assets		3,223	1,790	1,803
Non current assets					
913	Property, plant and equipment	7	783	827	913
17	Intangible assets	8	208	-	17
930	Total non-current assets		991	827	930
4,316	Total assets		4,214	2,617	2,733
Liabilities					
Current liabilities					
1,139	Creditors and other payables	9	1,877	960	1,050
1,494	Repayment of surplus to the Crown	10	634	-	-
458	Employee entitlements	11	489	395	458
3,091	Total current liabilities		3,000	1,355	1,508
Non-current liabilities					
93	Employee entitlements	11	82	130	93
93	Total non-current liabilities		82	130	93
3,184	Total liabilities		3,082	1,485	1,601
1,132	Taxpayers' funds		1,132	1,132	1,132

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of changes in taxpayers' funds

for the year ended 30 June 2010

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
1,132	Taxpayers' funds as at 1 July	1,132	1,132	1,132
1,494	Net surplus	634	-	-
1,494	Total recognised revenues and expenses for the year	634	-	-
(1,494)	Repayment of surplus to the Crown	(634)	-	-
1,132	Taxpayers' funds as at 30 June	1,132	1,132	1,132

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of cash flows

for the year ended 30 June 2010

This statement summarises the cash movements in and out of the Ministry during the year. It takes no account of money owed to the Ministry or owing by the Ministry, and therefore differs from the Statement of Comprehensive Income.

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
	Cash flows from operating activities			
15,713	Receipts from the Crown	15,202	16,061	15,202
424	Receipts from other departments/third parties	452	202	377
(8,339)	Payments to employees	(8,720)	(8,871)	(8,806)
(4,930)	Payments to suppliers	(5,658)	(6,872)	(6,285)
(73)	Goods and services tax (net)	60	-	-
(85)	Payments for capital charge	(85)	(85)	(85)
2,710	Net cash flows from operating activities	1,251	435	403
	Cash flows from investing activities			
(207)	Purchase of property, plant and equipment	(268)	(175)	(390)
(43)	Purchase of intangible assets	(230)	(50)	(8)
(250)	Net cash flows from investing activities	(498)	(225)	(398)
	Cash flows from financing activities			
(1,241)	Repayment of surplus	(1,494)	-	(1,494)
(1,241)	Net cash flows from financing activities	(1,494)	-	(1,494)
1,219	Net increase/(decrease) in cash held	(741)	210	(1,489)
1,893	Cash at the beginning of year	3,112	1,265	3,112
3,112	Cash at the end of year	2,371	1,475	1,623

The net goods and services tax (GST) paid component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. GST has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of commitments

as at 30 June 2010

This statement records expenditure to which the Ministry is contractually committed at 30 June 2010.

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. The Ministry occupies Level Five (1,223.3m²), part of Level One (424m²) and part of the Ground Floor (160.7m²) in Radio New Zealand House. The office space allocation per person is 16.14m² (2009: 16.28m²).

Other non-cancellable commitments

The Ministry has entered into non-cancellable contracts for computer maintenance, cleaning services, consulting services and other contracts for service. There are no restrictions placed on the Ministry by any of its leasing arrangements.

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
	Non-cancellable operating lease commitments:	
457	Less than one year	509
457	One to two years	382
343	Two to five years	-
-	More than five years	-
1,257	Total non-cancellable operating lease commitments	891
	Other non-cancellable commitments:	
304	Less than one year	479
-	One to two years	141
141	Two to five years	-
-	More than five years	-
445	Total non-cancellable commitments	620
1,702	Total commitments	1,511

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of
**contingent liabilities and
contingent assets** as at 30 June 2010

This statement discloses situations that existed at 30 June 2010, the ultimate outcome of which will be confirmed only after the approval date of these financial statements.

The Ministry has no contingent liabilities and assets (2009: nil).

Statement of
**departmental unappropriated expenditure
against appropriations** for the year ended 30 June 2010

The Ministry incurred no unappropriated departmental expenditure during the year ended 30 June 2010 (2009: nil).

The Ministry did not breach its departmental net asset schedule during the year.

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of departmental expenditure against appropriations

for the year ended 30 June 2010

This statement reports actual expenses against each appropriation administered by the Ministry.

ACTUAL EXPENDITURE 2008/09 \$000		ACTUAL EXPENDITURE 2009/10 \$000	APPROPRIATION VOTED* 2009/10 \$000
	VOTE ARTS, CULTURE AND HERITAGE		
	Appropriations for output expenses		
5,805	Heritage services	7,358	7,563
1,520	International cultural diplomacy	794	801
6,220	Policy advice and monitoring of funded agencies	5,827	6,227
13,545	Total Vote Arts, Culture and Heritage	13,979	14,591
	VOTE SPORT AND RECREATION		
	Appropriations for output expenses		
98	Purchase advice and monitoring of sport and recreation Crown entities	98	98
98	Total Vote Sport and Recreation	98	98
13,643	Total Vote Arts, Culture and Heritage & Vote Sport and Recreation	14,077	14,689
	PERMANENT LEGISLATIVE AUTHORITY		
247	Capital expenditure	499	398

* This includes adjustments made in the Supplementary Estimates and Cabinet decisions made before 30 June 2010. Additional information is available in Note 17 and in the Statement of Service Performance.

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the financial statements

for the year ended 30 June 2010

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 which 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 New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Ministry are for the year ended 30 June 2010. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2010.

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 practices (NZ GAAP) and Treasury Instructions.

These financial statements comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities. 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

The Ministry has adopted NZ IAS 1 *Presentation of Financial Statements (Revised 2007)*, which replaces NZ IAS 1 *Presentation of Financial Statements (Issued 2004)*. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics. It also introduces a statement of comprehensive income that will enable readers to analyse changes in taxpayers' funds resulting from transactions with the Crown in its capacity as 'owner' separately from 'non-owner' changes. Under the revised IAS 1, the Ministry has decided to prepare a single statement of comprehensive income to replace the statement of financial performance for the year ended 30 June 2010.

Standards, amendments and interpretations issued but not yet effective, and which have not been early-adopted

The standards, amendments and interpretations relevant to the Ministry that have been issued but are not yet effective and have not been early-adopted are NZ IAS 24 and NZ IFRS 9.

NZ IAS 24 *Related Party Disclosures (Revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (Issued 2004)* and is effective for reporting periods commencing on or after 1 January 2011. The revised standard:

- i) Removes the previous disclosure concessions applied by the Ministry for arm's-length transactions between the Ministry and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Ministry and entities controlled or significantly influenced by the Crown.
- ii) Provides clarity on the need to disclose related-party transactions with Ministers of the Crown. The Ministry will be exempted from certain disclosure requirements relating to transactions with Ministers of the Crown, with the exception of transactions with the Minister for Arts, Culture and Heritage, the Minister of Broadcasting and the Minister for Sport and Recreation. The latter requirement could result in additional disclosures should there be any related-party transactions with these Ministers.
- iii) Clarifies that related-party transactions include commitments made to related parties.

Notes to the financial statements

for the year ended 30 June 2010 *continued*

The Ministry expects to adopt the revised standard for the year ended 30 June 2011.

NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced in three main phases: Phase 1, Classification and Measurement; Phase 2, Impairment Methodology; and Phase 3, Hedge Accounting.

Phase 1 has been completed and the results have been incorporated in NZ IFRS 9. This 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 new approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires the use of a single impairment method, in place of the many different impairment methods in NZ IAS 39.

The new standard is required to be adopted for the year ended 30 June 2014. The Ministry has not yet assessed the effect of the new standard and expects it will not be early-adopted.

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, and from the State Services Commission which funds the State Sector Retirement Savings Scheme and Kiwisaver. 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.

Borrowing costs

All borrowing costs are recognised as expenses in the period in which they are incurred.

Foreign currency transactions

Foreign currency transactions are converted 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 statement of comprehensive income.

Leases

Operating leases

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

The Ministry leases office premises. As the lessor retains all the risks and rewards of ownership, these leases are classified as operating leases.

Financial instruments

The Ministry is party to financial instruments as part of its normal operations. These include cash and bank balances, and accounts receivable and payable.

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 the latter case the transaction costs are recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and funds on deposit with banks. They are measured at face value.

Debtors and other receivables

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

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.

Indicators that the debtor is impaired include significant financial difficulties, the probability that it will enter into bankruptcy, and default in payments. 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 statement of comprehensive income. Overdue receivables that have been renegotiated are reclassified as current (i.e., not past due).

Property, plant and equipment

Property, plant and equipment consist of leasehold improvements, furniture and fittings, and office equipment.

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

Individual assets or groups of assets are capitalised if their cost is greater than \$2,000 and recorded at historical cost less accumulated depreciation.

The initial cost of an asset is the value of the consideration given to acquire or create the asset plus any directly attributable costs of bringing the asset to working condition for its intended use, less accumulated depreciation and accumulated impairment losses.

Leasehold improvement costs include significant project management and related fees.

Additions

An item of property, plant or equipment is recognised as an asset only 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 or 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 proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

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 (or valuation) 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%
Leasehold improvements	Determined by the lease period remaining	
Office equipment	5 years	20%
Computer equipment – PC-based	3 years	33%
Computer equipment – other than PCs	4 years	25%
Works of art	100 years	1%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful life of the improvements, whichever is shorter. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Items under construction are not depreciated. The total cost of a capital project is transferred to the appropriate asset class on its completion and then depreciated.

Revaluation

All asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that they do not differ materially from fair value. Additions between revaluations are recorded at cost.

The Ministry accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve for that class of asset. Any resulting debit balance in the asset revaluation reserve is expressed as an expense in the statement of comprehensive income. Any subsequent increase in value will be recognised first in the surplus or deficit up to the amount previously expensed, and then in other comprehensive income.

Notes to the financial statements

for the year ended 30 June 2010 *continued*

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 statement of comprehensive income.

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

Acquired computer software	3 years	33%
Annual software licences	1 year	100%

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 its value in use.

Value in use is the depreciated replacement cost for an asset whose future economic benefits or service potential are not primarily dependent on its 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. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of comprehensive income. For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income.

Creditors and other payables

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

Employee entitlements

Short-term employee entitlements

Employee entitlements that the Ministry expects 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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

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

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on a model for use by government entities that was developed by the Treasury during 2008/09 in consultation with a firm of actuaries.

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

The discount rate is based on New Zealand government bond data at 30 June 2010.

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, Kiwisaver, and Global Retirement Trust Superannuation are accounted for as defined contribution schemes and are recognised as expenses in the statement of comprehensive income as incurred.

Defined benefit schemes

Obligations for contributions to the Government Superannuation Fund are accounted for as defined benefit schemes and are recognised as expenses in the statement of comprehensive income as incurred.

Taxpayers' funds

Taxpayers' funds is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Taxpayers' funds is disaggregated into general funds and property, plant and equipment revaluation reserves.

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. Commitments relating to employment contracts are not disclosed.

Commitments that will incur penalty or exit costs if an option to cancel is exercised are included in the statement of commitments at the value of that penalty or exit cost.

Goods and services tax (GST)

Most items in the financial statements, including appropriation statements, are stated exclusive of GST. The only exceptions are receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, 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 consistent with the financial information in the Main Estimates. These 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 with a specific output in an economically feasible manner.

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.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made that may differ from the subsequent actual results. Where appropriate, the judgment or assumption made is provided in the relevant accounting policy or in the relevant note.

Estimates and assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Where revisions to accounting estimates are made, these are recognised in the period to which the estimate is revised.

Notes to the financial statements

for the year ended 30 June 2010 *continued*

NOTE 2: REVENUE

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
175	Contract history projects	127
49	Seconded staff	–
182	State Sector Retirement Savings Scheme and Kiwisaver recoveries	196
15	Publication sales/royalties	22
2	Other revenue	54
423	Total revenue other	399

NOTE 3: PERSONNEL COSTS

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
7,869	Salaries and wages	8,329
183	Training and development	181
246	Employer contributions to superannuation funds	242
154	Other personnel costs	136
8,452	Total personnel costs	8,888

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, Kiwisaver and Global Retirement Trust Superannuation. Employer contributions are also made to the Government Superannuation Fund – a defined benefit scheme.

NOTE 4: CAPITAL CHARGE

The Ministry pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2010 was 7.5% (2009: 7.5%).

NOTE 5: OTHER OPERATING EXPENSES

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
42	Audit fees for financial statement audit (Audit New Zealand)	44
–	– Other fees paid to the auditor	11
472	Rental and leasing expenses	519
214	Other occupancy expenses	201
194	Publicity and research	178
843	Professional and specialist services	952
238	Travel and associated expenses	234
741	Information communication technology	795
1,223	Transfer to agencies*	969
701	Other operating expenses	764
4,668	Total operating expenses	4,667

To increase disclosure, additional categories were introduced in 2009/10. The figures for 2008/09 have been reworked to reflect this.

* Transfers to agencies includes Cultural Diplomacy International Programme agencies.

NOTE 6: DEBTORS AND OTHER RECEIVABLES

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
181	Trade debtors	128
60	GST receivables	–
241	Total debtors and other receivables	128

The carrying value of debtors and other receivables approximates their fair value. No debtor is past due and the Ministry has assessed that no provision for impairment is required as no losses are expected for the Ministry's pool of debtors.

Notes to the financial statements

for the year ended 30 June 2010 *continued*

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	COMPUTER EQUIPMENT \$000	OFFICE EQUIPMENT \$000	OFFICE FURNITURE \$000	LEASEHOLD IMPROVEMENTS \$000	WORKS OF ART \$000	TOTAL \$000
Cost or valuation						
Balance at 1 July 2008	620	167	380	1,313	20	2,500
Additions	90	14	29	71	-	204
Disposals	(29)	(17)	-	-	-	(46)
Other asset adjustment (rounding)	-	1	-	1	1	3
Balance at 30 June and 1 July 2009	681	165	409	1,385	21	2,661
Additions	210	7	7	43	-	267
Disposals	(115)	(2)	-	-	-	(117)
Other asset adjustment (rounding)	-	1	(1)	(1)	-	(1)
Balance at 30 June 2010	776	171	415	1,427	21	2,810
Accumulated depreciation and impairment losses						
Balance at 1 July 2008	472	114	162	666	-	1,414
Depreciation expense	93	19	52	216	-	380
Elimination on disposal	(29)	(17)	-	-	-	(46)
Balance at 30 June and 1 July 2009	536	116	214	882	-	1,748
Depreciation expense	105	20	51	219	1	396
Elimination on disposal	(115)	(2)	-	-	-	(117)
Other asset adjustment (rounding)	(1)	-	2	(1)	-	-
Balance at 30 June 2010	525	134	267	1,100	1	2,027
Carrying amounts						
At 1 July 2008	148	53	218	647	20	1,086
At 30 June and 1 July 2009	145	49	195	503	21	913
At 30 June 2010	251	37	148	327	20	783

NOTE 8: INTANGIBLE ASSETS

	TOTAL \$000
Cost or valuation	
Balance at 1 July 2008	164
Additions	43
Disposals	–
Other asset adjustment (rounding)	–
Balance at 30 June and 1 July 2009	207
Additions	232
Disposals	(2)
Balance at 30 June 2010	437
Accumulated amortisation and impairment losses	
Balance at 1 July 2008	132
Amortisation expense	58
Elimination on disposal	–
Balance at 30 June and 1 July 2009	190
Amortisation expense	41
Elimination on disposal	(2)
Balance at 30 June 2010	229
Carrying amounts	
At 1 July 2008	32
At 30 June and 1 July 2009	17
At 30 June 2010	208

There are no restrictions over the title of the Ministry's intangible assets, nor are any intangible assets pledged as security for liabilities.

Notes to the financial statements

for the year ended 30 June 2010 *continued*

NOTE 9: CREDITORS AND OTHER PAYABLES

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
213	Trade creditors	478
–	Crown revenue received in advance*	890
88	PAYE payable	101
–	GST payable	1
838	Accrued expenses	407
1,139	Total creditors and payables	1,877

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

* Cabinet agreed in late June 2010 to transfer funding for the Cultural Diplomacy International Programme from 2009/10 to 2010/11. The cash had already been drawn down, so the \$890,000 is recorded as an advance as at 30 June 2010.

NOTE 10: RETURN OF OPERATING SURPLUS

Any operating surplus is required to be paid to the Crown by 31 October each year.

NOTE 11: EMPLOYEE ENTITLEMENTS

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
	Current employee entitlements	
385	Annual leave	399
73	Long service leave	61
-	Other leave entitlements	29
458	Total current portion	489
	Non-current employee entitlements	
39	Long service leave	43
54	Retirement leave	39
93	Total non-current portion	82
551	Total employee entitlements	571

The measurement of the long service and retirement leave obligations depends on a number of factors, including the assumptions that are made about the discount rate and the salary inflation rate. 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 2010. The salary inflation rate has been determined after considering historical patterns and after obtaining advice from an independent actuary.

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 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.

Notes to the financial statements

for the year ended 30 June 2010 *continued*

NOTE 12: RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

This reconciliation discloses the non-cash adjustments applied to the surplus reported in the statement of comprehensive income to arrive at the net cash flow from operating activities disclosed in the statement of cash flows.

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
1,494	Net surplus/(deficit)	634
	<i>Add/(less) non-cash items:</i>	
438	Depreciation and amortisation	437
(23)	Increase/(decrease) in non-current employee entitlements	(11)
415	Total non-cash items	426
	<i>Add/(less) items classified as investing or financing activities:</i>	
-	(Gains)/losses on disposal of property, plant and equipment	-
	<i>Add/(less) movements in working capital items:</i>	
1,017	(Increase)/decrease in debtors and other receivables	113
20	(Increase)/decrease in prepayments	(691)
(301)	(Increase)/decrease in creditors and other payables	738
65	(Increase)/decrease in current employee entitlements	31
801	Net movements in working capital items	191
2,710	Net cash flow from operating activities	1,251

NOTE 13: RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

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.

The Ministry transacts with other government departments, Crown entities and state-owned enterprises on an arm's-length basis. Transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that entity at arm's-length in the same circumstances are not disclosed.

No provision has been required, nor any expenses recognised, for impairment of receivables from related parties.

Where close family members of key management personnel are employed by the Ministry, the terms and conditions of those arrangements are no more favourable than the Ministry would have adopted were there no such relationship.

The Ministry purchases advertising and educational services from Victoria University. One member of the senior management team currently serves on the Victoria University Council. In 2010 the cost of these services was \$14,717 (2009: \$19,720). The services were supplied under normal commercial terms. There are no outstanding balances at 30 June 2010 (2009: \$0).

Key management personnel compensation

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
1,390	Salaries and other short-term employee benefits	1,480
2	Other long-term benefits	4
1,392	Total key management personnel compensation	1,484

The key management personnel are the Chief Executive and the eight members (2009: nine members) of the senior management team. The salary figure was lower in 2008/09 as the Ministry carried a vacancy while awaiting the appointment of a permanent Chief Executive, who started work in June 2009.

Notes to the financial statements

for the year ended 30 June 2010 *continued*

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, currency risk, interest rate risk and liquidity rate risk. The Ministry has a series of policies to manage the risks associated with financial instruments, to which it seeks to minimise its exposure. These policies do not allow any speculative transactions 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. Owing 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 or the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Ministry has no interest-bearing financial instruments and so has no exposure to interest rate risk.

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 the Ministry incurs credit risk 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 6: Debtors and other receivables). There is no collateral held as security against these financial instruments, including those that are overdue or impaired.

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.

The Ministry's financial liabilities are outlined in Note 9: Creditors and other payables.

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 2008/09 \$000		ACTUAL 2009/10 \$000
	Loans and receivables	
3,112	Cash and cash equivalents	2,371
241	Debtors and other receivables (Note 6)	128
	Financial liabilities measured at amortised cost	
1,139	Creditors and other payables (Note 9)	1,877

NOTE 16: CAPITAL MANAGEMENT

The Ministry's capital is its equity (or taxpayers' funds), represented by its 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's Budget processes, Treasury instructions and the Public Finance Act 1989.

Equity is managed with the objective of ensuring that the Ministry effectively achieves the goals and objectives for which it was established, while remaining a going concern.

Notes to the financial statements

for the year ended 30 June 2010 *continued*

NOTE 17: EXPLANATION OF MAJOR VARIATIONS

Significant variances from the Main Estimates for 2009/10 are explained below:

	NOTE	ACTUAL 2009/10 \$000	MAIN ESTIMATES	VARIANCE INCREASE/ (DECREASE) 2009/10 \$000	VARIANCE INCREASE/ (DECREASE) 2009/10 %
Statement of comprehensive income					
Revenue Crown	a	14,312	16,061	(1,749)	(11)
Revenue from other departments	b	323	202	121	60
Revenue from third parties	c	76	-	76	-
Other operating costs	d	4,667	6,824	(2,157)	(32)
Statement of financial position					
Debtors and other receivables	e	128	240	(112)	(47)
Prepayments	f	724	75	649	865
Creditors and other payables	f	1,877	960	917	96
Cash and cash equivalents	g	2,371	1,475	896	61
Intangible assets	h	208	-	208	-

- a) Revenue Crown decreased by \$1.749 million during 2009/10 as funding was transferred from 2009/10 to 2010/11 to fund various initiatives and projects, including those associated with the Cultural Diplomacy International Programme and the 2011 Rugby World Cup.
- b) The Ministry produces a range of historical works, some of which are funded by other departments. During 2009/10 revenue of \$134,000 was received, which was not anticipated when the Main Estimates were finalised.
- c) One-off funds associated with Digital Switchover were collected from industry during 2009/10. These were not forecast or known at the start of the financial year.
- d) Operating costs are \$2.157 million lower than budgeted in the Main Estimates. This is mainly due to timing differences for projects which span a number of financial years, and the generation of a net surplus of \$634,000 which will be returned to the Crown as required under the Public Finance Act 1989. This resulted in less Revenue Crown being required during the year (see also (a) above).
- e) Debtors and other receivables are \$112,000 lower than budgeted, mainly due to the 30 June 2010 balances being below historical levels, and because the Ministry collected cash before year-end.
- f) As outlined in Note 9 Creditors and payables and (a) above, Cabinet agreed in late June 2010 to transfer funding for the Cultural Diplomacy International Programme from 2009/10 to 2010/11. A number of projects had deliverables due in the 2010/11 financial year but required cash distributions before 30 June 2010. These are held as prepayments until the deliverables are completed.
- g) The higher-than-budgeted cash balance was primarily the result of three significant and un-forecast events. The Ministry had larger than expected creditors and other payables (as above), a large prepayments account (as above), and a surplus of \$634,000 at 30 June 2010.
- h) During 2009/10 the Ministry purchased and implemented a new electronic document and records management system. At the time of finalising the Main Estimates, this project was not expected to be completed by the end of the financial year and was therefore excluded.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

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 2010.

Non-departmental statements and schedules

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. As these assets and liabilities are neither controlled by the Ministry nor used in the production of its outputs, they are not recorded in the Ministry's financial statements.

The financial information reported in these statements and schedules is consolidated into the Crown financial statements. Readers of these statements and schedules should, therefore, also refer to the Crown financial statements for the year ended 30 June 2010.

The Ministry also monitors a number of Crown entities. The investment in these entities is recorded in the Financial Statements of the Government on a line-by-line basis. No disclosure is made in these schedules.

Statement of non-departmental expenditure and capital expenditure against appropriations

for the year ended 30 June 2010

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
VOTE ARTS, CULTURE AND HERITAGE				
Appropriations for non-departmental output expenses				
Management of historic places				
526	Antarctic Heritage Trust	526	526	526
11,988	New Zealand Historic Places Trust	15,488	12,488	15,488
12,514		16,014	13,014	16,014
Museum services				
23,574	Museum of New Zealand Te Papa Tongarewa	23,574	23,574	23,574
1,070	New Zealand Film Archive	3,070	1,070	3,070
24,644		26,644	24,644	26,644
Performing arts services				
13,446	New Zealand Symphony Orchestra	13,446	13,446	13,446
3,534	Royal New Zealand Ballet	4,384	4,384	4,384
1,248	Aotearoa Traditional Māori Performing Arts Society	1,248	1,248	1,248
1,378	New Zealand Music Commission	1,378	1,378	1,378
19,606		20,456	20,456	20,456
Promotion and support of the arts and film				
15,937	Arts Council of New Zealand Toi Aotearoa (Creative New Zealand)	10,189	15,689	10,189
3,611	New Zealand Film Commission	3,611	3,611	3,611
19,548		13,800	19,300	13,800
Protection of taonga tūturu				
115	Museums and conservation service providers	139	79	139
115		139	79	139

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and results for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
Public broadcasting services				
127,568	Broadcasting Commission (NZ On Air)	127,666	127,666	127,666
13,757	Television New Zealand	19,757	19,757	19,757
2,700	National Pacific Radio Trust	3,000	3,000	3,000
1,900	Radio New Zealand International	1,900	1,900	1,900
609	Broadcasting Standards Authority	609	609	609
5,000	Freeview	5,000	5,000	5,000
151,534		157,932	157,932	157,932
227,961	Total appropriations for output expenses	234,985	235,425	234,985
Appropriations for other expenses to be incurred by the Crown				
2,374	Commonwealth War Graves	2,789	3,243	2,793
513	Development and maintenance of War graves, historic graves and monuments	526	516	527
-	Stabilisation of the Nurses' Hostel at Hanmer Springs	1,500	-	1,500
287	Kerikeri Heritage Bypass	297	-	301
29,547	Regional Museums	8,000	8,000	8,000
287	Treaty of Waitangi Commemorations	284	288	288
33,008	Total appropriations for other expenses to be incurred by the Crown	13,396	12,047	13,409
Appropriations for capital expenditure				
10,000	Museum of New Zealand Te Papa Tongarewa	9,000	9,000	9,000
500	New Zealand Historic Places Trust	-	-	-
28	National War Memorial	77	-	132
-	New Zealand Memorial Park*	-	-	350
10,528	Total appropriations for capital expenditure	9,077	9,000	9,482
271,497	Total non-departmental Vote Arts, Culture and Heritage	257,458	256,472	257,876

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and results for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

Statement of
non-departmental expenditure and capital expenditure against appropriations
 for the year ended 30 June 2010 *continued*

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
VOTE SPORT AND RECREATION				
Appropriations for non-departmental output expenses				
2,085	Sports anti-doping	2,171	2,171	2,171
53,177	Sport and recreation programmes	16,709	21,992	16,709
15,733	Children and young people's lifestyles	-	-	-
-	High-performance sport	38,338	38,338	38,338
70,995	Total appropriations for output expenses	57,218	62,501	57,218
Appropriations for other expenses to be incurred by the Crown				
42	Miscellaneous grants	44	44	44
4,250	Prime Minister's sport scholarships	4,250	4,250	4,250
-	Support for New Zealand's FIFA World Cup campaign	300	-	300
4,292	Total appropriations for other expenses to be incurred by the Crown	4,594	4,294	4,594
75,287	Total non-departmental Vote Sport and Recreation	61,812	66,795	61,812

*Additional information is available in Note 4: Explanations of major variations.

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and results for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

Details of multi-year appropriation for the year ended 30 June 2010

2008/09 \$000		2009/10 \$000
68,500	New Zealand Screen Production Incentive Fund multi-year appropriation	68,500
July 2008	Commencement date	July 2008
June 2013	Expiry date	June 2013
–	Opening balance	2,000
2,000	Actual expenditure during 2009/10	12,530
2,000	Total accumulated expenditure	14,530
66,500	Appropriation remaining	53,970

The Ministry has a multi-year appropriation for other expenses to be incurred by the Crown. This appropriation gives 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.

Statement of unappropriated expenditure: non-departmental and capital expenditure

for the year ended 30 June 2010

No unappropriated non-departmental expenditure or capital expenditure was incurred in the year ended 30 June 2010 (2009: nil).

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and results for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

Schedule of non-departmental revenue and receipts

for the year ended 30 June 2010

The schedule of revenue and receipts summarises non-departmental revenue that the Ministry collects on behalf of the Crown.

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
	VOTE ARTS, CULTURE AND HERITAGE			
14	Broadcasting Standards Authority – fines	24	-	-
196	London Memorial – return of funds	-	-	-
210	Total non-departmental income	24	-	-

Schedule of non-departmental expenses

for the year ended 30 June 2010

The schedule of expenses summarises non-departmental expenses that the Ministry administers on behalf of the Crown. Further details are provided in the statement of non-departmental expenditure against appropriations.

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
	VOTE ARTS, CULTURE AND HERITAGE			
33,839	Grants, subsidy and benefit expenses	12,294	12,294	12,294
304,232	Other operating expenses	310,234	322,766	308,622
185	Depreciation – buildings	196	188	196
42,020	GST input expense	39,943	41,456	35,657
380,276	Total non-departmental expenses	362,667	376,704	356,769

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and results for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

Schedule of non-departmental assets

as at 30 June 2010

ACTUAL 2008/09 \$000		NOTE	ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
Assets					
Current assets					
5,254	Cash at bank and at hand		1,615	22,706	4,799
-	Debtors and other receivables		-	-	20
5,254	Total current assets		1,615	22,706	4,819
Non-current assets					
<i>Property, plant and equipment:</i>					
11,047	Land	3	11,047	10,104	11,529
9,780	Buildings	2	9,780	9,420	9,976
20,827	Total non-current assets		20,827	19,524	21,505
26,081	Total non-departmental assets		22,442	42,230	26,324

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and results for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

Schedule of non-departmental liabilities as at 30 June 2010

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
	Liabilities			
	Current liabilities			
172	Creditors and other payables	53	950	200
172	Total current liabilities	53	950	200
172	Total non-departmental liabilities	53	950	200

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

Schedule of non-departmental contingent liabilities and contingent assets as at 30 June 2010

The Ministry on behalf of the Crown has no quantifiable contingent liabilities or contingent assets (2009: nil). An unsolicited assessment from the New Zealand Fire Service Commission was received after 30 June 2010. This relates to fire service levies on arts exhibitions covered by the Government Indemnity of Touring Exhibitions scheme. This assessment is disputed by the Ministry.

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and results for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

Schedule of non-departmental commitments

as at 30 June 2010

This schedule sets out the level of commitments made against out-year appropriations and funding baselines for non-departmental expenditure. Commitments are made with agencies the government funds and are established through Memoranda of Understanding (MOUs).

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
	<i>Non-cancellable operating commitments:</i>	
159,063	Less than one year	285,718
	- One to two years	-
	- Two to five years	-
	- More than five years	-
159,063	Total non-cancellable operating commitments	285,718
	<i>Other non-cancellable capital commitments:</i>	
9,000	Less than one year	9,000
	- One to two years	-
	- Two to five years	-
	- More than five years	-
9,000	Total non-cancellable capital commitments	9,000
168,063	Total non-departmental commitments	294,718

The accompanying notes form part of these financial statements. For a full understanding of the Crown's financial position and results for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

Notes to the non-departmental statements and schedules

for the year ended 30 June 2010

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 2010. 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 2010.

Basis of preparation

The non-departmental schedules and statements have been prepared in accordance with the government's accounting policies as set out in 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 NZ GAAP, as appropriate for public benefit entities.

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

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 is received.

Discretionary grants are grants which the Ministry has no obligation to award. They are recognised as expenditure when the Grants Approvals Committee's decision 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

Most items in the financial statements, including appropriation statements, are stated exclusive of goods and services tax (GST). The only exceptions are 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.

Debtors and other receivables

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

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.

Indicators that the debtor is impaired include significant financial difficulties, the probability that it will enter into bankruptcy, and default in payments. 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 statement of comprehensive income. Overdue receivables that have been renegotiated are reclassified as current (i.e., not past due).

Creditors and other payables

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

Commitments that will incur penalty or exit costs if an option to cancel is exercised are included in the statement of commitments at the value of that penalty or exit cost.

Budget figures

The budget figures are consistent with the financial information in the Main Estimates. These financial statements also present the updated budget information from the Supplementary Estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and funds on deposit with banks.

Property, plant and equipment

The property, plant and equipment assets 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% pa.

Critical accounting estimates and assumptions

In preparing these financial statements, the Ministry on behalf of the Crown has made estimates and assumptions that may differ from the subsequent actual results.

Where appropriate, the judgment or assumption that the Ministry has made on behalf of the Crown is provided in the relevant accounting policy or in the relevant note.

Estimates and assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Where revisions to accounting estimates are made, these are recognised in the period in which the estimate is revised.

**Notes to the
non-departmental statements and schedules**
for the year ended 30 June 2010 *continued*

NOTE 2: BUILDINGS

	MASSEY MEMORIAL \$000	NATIONAL WAR MEMORIAL \$000	TOTAL BUILDINGS \$000
Cost or valuation			
Balance at 1 July 2008	980	8,280	9,260
Revaluation increase	270	250	520
Balance at 30 June 2009 and 1 July 2009	1,250	8,530	9,780
Balance at 30 June 2010	1,250	8,530	9,780
Accumulated depreciation and impairment losses			
Balance at 1 July 2008	40	330	370
Depreciation expense	20	165	185
Elimination on revaluation	(60)	(495)	(555)
Balance at 30 June 2009 and 1 July 2009	-	-	-
Depreciation expense for year ended 30 June 2010	25	171	196
Balance at 30 June 2010	25	171	196
Carrying amounts			
At 1 July 2008	940	7,950	8,890
At 30 June and 1 July 2009	1,250	8,530	9,780
At 30 June 2010	1,225	8,359	9,584

The National War Memorial and Massey Memorial were revalued as at 30 June 2009 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 2010 is \$1.675 million.

NOTE 3: LAND

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000
550	Massey Memorial	550
5,530	National War Memorial	5,530
4,967	New Zealand Memorial Park	4,967
11,047	Total land	11,047

The National War Memorial and Massey Memorial were revalued as at 30 June 2009 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 2010 is \$4.770 million.

**Notes to the
non-departmental statements and schedules**
for the year ended 30 June 2010 *continued*

NOTE 4: EXPLANATIONS OF MAJOR VARIATIONS

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

	NOTE	ACTUAL 2009/10 \$000	MAIN ESTIMATES	VARIANCE INCREASE/ (DECREASE) 2009/10 \$000	VARIANCE INCREASE/ (DECREASE) 2009/10 %
Statement of non-departmental expenditure and capital expenditure against appropriations					
Vote Arts, Culture and Heritage					
New Zealand Historic Places Trust	a	15,488	12,488	3,000	24
New Zealand Film Archive	a	3,070	1,070	2,000	187
Creative New Zealand	a	10,189	15,689	(5,500)	(35)
Commonwealth war graves	b	2,789	3,243	(454)	(14)
New Zealand Memorial Park*	b	-	-	350	-
Nurses Hostel at Hanmer Springs	c	1,500	-	1,500	-
Vote Sport and Recreation					
Sport and recreation programmes	d	16,709	21,992	(5,283)	(24)
Support for New Zealand's FIFA World Cup campaign	e	300	-	300	-
Schedule of non-departmental assets					
Cash at bank and at hand	f	1,615	22,706	(21,091)	(93)
Schedule of non-departmental liabilities					
Creditors and other payables	g	53	950	(897)	94

- a) The New Zealand Lottery Grants Board provided additional one-off funding of \$7.1 million to Creative New Zealand in 2009/10. As Creative New Zealand also receives Vote funding through the Promotion and Support of the Arts and Film appropriation, this provided an opportunity to re-prioritise \$5.5 million of Crown funding within the Vote (also on a one-off basis) and enabled a one-off increase in 2009/10 for two projects: a fund to support urgent maintenance of the New Zealand Historic Places Trust's properties, and support for priority film preservation work at the New Zealand Film Archive. The remaining \$500,000 was re-prioritised within the Vote to meet other specific pressures in the heritage sector and to support cultural projects for the 2011 Rugby World Cup Festival.
- b) Due to a favourable foreign exchange movement in relation to New Zealand's annual contribution to the Commonwealth War Graves Commission, the full appropriation was not required during 2009/10. Funds were re-prioritised within the Vote to allow scope and design work for National Memorial Park to commence.
- * Funding of \$350,000 for New Zealand Memorial Park was appropriated in the Supplementary Estimates. However, work on the project did not commence before the end of the financial year (refer to the statement of non-departmental expenditure and capital expenditure against appropriations).
- c) This was a new one-off appropriation in 2008/09. Because of unforeseen delays with the project the funding was not required in 2008/09; it was re-appropriated during 2009/10 to allow the completion of the project.
- d) Funding in this output class was reprioritised during 2009/10 to fund the new initiative 'KiwiSport', which is appropriated within both Vote Education and Vote Sport and Recreation, and to shift funds for the 'Green Prescriptions' programme to Vote Health. This resulted in the appropriation decreasing by \$5.283 million for 2009/10.
- e) This was a new one-off appropriation for 2009/10 to support activities connected to New Zealand's campaign at the 2010 FIFA World Cup.
- f) Cash in the bank account and on hand is lower than budgeted in the Main Estimates due to the timing of disbursements made to funded agencies. In addition, the budget did not account for surplus cash returned to the Crown during the year.
- g) Creditors and other payables are lower than budgeted due to timing differences.

Statement of trust monies

for the year ended 30 June 2010

The following trust money was administered on behalf of the Crown under Part VII of the Public Finance Act 1989. The statement shows the opening and closing trust balances, including bank and investments at cost, and the movements during the year. Under the Public Finance Act 1989, 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.

	OPENING BALANCE 2009/10 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	REVENUE \$000	EXPENDITURE \$000	CLOSING BALANCE 2009/10 \$000
New Zealand Historical Atlas	113	-	-	9	-	122
New Zealand History Research	1,471	-	(88)	121	(1)	1,503
Australian Trust for Oral History	1,727	-	(70)	32	-	1,689
Dictionary of New Zealand Biography	203	-	-	18	(78)	143
War History	880	109	-	43	(7)	1,025
Total	4,394	109	(158)	223	(86)	4,482

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 2009/10 the Trust earned \$9,000 in royalties and interest.

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 the 2009/10 financial year 11 awards were made for a total of \$88,000. (2008/09: 10 awards; \$100,000).

Australian Sesquicentennial Gift Trust for Awards in Oral History

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 the 2009/10 financial year eight awards were made for a total of \$94,738. (2008/09: 10 awards; \$101,500).

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. In 2009/10 the trust funded hosting, and later the migration of the existing website to the Ministry site.

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 2009/10 the trust earned \$43,000 in interest and received a further contribution of \$109,000 from the estate.

Service performance

Ngā Whakatutukitanga mahi

This section describes the services (outputs) that we are funded to deliver and reports how we performed in delivering them.

The Statement of Service Performance records the Ministry's achievements against a series of standards set out in the Information Supporting the Estimates of Appropriations 2009/10.

Performance against service delivery standards is measured through quality, quantity and timeliness criteria.



Vote Arts, Culture and Heritage

Heritage services

MANAGEMENT OF CULTURAL HERITAGE

The management of new memorial projects, national monuments, war and historic graves; 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.

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Administration of Protected Objects Act 1975		
• No decisions are overturned through the appeal process	0	0
• Estimated applications made under the Protected Objects Act	50	88
• Determinations of ownership of newly found taonga tūturu	45	15
• Collectors of taonga tūturu registered	120	145
Administration of the Government Exhibition Indemnification Scheme		
• Compliance with indemnification criteria		
• Application guidelines met	100%	100%
• Estimated indemnification agreements established and administered	2	1
• Applicant's timing requirements met	100%	100%
Administration of legislation relating to commemorative days and the symbols and emblems of New Zealand sovereignty		
• Acceptance of Ministerial submissions relating to flags, emblems and Names Protection Act	100%	100%
Maintenance and inspection of war graves and historic monuments		
• Inscriptions legible and stonework intact	100%	100%
• Sites maintained in a good state of repair	100%	100%
• 100% of agreed maintenance activities are completed	100%	100%
• Maintenance schedule met	100%	100%
• Inspections within schedule and cycle times	100%	100%
Maintenance of war graves, National War Memorial and seven overseas memorials		
• War graves maintained	4,189	4,189
• Historic graves maintained	81	81
• Monuments maintained	16	16
• Maintenance schedule met	100%	100%

Vote Arts, Culture and Heritage

Heritage services

continued

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Administration of Treaty of Waitangi Commemoration Fund		
• Justified complaints	-	-
Special projects		
• Milestones on time	90%	90%
Budget management		
• No surprises in monthly variances	100%	100%
• Outputs produced within budget	100%	100%

HISTORICAL PUBLICATIONS AND ADMINISTRATIVE SERVICES

This covers the researching, writing and publication of New Zealand history and reference works, including the on-line encyclopedia of New Zealand.

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Administer grants to support New Zealand history		
• Standards for application processing met	90%	90%
• Justified complaints on application processing	–	–
• Estimated grants processed	110	98
• Acknowledgement of applications	Within 10 working days	100%
• Despatch of applications to committee prior to meeting to determine grants	At least 5 working days	100%
• Notification of decision to applicants	Within 15 working days of decision	100%
The researching, writing and publication of New Zealand history and reference works		
<i>Completion of digital history projects</i>		
Development of planned interactive material for NZHistory.net.nz		
• Progress vs plan	100%	100%
• Number of features	1 or more	1
• Milestones reached on time	90%	100%
Development of planned content for younger users of NZHistory.net.nz		
• Progress vs plan	100%	100%
• Number of features	1	1
• Milestones reached on time	90%	100%
Development of planned content for history and history-related curricula		
• Progress vs plan	100%	100%
• Number of features	2 or more	2
• Milestones reached on time	90%	100%
Development of WW1 centenary commemorative website		
• Progress vs plan	100%	100%
• Number of features	3 or more	11
• Milestones reached on time	90%	100%
Development of 28 Maori Battalion in WW2 website		
• Progress vs plan	90%	100%
• New website	1	1
• Milestones reached on time	90%	100%

Vote Arts, Culture and Heritage

Heritage services

continued

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
<i>Completion of non-digital history projects</i>		
Guidebook to New Zealand Wars battlefields published		
• Progress vs plan	90%	100%
• Milestones reached on time	90%	100%
Royal New Zealand Air Force 75th anniversary history progressed		
• Progress vs plan	90%	100%
• Milestones reached on time	90%	100%
From Memory (War Oral History Programme) – interviews with J and K Force interviews completed		
• Progress vs plan	100%	100%
• Milestones reached on time	90%	100%
Vietnam Oral History Project progressed		
• Progress vs plan	90%	100%
• Milestones reached on time	90%	100%
History of Prime Ministers and Cabinet progressed		
• Progress vs plan	90%	90%
• Milestones reached on time	90%	90%
Unique visitors to NZHistory.net.nz for period 1 July 2009–30 June 2010	800,000	1.1 million
Budget variance		
• Outputs produced within budget	100%	100%
The researching, writing and publication of New Zealand works of reference, including the online encyclopedia of New Zealand		
Additional themes completed by 30 June 2010		
• 100 entries to the same standard as other themes	100%	100%
• Number of themes	1	2
Publications from Te Ara – The Encyclopedia of New Zealand: online content by 30 June 2010		
• Progress vs plan	100%	100%
• Number of publications	1	1
Unique visitors to www.TeAra.govt.nz for period 1 July 2009–30 June 2010	2.5 million	2.47 million
New regions in Te Ara – The Encyclopedia of New Zealand		
• Number of regions	4	4
• Completed by 30 June 2010	100%	100%
Budget performance		
• No surprises in monthly variances	–	–
• Outputs produced within budget	100%	100%

The Prime Ministers and Cabinet history project is progressing slightly behind schedule due to additional commissioned work having to be completed.

FINANCIAL PERFORMANCE – HERITAGE SERVICES

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
5,750	Revenue Crown	7,306	6,323	7,306
275	Revenue other	244	89	257
6,025	Total revenue	7,550	6,412	7,563
5,805	Total expenses	7,358	6,412	7,563
220	Surplus/(deficit)	192	-	-

Major variances are explained in the Financial Statements: Note 17.

Vote Arts, Culture and Heritage

International cultural diplomacy

INTERNATIONAL CULTURAL DIPLOMACY

This covers the management and delivery of an international cultural diplomacy programme through a series of projects and activities primarily focused on Asia, and in particular North Asia.

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Cultural diplomacy projects		
• Estimated number of projects completed	6	6
• Projects on time	100%	100%
• Projects on budget*	100%	67%

Three key changes to the Cultural Diplomacy International Programme took place at the end of June as a result of a Cabinet decision:

- A 5-year (1 July 2010 to 30 June 2015) multi-year appropriation of \$9.74m was established to replace the existing single-year appropriation.
- The purpose of this new appropriation is to focus projects and activities on Asia, and especially on countries with which New Zealand is pursuing free trade agreements (DOM Min (10) 9/1).
- Funds amounting to \$890,000 were transferred from 2009/10 to 2010/11 for projects supporting Rugby World Cup Festival activities in New Zealand.

* Two of the six projects were over budget. This was approved before additional expenditure was incurred.

Operating expenses

	\$000
Carving and gifting of pou at New Zealand Expo, Shanghai	232
Five-part television documentary series on Rewi Alley	200
'Destination NZ' – performances in Manila by a jazz vocalist to promote NZ as a tourist destination	20
Performances at the Java Jazz festival in Jakarta by Nathan Haines and band to increase NZ's profile	41
Establishment of a travelling New Zealand film library	27
Short Film Festival, Japan	30
China Rugby Co-operation Project ¹	8
New Zealand Youth Choir Tour ²	14
Total projects delivered	572
Ministry for Culture and Heritage administration costs	222
Total operating expenses	794

¹ Expenditure relates to Stage 1 only; Stage 2 to be completed in 2010/11.

² Expenditure relates to one concert of a seven concert tour to be completed in 2010/11.

FINANCIAL PERFORMANCE – INTERNATIONAL CULTURAL DIPLOMACY

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
1,879	Revenue Crown	799	1,689	1,689
1	Revenue other	3	1	2
1,880	Total revenue	802	1,690	1,691
1,520	Total expenses	794	1,690	1,691
360	Surplus/(deficit)	8	-	-

Major variances are explained in the Financial Statements: Note 17.

Vote Arts, Culture and Heritage

Policy advice and monitoring of funded agencies

POLICY ADVICE

This involves providing policy advice on arts, culture, heritage and broadcasting issues; monitoring the Crown's interests in sector agencies; and providing negotiated services to the Minister for Arts, Culture and Heritage and the Minister of Broadcasting.

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Delivery of policy advice		
• Ministerial satisfaction* with policy advice and submissions to Cabinet and Cabinet Committees	Rated good or better overall	Rated good or better overall
Briefing papers provided:		
• Number of papers	500	495
• Ministerial deadlines met	100%	100%
Cabinet papers provided:		
• Number of papers	25	49
• Cabinet Office deadlines met	100%	94%
Cabinet papers contributed to:		
• Number of papers	70	62
• Cabinet Office deadlines met	100%	100%
*Ministerial feedback was sought and obtained for the six month period from July - December 2009.		
Arts, culture and heritage issues, including legislation, major policy proposals, and significant developments and initiatives in the sector		
Performance against: policy development plans for enhancing heritage management; arts and cultural management;		
Ministry-led cross-government initiatives; other agencies' cross-government initiatives which affect the cultural sector:		
• Progress vs plans	100%	100%
• Milestones reached on time	100%	100%
Budget performance:		
• No surprises in monthly variances	100%	100%
• Projects within budget	100%	100%
Broadcasting services		
Performance against: plans for successful transition to digital broadcasting; securing future of public service broadcasting; supporting availability of broadcast content;		
cross-government initiatives which affect the cultural sector:		
• Projects to plan	100%	100%
• Milestones reached on time	100%	100%

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Budget performance:		
• No surprises in monthly variances	100%	100%
• Projects within budget	100%	100%
NZLive.com*		
• Number of visitors to the website	1 million	587,322*
• Subscribers to the newsletter	9,000	9,055*
• Number of organisations contributing content	Increase in contributing organisations	Increased by 61%*
• Number of international visitors	Continued increase in international visitor numbers	Decreased by 10.7%*
• Return visitor numbers	Increase in return visitor numbers	Decreased by 7.7%

From 1 March 2010 NZLive.com was merged with Eventfinder.co.nz.

* The above results relate to the period 1 July 2009 to 28 February 2010.

Vote Arts, Culture and Heritage
Policy Advice and Monitoring of Funded Agencies
continued

MONITORING OF FUNDED AGENCIES

This involves monitoring the Crown's interests in cultural-sector agencies.

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Management and disbursements of payments to arts, heritage and broadcasting sector agencies		
• Compliance with instructions and conditions governing payments to funded agencies	100%	100%
Monitoring of the Crown's interests in funded arts, heritage and broadcasting sector agencies		
• Compliance with the provisions of the funded agency accountability regime for the financial year	100%	100%
• Funded organisations' satisfaction with advice and support on capability	90%	98%
Completion of baseline (Value for Money) reviews:		2
• Number of reviews		100%
• Reviews within budget to a standard approved by the Minister	2 or more 100%	
• Satisfaction with workshops and other discussion opportunities for board chairs and members	90% or more are satisfied	98% were satisfied or very satisfied
Attendance of new board appointees on board induction programmes:		
• Number of board appointees attending induction programmes within six months of commencing board membership	100%	90%*
• Completion of agreed schedule of updates for board members	100%	100%
• Publication of quarterly editions of the Ministry's governance e-newsletter	100%	100%
Currency of content published in the on-line shared workspace:		
• All content current	100%	100%

* 20 new board members were appointed during the financial year. All 20 completed a board induction programme within six months, although two did not attend the associated workshop.

MINISTERIAL SERVICING

This involves providing negotiated services to the Minister for Arts, Culture and Heritage and the Minister of Broadcasting.

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Preparation of draft responses to ministerial correspondence and questions in the House		
• Drafts accepted by the Minister	95%	100%
Ministerial satisfaction* with draft ministerial correspondence and draft replies to questions in the House:		
• Annual rating – every category	Rated good or better	Rated good or better
Provision of draft ministerial correspondence:		
• Within 15 working days of receipt	90%	94%
• Within 20 working days of receipt	100%	99%
Meeting of Ministers' office deadlines for draft replies to questions in the House:		
• Deadlines met	100%	100%
• Number of items of draft ministerial correspondence	500	620
• Number of draft replies to questions in the House	200	237
Preparation of speech notes		
• Estimated speech notes provided	90 sets	67
Ministerial satisfaction* with draft sets of speech notes:		
• Annual rating – every category	Rated good or better	Rated good or better

*Ministerial feedback was sought and obtained for the six month period from July - December 2009.

Vote Arts, Culture and Heritage
 Policy Advice and Monitoring of Funded Agencies
continued

FINANCIAL PERFORMANCE – POLICY ADVICE AND MONITORING OF FUNDED AGENCIES

ACTUAL 2008/09 \$000		ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
6,986	Revenue Crown	6,109	7,951	6,109
148	Revenue other	152	112	118
7,134	Total revenue	6,261	8,063	6,227
6,220	Total expenses	5,827	8,063	6,227
914	Surplus/(deficit)	434	-	-

Major variances are explained in the Financial Statements: Note 17.

Vote Sport and Recreation

Purchase advice and monitoring of sport and recreation Crown entities

PURCHASE ADVICE AND MONITORING OF SPORT AND RECREATION CROWN ENTITIES

This involves providing purchase advice and monitoring of Sport and Recreation New Zealand and Drug Free Sport New Zealand, including advice in relation to appointments to boards.

	BUDGET SERVICE STANDARD 2009/10	ACHIEVED 2009/10
Purchase advice and monitoring		
Briefing papers provided:		
• Number of papers	10	15
• Compliance with the Quality Standards for Analysis and Advice as assessed by the Minister twice during the year	Rated as meeting and frequently exceeding expectations	Met the Minister's expectations

FINANCIAL PERFORMANCE – PURCHASE ADVICE AND MONITORING OF SPORT AND RECREATION CROWN ENTITIES

	ACTUAL 2008/09 \$000	ACTUAL 2009/10 \$000	MAIN ESTIMATES 2009/10 \$000	SUPP. ESTIMATES 2009/10 \$000
98 Revenue Crown		98	98	98
- Revenue other		-	-	-
98 Total revenue		98	98	98
98 Total expenses		98	98	98
- Surplus/(deficit)		-	-	-

Major variances are explained in the Financial Statements: Note 17.

Audit report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of the Ministry for Culture and Heritage's financial statements and statement of service performance for the year ended 30 June 2010

The Auditor-General is the auditor of Ministry for Culture and Heritage (the Ministry). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements, the schedules of non-departmental activities and statement of service performance included in the annual report of the Ministry, for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Ministry on pages 28 to 50:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Ministry's financial position as at 30 June 2010;
 - the results of its operations and cash flows for the year ended on that date;
 - its 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 2010; and
 - its unappropriated expenses and capital expenditure for the year ended 30 June 2010.
- The schedules of non-departmental activities on pages 51 to 65 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2010.
- The statement of service performance of the Ministry on pages 66 to 79:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2010, and 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 the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the 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 2010. The financial statements must also fairly reflect the Ministry's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Chief Executive is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2009 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2010.

The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.

The Chief Executive's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of 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 New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments in the areas of assurance over the process leading to a contract for the future of NZLive.com, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Ministry.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Te Manatū
Taonga
**Ministry for
Culture &
Heritage**

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www.28MaoriBattalion.org.nz