



**Manatū
Taonga**

Ministry
for Culture
& Heritage

2011/12

**Annual Report
Pūrongo ā-Tau**

Presented to the House of Representatives pursuant to
Section 44(1) of the Public Finance Act 1989

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Chief Executive's report

Tā te Tumuaki rīpoata

Remembering, revitalising and collaborating

Our work over the past year is marked by three themes - remembering, revitalising and collaborating to deliver excellent outcomes for New Zealand.

An obvious area where these themes have played out has been the continued focus on the rebuild of Christchurch. I am proud of the way the Ministry has worked with its key partners in Christchurch, including the Canterbury Earthquake Recovery Authority (CERA) and other central government agencies, our funded agencies, the Christchurch City Council, and Te Rūnanga o Ngāi Tahu, to ensure that culture and heritage plays a role right at the heart of the rebuild. I am confident we will rise to the challenge of translating the vision into a meaningful and successful reality for the people of Christchurch and New Zealand.

Remembering has been the driving force for another key project this year for the Ministry: leading planning for New Zealand's commemoration of the First World War Centenary (WW100). The major announcement of Memorial Park, a legacy project to mark the Centenary, reflects a lot of hard work by Ministry staff and many others. A lot of hard and quick work is yet to come. Memorial Park, along with the wider WW100 programme will help honour the service and sacrifice of those who fought. It will acknowledge the impact of the war on those who remained at home and encourage families and communities to pass on their memories. It will strengthen New Zealand's connections with countries which share First World War experiences with us.

Strengthened connections between New Zealand and the world have been at the heart of two other key projects: the Rugby World Cup and the associated REAL NZ Festival, and New Zealand's Guest of Honour position at the 2012 Frankfurt Book Fair. The 14 Ministry-funded projects in support of the REAL New Zealand Festival were highly successful as audience numbers met or exceeded expectations. It was great to see New Zealand's star performers give of their best on and off the rugby field. New Zealand's role as Guest Country of Honour at the 2012 Frankfurt Book Fair is a very exciting project for the Ministry and for New Zealand. The world's largest book fair and most prestigious annual publishing event allows New Zealanders a fantastic opportunity to sell our books into international markets, but also to showcase New Zealand's literature and culture, to promote trade and tourism and to strengthen our political ties with Europe.

Back at home, the end is nigh for analogue television as we revitalise ourselves into a digital TV watching nation. A hardworking project team has been leading the 'Going Digital' project. This project is on-track to support New Zealanders to fully transition their television watching into the digital age. The first two regions, Hawke's Bay and the West Coast, switch over on 30 September this year.

The Ministry continued to revitalise and collaborate to find better ways of doing things. Ongoing projects include the Screen Sector Review (with the Ministry of Business, Innovation and Employment), the Orchestra Review, and the establishment of the Heritage Forum. Cultural philanthropy remained firmly on the agenda. Awareness of New Zealand's favourable tax environment for charitable giving is growing and this will continue to be an important area of work for the Ministry.

Amongst all this activity we have been continuing to think about the role the Ministry plays, particularly in the drive for Better Public Services. We are constantly evaluating the role of government in Arts, Culture and Heritage, as well as looking at business processes and institutional arrangements to ensure they are still fit for purpose and meet the needs of New Zealand today, particularly in an environment of fiscal responsibility.

It has been another busy year for the Ministry with a range of important projects on the go. This looks to continue for the next few years at least and I want to acknowledge the excellent work completed by the Ministry's staff over the year. The Ministry is a great place to work because we are doing interesting and important work. The people we work with are committed and passionate. Thank you.



Lewis Holden

Chief Executive

Manatū Taonga / Ministry for Culture and Heritage

About the Ministry and the cultural sector

Mō te Manatū me te wāhanga tikanga

New Zealanders place great value on culture (Arts, Heritage, Media and Sport) and participation in these activities. The sector is vital to New Zealanders' quality of life and to the social structure of our communities, towns and cities. The sector also makes a significant contribution to our economic success. It supports a growing workforce and drives innovation, creativity, and collaboration with other key sectors such as tourism and education.

Government funded cultural activity sits within a broader context which includes the contribution local government makes to arts, culture, heritage, and a complex and productive ecology of companies and NGOs, collectives and individuals. New Zealanders value culture and cultural activities highly and spend more on cultural items than they do on clothing and footwear, health care or passenger transport. The average spend per person at festivals from June 2010 to June 2012 was \$201.85, with an average additional expenditure on accommodation, retail shopping or other attractions, for people who were visitors to a region was of \$489.18. Overall, the cultural sector and creative industries employ 126,000 New Zealanders and contribute over \$3 billion to GDP (2.1% of New Zealand's total industry contribution, based on 2007 figures).

Some recent headline indicator information shows that engagement in the arts over the period 2005 to 2011 has been consistently positive, with attendance or participation by over 85% of adult New Zealanders. There is also strong interest among the adult population in participation in cultural activities, with 80% and 75% of the adult New Zealand population indicating an interest in attending Māori arts events and Pacific arts events respectively; and 33% and 20% of adult New Zealanders attending a Māori arts event and a Pacific arts event respectively during the previous 12 months.

Attendees at arts festivals between June 2010 and June 2012 assessed the festival events as making a social or cultural contribution because they bring people together within the local community; instil a sense of pride in the community; make the region a better place to live; encourage local people to get involved; and promote Māori, Pākeha, Pacific, and Asian cultures. Attendees at museums, galleries and heritage sites in 2011/12 assessed those opportunities as making a social or cultural contribution because they play an important role in education; helped them to understand New Zealand's culture and heritage; and made the location a vibrant and exciting place.

The Ministry is the government's leading advisor on broadcasting, cultural and heritage matters and funds, monitors and supports a diverse portfolio of 19 agencies, including Crown entities, non-government organisations (NGOs), and a statutory body. 2011/12 direct government investment in the cultural sector, which includes arts, culture, heritage, media, sport and recreation, totalled \$360 million. All but approximately \$28 million of this funding is channelled through sector entities.

In addition to policy advice, the Ministry delivers its own products and services and its work contributes to cultural, educational, economic, and social outcomes, supporting the work of a range of other government agencies.

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

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

How we use the word "culture"

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

Non-financial Performance

Te Whakatutukitanga hāunga te tahua

How we performed against our outcomes

Tā mātou whakatutukitanga i ngā hua

This section of the annual report describes the Ministry's performance against our goals and objectives (outcomes) for 2011/12. The three outcomes are:

Create: Cultural activity flourishes in New Zealand

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

The priorities for the cultural sector under this outcome are to ensure that:

- Cultural activity is an integral part of Christchurch's recovery.
- New and high-quality cultural content with distinctive New Zealand character is created.
- Māori cultural content is created.
- New Zealand's cultural sector supports innovative and successful creative industries.
- New Zealand's high performance sport system continues to develop more world-class infrastructure and delivers significant changes to the structure of our high performance system, including strengthening the role of High Performance Sport New Zealand.

Preserve: Our culture and heritage can be enjoyed by future generations

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

The priorities for the cultural sector under this outcome are to ensure that:

- New Zealand's taonga are protected and preserved.
- Traditions like tikanga are preserved, developed and transmitted through active use.
- Capacity and capability in cultural conservation are maintained and enhanced.

Engage: Engagement in cultural activities is increasing

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

The priorities for the cultural sector under this outcome are to ensure that:

- New Zealanders see their culture as relevant and distinctive, and make it part of their daily lives.
- New Zealanders engage with Māori language and cultural content.
- There is private investment in cultural partnerships.
- More New Zealand children and young people get involved in organised sport through the KiwiSport fund and the focus of regional sports trusts, schools and clubs is on the delivery of sport to young people.
- Culture contributes to innovative solutions in the areas of health, social development, the environment, education and the economy.

Government Priorities	<i>Build a more competitive and productive economy</i>	<i>Deliver better public services</i>	<i>Rebuild Christchurch</i>
Outcomes for New Zealand	<p>A higher quality of life in our communities, towns and cities</p> <p>A growing workforce that drives innovation, creativity and collaboration</p> <p>A culture that is unique, distinctive and valued in a globalised world</p>		
Vision	<i>New Zealand's distinctive culture enriches our lives</i>		
Arts, Heritage, Media and Sport (Cultural) Outcomes	Cultural activity flourishes in New Zealand <i>Create</i>	Our culture and heritage can be enjoyed by future generations <i>Preserve</i>	Engagement in cultural activities is increasing <i>Engage</i>

Impacts	Ministry impacts contributing to all cultural outcomes			Ministry impact measures		
	<p>The Ministry's sector leadership improves sector performance.</p> <p>Our histories, taonga and symbols of nationhood are preserved for future generations.</p> <p>More New Zealanders are better informed about their country and culture.</p>			<ul style="list-style-type: none"> • Ministry-funded agencies deliver effective cultural experiences and services. • There is increased philanthropic and private giving to arts and heritage producers. • Christchurch: recovery in the local cultural sector is supported. • Strengthened performance and collaboration in the cultural sector. • An increased number of histories are recorded by the Ministry. • Key memorials managed by the Ministry are maintained to appropriate standards. • More people are using resources published by the Ministry. • New Zealanders are switching to digital television. • Culture contributes to Government's trade and economic goals overseas. 		
Ministry outputs	Co-ordinate key commemorations	Collect and preserve oral history and digital stories	Policy advice and monitoring of funded agencies	Administer the Cultural Diplomacy International Programme	Maintain war graves and access to memorials and other places of national significance	Audio guides for Rugby World Cup 2011 and REAL New Zealand Festival
	Indemnify exhibitions	Produce and promote cultural and historical resources and events	Purchase advice and monitoring of sport and recreation Crown entities	Eventfinder partnership	Administer legislation to protect symbols of nationhood and movable and found heritage	Manage the Digital Switchover Programme

Performance against our impacts

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

This section also identifies the outputs that relate to each of the impacts. The Ministry's performance against our output measures is reported in the Statement of Service Performance on pages 17 to 38.

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

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

Impact: The Ministry's sector leadership improves sector performance

Impact measures	Initiatives – what we have been doing	Ministry outputs
<ul style="list-style-type: none"> Ministry-funded agencies deliver effective cultural experiences and services. There is increased philanthropic and private giving to arts and heritage producers. Christchurch: recovery in the local cultural sector is supported. Strengthened performance and collaboration in the cultural sector. 	<ul style="list-style-type: none"> Provide advice on the contribution of the cultural sector to Canterbury's recovery following the 2010 and 2011 earthquakes. Assist the cultural sector to increase levels of private and philanthropic giving. Provide advice on policy, legislation and funding to enhance cultural sector infrastructure; visual, performing and literary arts; built heritage, museum collections and taonga; and cultural tourism. Provide advice on Māori culture and heritage, Māori language and Treaty-related issues across the cultural sector. Provide advice on legislation, policy and funding to enhance New Zealand content in broadcasting and broadcasting standards. Provide advice and support for board appointments. Advise and assist portfolio Crown-funded agencies. Improve assessment of the performance of Crown-funded agencies. Develop the evidence base for the social and economic benefits of culture. 	<ul style="list-style-type: none"> Policy advice and monitoring of funded agencies. Purchase advice and monitoring of sport and recreation Crown entities.

Ministry funded agencies deliver effective cultural experiences and services

The Ministry provides advice to three Ministers (the Minister for Arts, Culture and Heritage, the Minister of Broadcasting, and the Minister for Sport and Recreation) on the performance of seventeen funded agencies. The Ministry ran a series of workshops in 2010 to help agencies improve their performance measures. Each funding agreement includes an agency's Statement of Intent or Business Plan, setting out the services each will deliver and the relevant measures for these. The Ministry negotiates these agreements with the intent of ensuring that the services are effective in meeting the objectives of the applicable legislation and the agreed Statement of Intent (for each Crown entity), the objectives in funded NGO agreements, Ministers' overall performance expectations, and the cultural sector outcomes of Create, Preserve, and Engage.

The performance of each agency in delivering the agreed services is monitored throughout the year and Ministers are briefed on achievements and risks. Agencies report on their performance in their individual Annual Reports. The Ministry did not record any significant delivery failures in 2011/12. The sector has delivered a great deal over the last year and key achievements include:

- 622,945 New Zealanders attended 4,862 arts events/performances funded by Creative New Zealand;
- Sport New Zealand's high-performance investments enabled New Zealand to exceed its target of 10 medals at the London 2012 Olympics;
- NZHPT had 206,680 visitors to their staffed properties during 2011/12 year compared to 194,186 in the 2010/11 year with a 93% satisfaction rate of the experience;
- NZ On Air invested in the production of 966 hours of local television content; a record 733,000 New Zealanders watched funded NZ drama *Billy*;
- Drug Free Sport's testing regime ensured that no New Zealand athlete committed an anti-doping violation while associated with a major international sporting event;
- 1,377,173 visitors attended exhibitions, events and education programmes at Te Papa; and
- the Royal New Zealand Ballet achieved a total audience of 214,429, exceeding its target of 188,000.

There is increased philanthropic and private giving to arts and heritage producers

Vote funded cultural agencies have increased their revenues from non-government sources by 11% since 2006/07.

We supported Creative New Zealand to develop a *Creative Giving* pilot programme which, over the next three years, will invest \$350,000 per annum in building the fundraising capability of the cultural sector, including customised mentoring on how to increase private sector support. We are a member of the *Creative Giving* reference group and, as part of this; we support Creative New Zealand's development of a matched funding component to *Creative Giving* to incentivise cultural organisations to secure cash support from new sponsors or donors.

We continued to support the Canterbury Earthquake Heritage Buildings Fund, with advice and by matching private sector support 'dollar-for-dollar' (up to a maximum of \$10 million). As part of this, working with the Canterbury Earthquake Appeal Trust, the Ministry helped put together a funding package to strengthen and restore the Great Hall and Clock Tower Block in the Arts Centre. This included \$5 million funding from the Ministry.

We also support the Canterbury Earthquake Appeal Trust in its assessment of arts, heritage and cultural funding applications, with \$19.94 million allocated towards projects in our sector during 2011/12.

Christchurch: recovery in the local cultural sector is supported

The cultural recovery of Christchurch continued to be a major focus for the Ministry in 2011/12. The Ministry assisted the Canterbury Earthquake Recovery Authority (CERA) with the development of the cultural component of a recovery plan that recognised arts, culture and heritage, history, sport and recreation as playing an important role in the revitalisation of central Christchurch.

A significant number of the anchor projects fall within the interests of the Ministry and its funded agencies, and we have a particular responsibility for The National Earthquake Memorial, Te Puna Ahurea Cultural Centre, and the Performing Arts Precinct. Having these important cultural, heritage and sport and recreation projects at the heart of the central city recovery demonstrates how highly New Zealanders hold in esteem their culture and heritage. They are, indeed, the fabric of society. These projects replace facilities that have been destroyed. They will stimulate other development, attract people, and regenerate and improve the urban form of the city. In short, they are to form the beating heart of a new Christchurch.

The Ministry led the development of an ongoing Arts and Culture Recovery Programme, both across government and on the ground in Christchurch. This involved maintaining a regular Ministry staff presence in Christchurch and working with our funded agencies, Christchurch City Council, Waimakariri and Selwyn District Councils, Ngāi Tahu and the Christchurch cultural sector on a coordinated approach to the recovery.

The Ministry, as lead agency, began work with Christchurch City Council, CERA and Ngāi Tahu on a National Earthquake Memorial for Christchurch and Canterbury to honour the lives of those who died in Christchurch's earthquakes. In partnership with Christchurch web company NV Interactive, the Ministry also helped create an online memorial, *QuakeStories*, a website designed to collect and preserve people's stories and other digital material relating to the earthquakes.

Strengthened performance and collaboration in the cultural sector

In its new term, the Government has reiterated its commitment to enhancing the performance of the public sector. In light of this and the constrained fiscal environment, during 2011/12 the Ministry worked to enhance well-performing and efficient cultural sector organisations and improve coordination across the sector.

Funded agencies in the cultural sector are already participating in 56 collaborative arrangements across the sector. These include shared systems, functions and individuals working across agencies in areas such as finance and communications.

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

Heritage Forum

The Government has indicated a need for closer integration between public agencies and a more coherent approach to policy development. In 2011/12, the Ministry convened a new Heritage Forum composed of central government departments and agencies in the heritage sector.

The purpose of the Forum is to encourage stronger links and more coherence across the sector, and to be a visible presence promoting government heritage interests at a national level. Benefits to the sector will include an enhanced national profile, the development of long-term strategies, and better ability to address cross-sector issues.

Screen sector review

During 2011/12, the Ministry worked with the Ministry for Business, Innovation and Employment (MBIE – previously the Ministry of Economic Development) to review government interventions in the screen sector.

New Zealand's screen sector is a high performer both culturally and economically. As well as making an important contribution to GDP, our screen sector puts New Zealand on the map internationally and benefits other sectors such as tourism.

The purpose of the review was to identify ways in which the policy setting could be enhanced in order to leverage existing investments more effectively and to generate greater value for money. The Ministry and MBIE provided a Cabinet paper to Ministers, who will be making decisions early in 2012/13.

Orchestral review

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

During 2011/12, the Ministry developed terms of reference and established a reference group. We worked with consultant Avi Shoshani (Secretary General of the Israel Philharmonic Orchestra), the orchestras and other stakeholders, and drafted a discussion paper outlining some of the challenges facing the sector and four possible scenarios for change. The paper was released early in 2012/13.

Legislative change for the cultural sector

During 2011/12 the Ministry progressed a programme of legislative change for a number of cultural sector organisations.

The Arts Council of New Zealand Toi Aotearoa Bill had its second reading in 2011/12. The purpose of the bill is to simplify the governance structure of the Arts Council, enabling it to focus on its core business of developing, supporting and recognising excellence in the arts in New Zealand.

The Heritage New Zealand Pouhere Taonga Bill had its first reading. The bill reforms the governance arrangements of the Historic Places Trust, streamlines archaeological consenting processes and modernises other provisions of the Historic Places Act which it replaces.

The Television New Zealand Amendment Act was passed in July 2011. The Act replaced the Television New Zealand Charter with a more general set of functions for TVNZ, seeking to give TVNZ the flexibility it needs to compete in the competitive and diverse media market.

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

Impact measures	Initiatives – what we have been doing	Ministry outputs
<ul style="list-style-type: none"> An increased number of histories are recorded by the Ministry. Key memorials managed by the Ministry are maintained to appropriate standards. 	<ul style="list-style-type: none"> Providing advice on the contribution of the cultural sector to Canterbury's recovery following the earthquakes. Continue the oral history programme. Collect digital stories and other digital material. Increase awareness of the Protected Objects Act 1975 and secure funding for conservation. Improve the quality of, and access to, memorials and other places of national significance. Prepare material for Rugby World Cup 2011. 	<ul style="list-style-type: none"> Collect and preserve oral history and digital stories. Administer legislation to protect symbols of nationhood and movable and found heritage. Maintain war graves and access to memorials and other places of national significance. Audio guides for Rugby World Cup 2011 and REAL New Zealand Festival. Indemnify exhibitions.

An increased number of histories are recorded by the Ministry

The Ministry has continued to record histories for the following projects:

- Te Ara.
- NZHistory.net.nz.
- Vietnam War Oral History Project.
- WW1 centenary commemorative projects.

During 2011/12, the Ministry also produced audio guides for the Rugby World Cup 2011 and REAL New Zealand Festival and collected images for the 28th Māori Battalion website.

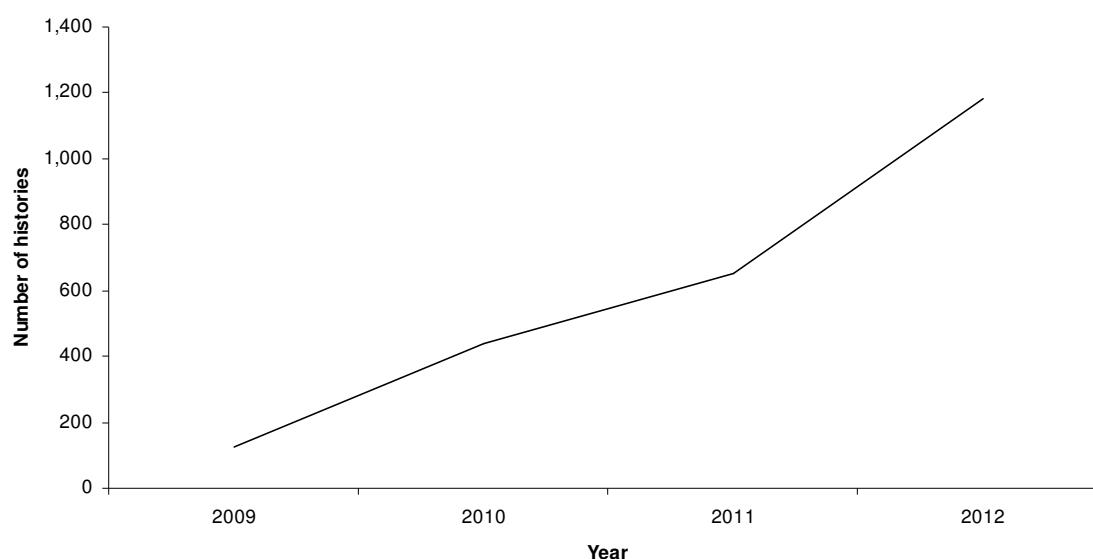
The following table shows the number of histories recorded by the Ministry over the last four years:

Project	2011/12	2010/11	2009/10	2008/09
Te Ara	1 new regional entry 1 new theme added (95 entries)	4 new regional entries 1 new theme added (106 entries)	4 new regional entries 1 new themes added (103 entries)	3 new regional entries added 1 new theme added (105 entries)
NZHistory.net.nz	23 new features added	17 new features added	20 new features added	16 new features added
Vietnam War Oral History Project	17 oral history interviews recorded 249 items of new content added to website	9 oral history interviews recorded 74 items of new content added to website	21 oral history interviews recorded 160 items of new content added to website	Information not available

Project	2011/12	2010/11	2009/10	2008/09
WW1 centenary	8 projects underway 4 website features completed	5 projects underway 2 website features completed	3 projects underway 6 website features completed	2 projects underway 2 website features completed
28 th Māori Battalion Website	2,068 images collected	N/A – new project commenced 2011/12		
Roadside Stories	140 audio guides produced and uploaded to YouTube	N/A – one-off project for 2011/12		

The above table has been summarised into total number of histories recorded by the Ministry, with the cumulative number of histories recorded by the Ministry in the graph below. This shows that the Ministry has continued to increase the number of histories it records.

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



Key memorials managed by the Ministry are maintained to appropriate standards

The Ministry looks after historic graves and monuments in over 81 sites throughout New Zealand. A large number of these originate from the New Zealand Wars of 1840 – 1872. We also care for various national monuments erected by the New Zealand government. Many of these commemorate former Prime Ministers. The Ministry maintains 17 national (“key”) memorials, of which 13 are within New Zealand.

“Appropriate standards” are set out in the Heritage Management Guidelines prepared for the Ministry by Four Decades Conservation in 2005. The “Big Four” memorials – National War Memorial (NWM), Coates Memorial Church, and the Massey and Savage Memorials – have their own Conservation and Maintenance Plans. A major maintenance and seismic support programme is currently being carried out on the NWM.

Three of the Wellington national memorials – Massey, Atatürk and Seddon – are inspected by the NWM Curator several times a year. The Coates Memorial Church in Matakōhe and the Savage Memorial in Auckland are inspected yearly by Ministry staff as part of the Ministry’s inspection schedule. The remainder are inspected two yearly, and maintenance is arranged when necessary; not all memorials require maintenance work annually.

During the past two years, the Ministry has carried out maintenance work on 6 memorials. Maintenance work includes structural investigations; signage; cleaning; track/driveway repairs; etc.

Work on memorials is completed to high standards by reputable stonemasons belonging to the New Zealand Master Monumental Masons Associations (NZMMA), or stonemasons who have carried out work of a high standard in the past, or conservators employed to work on war and historic graves and memorials.

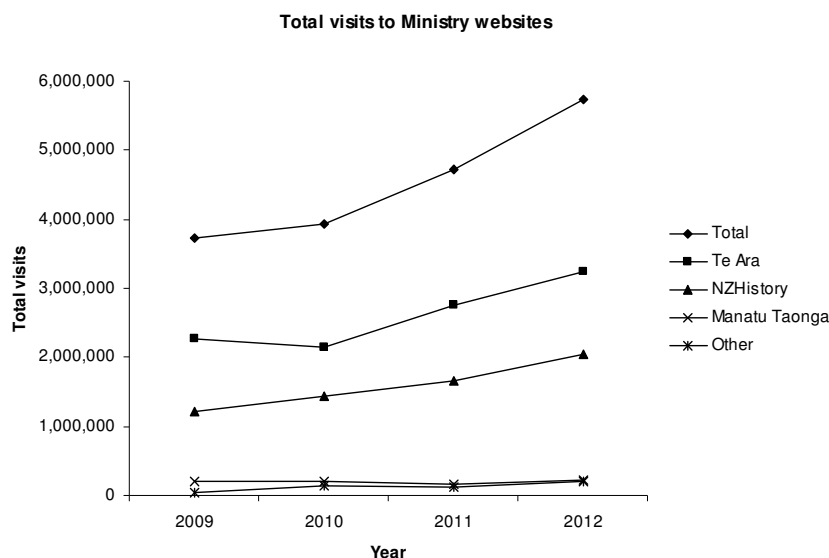
Impact: More New Zealanders are better informed about their country and culture

Impact measures	Initiatives – what we have been doing	Ministry outputs
<ul style="list-style-type: none"> • More people are using resources published by the Ministry. • New Zealanders are switching to digital television. • Culture contributes to Government's trade and economic goals overseas. 	<ul style="list-style-type: none"> • Publish new content and new interactive features in digital form (on Te Ara, New Zealand History, 28th Māori Battalion and Vietnam War websites). • Produce historical and oral history material in print form, including on the First World War project. • Contribute cultural content to Eventfinder. • Develop further online content in te reo Māori. • Provide high-quality advice to the Minister on the Cultural Diplomacy International Programme and deliver approved initiatives. • Supporting New Zealanders to make the switchover to digital television by implementing a full marketing and communications programme; undertaking community outreach activities through our network of community advisers; and increasing public awareness of the digital switchover. 	<ul style="list-style-type: none"> • Produce and promote cultural and historical resources and events. • Co-ordinate key commemorations. • Eventfinder partnership. • Administer the Cultural Diplomacy International Programme. • Manage the Digital Switchover Programme.

More people are using resources published by the Ministry

The majority of the Ministry's resources are published on the websites we run. We produce a range of websites bringing New Zealand's culture and heritage online.

Over the past four years there has been a significant increase in visitors to the Ministry's websites where total visits and have increased by 53% in the last four years.



Other websites includes the following:

- 28th Māori Battalion.
- Anzac Day.
- Vietnam War.
- NZ at Frankfurt.
- QuakeStories.
- WW100.

The number of people using our information has continued to grow steadily over the past four years. Our websites have proven to be an effective channel of communication to increase people's understanding of New Zealand's heritage and culture. Our importance to the education sector is visible from our monthly statistics, which fluctuate within the school and academic years.

During 2011/12 we also uploaded some histories to YouTube, which has been another successful channel, expanding the audience for our work.

Book sales

The Ministry has helped to foster an increasing public appetite for printed information about New Zealand's culture and heritage. A number of its print publications have been extremely popular: *Frontier of Dreams* (2005) has sold more than 26,000 copies; *Nga Tama Toa* (2008) 10,000 copies; and *Māori Peoples of NZ* (2006) and *Trainland* (2007) around 7000 copies each. The Ministry's total sales of all print publications is around 90,000 sales across 30 different products since 2004/05.

Public seminars

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

New Zealanders are switching to digital television

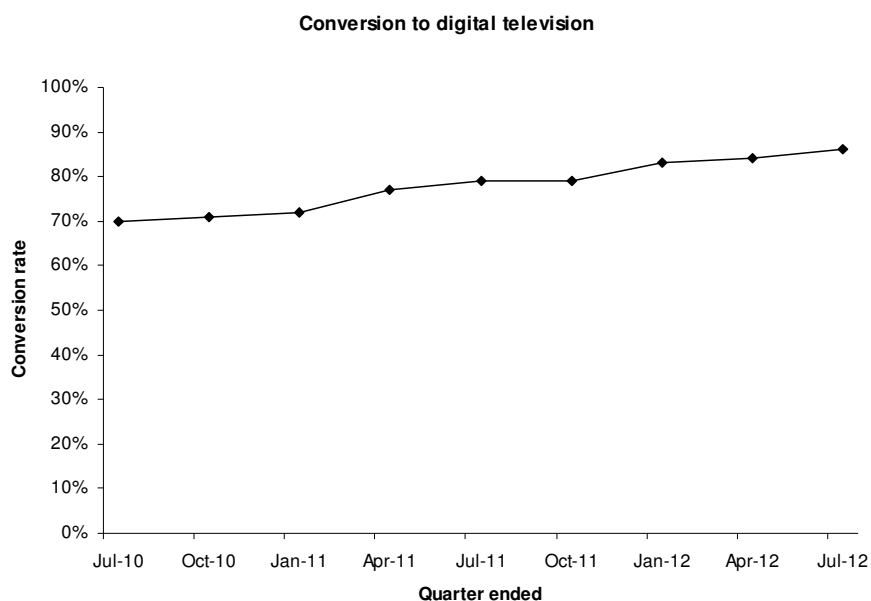
As the end of analogue television approaches, it is important all New Zealanders have the information and assistance they need to access digital television.

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

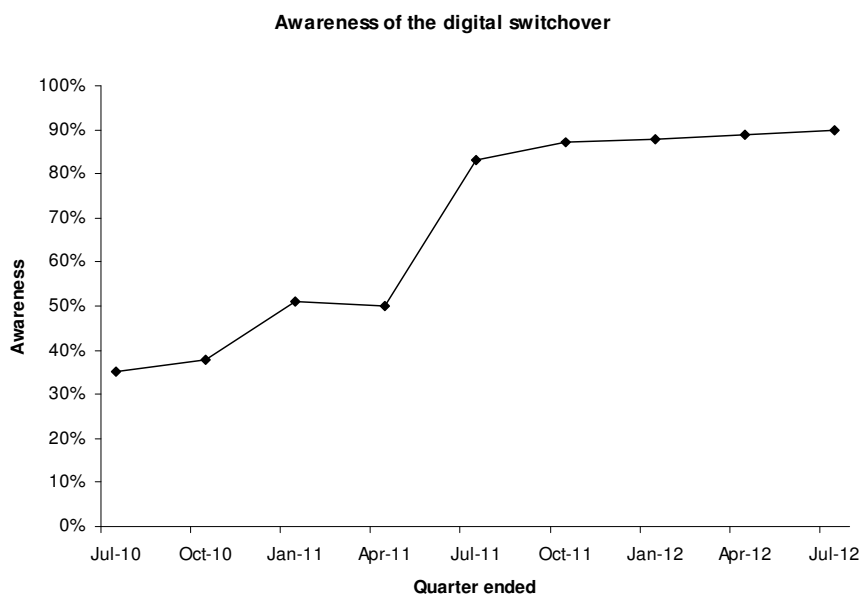
During 2011/12, Going Digital completed the extension of the digital terrestrial television network to reach more than 86% of the population.

Going Digital launched a Targeted Assistance Package in Hawke's Bay and the West Coast, to provide technical and financial support to those groups most likely to face the greatest challenges in moving to digital television. By year's end, over 2,000 people had opted to take up the Package. During 2012/13 the Targeted Assistance Package will be opened to consumers throughout the rest of the country.

The number of households that have converted to digital television has increased from 70% in July 2010 to 86% in July 2012.



The public's prompted awareness of 'Going Digital' has increased from 35% in July 2010 to 90% in July 2012. There has been a significant increase in awareness over the past 12 months (particularly between April and July 2011), with awareness increasing from 50% in April 2011.



Culture contributes to Government's trade and economic goals overseas

Rugby world cup REAL New Zealand Festival

A Government priority while hosting the Rugby World Cup 2011 was to make the most of New Zealand's time in the international spotlight. The Ministry seconded a staff member to the NZ2011 Office to help plan and organise the six-week, nationwide REAL New Zealand Festival showcasing New Zealand food, wine, arts, culture, attractions and landscapes to an international audience drawn by the Rugby World Cup.

The Ministry funded 14 projects in support of the Festival through its Cultural Diplomacy International Programme (CDIP). Eight of these took place in New Zealand, including the exhibition Oceania, some concerts by the New Zealand Symphony Orchestra, the Pacific-themed entertainment spectacular Style Pasifika, and Te Matatini's stage production, Arohanui. This was the first and only time the CDIP had been used for domestic projects.

The other six projects took place as part of the City of London Festival in the lead-up to the Rugby World Cup. These included a performance by the Royal New Zealand Ballet and an event featuring the New Zealand waka, Te Hono ki Aotearoa, on the Thames.

In most cases, attendance numbers met or exceeded expectations. Over 480,000 people attended the nine events for which attendance was monitored. The events contributed to the success of the Festival and met CDIP stakeholder objectives.

Frankfurt Book Fair

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

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

The Frankfurt Book Fair project was a major focus for the Ministry during 2011/12. As the lead agency, the Ministry formed a small team to run the project, in collaboration with a number of other government agencies in New Zealand and Germany. Key events included participation by New Zealand publishers and writers in the 2011 Frankfurt Book Fair and the March 2012 Leipzig Book Fair, and a major press conference in Frankfurt in June 2012 at which New Zealand's programme for the remainder of 2012 was launched.

By the end of 2011/12 the visibility of New Zealand and its literature had been significantly raised. From October 2011 to June 2012 there were 1,800 media reports in Germany with an estimated advertising value equivalent to €1.6 million. As at September 2012, foreign rights for 83 New Zealand books were sold into Germany and more sales are pending. This compares with an average of 10 book rights sales into Germany for each of the last 20 years.

With New Zealand's main programme of events taking place between July and October 2012, we expect to see further positive outcomes from this investment over the next two to three years.

Film co-production

Revenue generated by the New Zealand screen industry has increased over the past four years from \$2.735 billion to \$2.999 billion in 2011. In 2011, total international revenue for the screen industry rose 17% from the previous year. This was the first time international revenue had increased since 2008 and was due to a 30% increase in revenue from North America.¹

During 2011/12, New Zealand concluded negotiations for film co-production agreements with South Africa and India. The agreements entered into force on 21 October 2011 and 4 November 2011 respectively. We also commenced negotiations with China for a television co-production agreement. Film co-production agreements allow approved film and television projects to gain the status of "official co-productions". This status entitles a co-production film or television project to the benefits accorded to national films and television programmes in each of the co-producers' countries, for example access to funding and incentives within the existing legislation of each country.

A review of New Zealand's co-production agreements carried out by the Ministry in May 2012 found that in comparison with domestic feature films, official film co-productions have larger budgets (almost double those of domestic feature films); earn greater revenues (almost four times as much) and attract larger amounts of offshore funding (over four times as much).

¹ 2010/11 Screen Industry Survey, Statistics New Zealand.

Service Performance

Ngā Whakatutukitanga mahi

Vote Arts Culture and Heritage

Policy Advice and Monitoring of Funded Agencies

Scope

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.

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the impact "The Ministry's sector leadership improves sector performance".

During 2011/12, we:

- Provided advice on the contribution of the cultural sector to Canterbury's recovery following the 2010 and 2011 earthquakes.
- Assisted the cultural sector to increase levels of private and philanthropic giving.
- Provided advice on policy, legislation and funding to enhance cultural sector infrastructure; visual, performing and literary arts; built heritage, museum collections and taonga; and cultural tourism.
- Provided advice on Māori culture and heritage, Māori language and Treaty-related issues across the cultural sector.
- Provided advice on legislation, policy and funding to enhance New Zealand content in broadcasting and broadcasting standards.
- Provided advice and support for board appointments.
- Advised and assisted portfolio Crown-funded agencies.
- Improved assessment of the performance of Crown-funded agencies.
- Developed the evidence base for the social and economic benefits of culture.

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2011/12.

Policy advice

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
Rated 'very good'	Ministerial satisfaction with the quality and timeliness of advice is consistently high	Rated 'good' or better	Refer to note below
New measure for 2012 – comparative information not available	Cultural agency stakeholder satisfaction with engagement in policy development is consistently high	Rated 'good' or better	80% rated satisfied or better
New measure for 2012 – comparative information not available	Other government agency satisfaction with quality of advice is consistently high	Rated 'good' or better	78% rated satisfied or better
6.9	The quality of written policy papers to the Vote Ministers, as assessed by an external independent reviewer on an annual basis	Overall score of 7 or better	7.0
567	Number of briefings, reports and other updates provided to Vote Ministers	550	408

Ministerial satisfaction

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

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

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

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

Cultural agency stakeholder and other government agency satisfaction

We surveyed seven cultural agency stakeholders involved in policy development work over the year. We also surveyed three other government agencies involved in three key policy Ministry initiatives during the year – cultural philanthropy, Christchurch earthquake cultural recovery and screen sector review. We asked each agency to rate how satisfied they were with the quality of advice provided by the Ministry. The agencies gave a rating of dissatisfied, neutral, satisfied or very satisfied. Our result is based on the number of satisfied and very satisfied responses.

Most of the seven cultural agency stakeholders involved in policy development work over the year were satisfied or very satisfied that their agency had been appropriately engaged, their concerns and issues had been acknowledged, and their views were conveyed appropriately in policy advice.

Government agency satisfaction for three key policy Ministry initiatives was generally positive. All agencies were satisfied that their concerns and issues were acknowledged. Agencies considered that their views were conveyed and the standard of policy advice was good or better.

Quality of written policy papers

Our key pieces of work in 2011/12 included the review of the orchestra sector, the review of the screen sector, our work in Christchurch to support recovery and furthering legislative change.

We began updating our benchmark research on giving and sponsorship, entitled Cultural Organisations: Giving and Sponsorship (for the April 2007-March 2008 tax year). The updated research will help identify levels and trends in private giving to the cultural sector and assist us to understand the impact new tax mechanisms such as payroll giving and amended tax rebate levels. We will use the results of this research to increase awareness of cultural gifting and to engage with cultural organisations to maximise their fundraising potential.

The New Zealand Historic Places Trust estimates around 4,000 of New Zealand's heritage buildings are earthquake-prone. Upgrading these buildings will impose significant financial challenges for owners and communities. As such, the Ministry has been developing a policy to incentivise structural upgrading of heritage buildings as part of the review of the earthquake-prone building provisions of the Building Act 2004 (led by the new Ministry of Business, Innovation and Employment).

Number of briefings, reports and other updates

Our budget standard for number of briefings, reports and other updates provided to Vote Ministers was based on our 2010/11 actual result. Our actual result is demand driven and we provide briefing reports to the Minister as they are required. During 2010/11 we provided an increased number of briefings on earthquake related issues. During 2011/12, we have made efforts to combine briefing reports together so that the Minister doesn't receive multiple briefing reports on each arts or heritage issue. This, along with fewer earthquake related briefing reports, has contributed to the number of briefings, reports and other updates provided to Vote Ministers being lower than our budget standard and prior year result.

Ministerial servicing

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
New measure for 2012 – comparative information not available	Ministerial satisfaction with the quality and timeliness of correspondence is consistently high	Rated 'good' or better	Refer to note above for policy advice
New measure for 2012 – comparative information not available	All timeframes for Ministerial correspondence replies, Parliamentary question responses, and Ministerial Official Information Act requests are met	100%	96%
677	Number of draft ministerial correspondence, replies to the house, and sets of speech notes provided to the Vote Minister	800	1,544

The significant rise in Ministerial Correspondence for 2012 was due in part to the public interest surrounding TVNZ 7. Due to the significant volume of Ministerial Correspondence and Official Information Act requests received about TVNZ 7, we did not achieve our target of 100% for timeliness.

The Ministry delivers responses to Ministerial Correspondence, Parliamentary Questions and Official Information Act requests on a wide variety of topics throughout the year.

Advice on funded agency performance

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
13	Provide advice to the Minister on the development of and performance against Crown entity Statements of Intent or NGO business plans	13	13
New measure for 2012 – comparative information not available	Provide advice to Ministers on Crown Entity and Statutory Board appointments, as required	Standard met	Standard met
New measure for 2012 – comparative information not available	Ministerial satisfaction with the quality and timeliness of advice is consistently high	Rated 'good' or better	Refer to note above for policy advice
96%	Oversight of funded agencies ensures that all Memorandum of Understanding requirements are met	100% of the requirements are met	87%

Providing advice to the Minister on funded agency performance

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

During 2011/12 87% of MOU requirements were met by funded agencies. We have assessed requirements as met if they were provided within the financial year.

Providing advice on Board appointments

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

Appointment ‘omnibus’ briefings are provided to each Minister, which detail the current composition of the boards, highlight terms expiring in 2012, and notes key issues and background information.

These briefings form the basis of subsequent discussions and communications with Ministers. During 2011/12, the Ministry provided advice on 26 appointments to 7 arts, culture and heritage boards; and 8 appointments to 3 broadcasting sector boards.

Financial performance

Actual 2011 \$000		Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
5,302	Revenue Crown	5,801	5,671	5,801
109	Revenue other	164	101	198
5,411	Total revenue	5,965	5,772	5,999
5,317	Total expenses	5,896	5,772	5,999
94	Surplus/(deficit)	69	—	—

Expenditure is \$103,000 less than supplementary estimates due to lower than expected spend on consultants for the screen sector review and delays to in house projects.

Vote Sport and Recreation

Purchase Advice and Monitoring of Sport and Recreation Crown Entities

Scope

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

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the impact “The Ministry’s sector leadership improves sector performance”.

During 2011/12, we:

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

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2011/12.

Purchase advice and monitoring of sport and recreation Crown entities

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
21	Briefing reports to be provided during the year	10	28
The Minister’s feedback was not sought in this period	Performance advice and other support meets Minister’s expectations	Expectations met	The Minister’s feedback was not sought in this period

As part of its commitment to making New Zealand the most successful sporting nation in the world, the Government made a further \$5m available to support the High Performance Sport Strategy.

The purchase advice and monitoring achievements in 2011/12 were:

- 28 Ministerial reports covering the performance and governance of Sport New Zealand (Sport NZ) and Drug Free Sport New Zealand (DFSNZ) throughout the year.
- A review of DFSNZ’s costs to guide a fiscally neutral transfer within Vote Sport and Recreation to boost DFSNZ’s budget in order to establish a robust blood testing programme.
- Oversight of the Government’s new investments in high performance sport infrastructure across New Zealand, including the establishment of High Performance Sport New Zealand as a wholly owned subsidiary to manage the delivery of high performance sport services.
- Initiating a programme to examine the potential of social investment as a means of addressing a segment of capital demands for the sport and recreation sector.

The Ministry is responsible for supporting the Minister for Sport and Recreation in board appointments to 3 boards where the Minister is the “responsible Minister” under the Crown Entities Act 2004, other specific enabling legislation and deeds of trust. During 2011/12, the Ministry provided advice on 11 appointments to 3 sport and recreation boards.

Financial performance

Actual 2011 \$000	Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
98 Revenue Crown	323	323	323
— Revenue other	—	—	—
98 Total revenue	323	323	323
98 Total expenses	270	323	323
— Surplus/(deficit)	53	—	—

Revenue Crown increased from 2010/11 due to sport and recreation programmes funding totalling \$225,000 being reprioritised to 2011/12. This funding was used to support additional monitoring and purchase advice during 2011/12.

Expenditure is \$52,000 less than budgeted due to the lower than expected activity by the Minister's external advisor. Agency support work was also less than expected due to Sport NZ's focus on establishing shared service arrangements with High Performance Sport NZ.

Vote Arts, Culture and Heritage

Heritage Services

Scope

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

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the impacts “Our histories, taonga and symbols of nationhood are preserved for future generations” and “More New Zealanders are better informed about their country and culture”.

During 2011/12 we:

- Continued the oral history programme.
- Collected digital stories and other digital material.
- Increased awareness of the Protected Objects Act 1975 and secured funding for conservation.
- Improved the quality of, and access to, memorials and other places of national significance.
- Prepared material for Rugby World Cup 2011.
- Published new content and new interactive features in digital form (on Te Ara, New Zealand History, 28th Māori Battalion and Vietnam War websites).
- Produced historical and oral history material in print form, including on the First World War project.
- Developed further online content in te reo Māori.
- Contributed cultural content to Eventfinder.

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2011/12.

Collect and preserve oral history and digital stories

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
100%	Complete oral history interviews, including for Vietnam War Oral History Project, in accordance with the agreed programme	100%	100%
100%	Preserve (to professional archival standards) all oral history interviews obtained during the previous 12 months	100%	100%
New measure for 2012 – comparative information not available	Collect images for the 28 th Māori Battalion website project	1,500	2,068

The oral history gathering phase of the Vietnam War Oral History Project, which began in 2007/08 and has in total gathered more than 150 interviews, was completed by 30 June 2012 in accordance with the plan. A small number of third-party-funded oral history interviews - for the Royal Corps of Engineers and the Ministry of Transport - were also completed according to schedule.

As at 30 June 2012 a total of 122 interviews for the Vietnam War Oral History Project have been deposited with the Oral History Centre of the Alexander Turnbull Library. The remaining 30 have been preserved to professional standards by the Ministry, and are awaiting deposit at the Library. Interviews recorded for third-

party clients were preserved to professional standards and delivered to the clients.

A number of images for the 28th Māori Battalion website were gathered by Ministry staff (for example from libraries and museums) but the majority were submitted by members of the public via the 28th Māori Battalion website - partly in response to successful publicity efforts. The target figure was difficult to estimate and was comfortably exceeded, which reflects the high level of community engagement with the website and project.

Administer legislation to protect symbols of nationhood and moveable and found heritage

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
100%	Acceptance of Ministerial submissions in relation to the Flags, Emblems and Names Protection Act	100%	100%
100%	Acceptance of Ministerial submissions relating to commemorative days and the symbols and emblems of NZ sovereignty	100%	100%
New measure for 2012 – comparative information not available	There are no more than 5 justified complaints from applicants in regards to the Protected Objects Act	No more than 5	0
New measure for 2012 – comparative information not available	Deliver Protected Objects Act presentation to key stakeholders	6	4
New measure for 2012 – comparative information not available	Significant cultural heritage subject to the Protected Objects Act is not lost overseas	None	None that the Ministry is aware of
New measure for 2012 – comparative information not available	Newly found taonga are appropriately preserved	100%	100%
New measure for 2012 – comparative information not available	Recommendations for ownership of taonga tūturu are upheld by the Māori Land Court	100%	100%

Flags, Emblems and Names Protection Act

This year we completed five applications for the use of the word “Royal”, one application was declined. We also approved the use of the word “Anzac” under the Flags, Emblems and Names Protection Act. In the last year we received an increase in the number of applications to use the Coat of Arms in relation to the formation of new Government Departments and an increase in enquiries in relation to the National Anthem due to the Rugby World Cup.

Commemorating Waitangi Day Fund

69 applications to the Commemorating Waitangi Day Fund 2012 were received, 57 applications were approved for funding and \$288,000 was distributed around New Zealand. Grants were awarded for a broad range of activities, including open days at marae, community cultural festivals, citizenship ceremonies, and a unique event run by the Auckland Deaf Society.

Protected Objects Act

Fourteen temporary export and seven permanent export certificates were issued under the Protected Objects Act. 21 letters advising that the objects were not covered by the Protected Objects Act were issued. No exports were declined and no export decisions were overturned through the appeal process. Sixteen determinations of ownership for newly found taonga tūturu were made by the Māori Land Court and the Ministry registered 174 new collectors of taonga tūturu.

Presentations

During 2012 the Ministry has proactively identified and secured good opportunities for presentations with key stakeholders. Presentations were delivered to AUT University, Massey University, Victoria University, and Members of the State Parliament of Victoria.

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

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
New measure for 2012 – comparative information not available	Inspect all war graves and memorials included in the Ministry's portfolio within New Zealand at least once every two years	100%	78%
Refer to note below	Ensure all 4,189 war graves, 81 historic sites and 17 national monuments within the Ministry's portfolio are legible and deemed intact	100%	Refer to note below
New measure for 2012 – comparative information not available	There are no more than 5 justified complaints received about the standard of maintenance	No more than 5	0
New measure for 2012 – comparative information not available	The National War Memorial meets safety and heritage standards	Achieved	Achieved
New measure for 2012 – comparative information not available	Interpretive material and online educational material is improved for key memorial sites	Improved	Improved

Inspection of war graves and memorials

Over the past two years, 2,774 out of 3,576 war graves and memorials in New Zealand have been inspected. This result excludes graves in the Pacific as they are inspected once every 5 years. We have performed below our target of 100% as only two out of six planned inspection tours were completed during 2011/12. We only completed two inspection tours during 2011/12 as no travel was undertaken during the Rugby World Cup or a period of unexpected illness of a key member of staff who carries out inspections.

Legibility of war graves, historic sites and monuments

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

During 2011/12 we carried out refurbishment work on graves, historic sites and monuments that had been identified as requiring refurbishment from our inspections over the past two years. During 2011/12 we refurbished 109 out of 4,189 Commonwealth war graves in New Zealand and the Pacific (2011: 105); 14 out of 81 historic sites (2011: 12); and 6 out of 17 National Monuments (2011: 4). There was a concentration on historic graves and monuments relating to the Waikato Wars to ensure they looked their best for the 150th anniversary events in 2012.

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

Complaints

The Ministry has not received any complaints about the standard of maintenance.

As always, work on war graves and memorials is completed to high standards. Work has only been completed by reputable stonemasons belonging to the New Zealand Master Monumental Masons Association (NZMMA), stonemasons who have carried out work of a high standard in the past, or conservators employed to work on war and historic graves and memorials.

Interpretative and online educational material

During 2011/12 we developed an online booking system for school parties visiting the National War Memorial and developed support material in the Classroom section of NZHistory website. This related to local cenotaphs and memorials and how they are used.

Audio guides for Rugby World Cup 2011 and REAL New Zealand Festival

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
New measure for 2012 – comparative information not available	Number of stories recorded and made available	120	140
New measure for 2012 – comparative information not available	Number of visitors downloading the stories from websites hosting them	50,000	51,670

Number of stories

Roadside Stories is a series of audio guides that follow major road trips in New Zealand. The stories cover the places you'll pass along the way – their people, their history, their cultural and natural significance.

You can explore Roadside Stories on your iPhone, on YouTube, on Google Maps, and on iTunes.

The number of audio guides produced exceeded the target because Tourism New Zealand commissioned additional guides to Northland and the West Coast. Their quality was enhanced by the inclusion of images and the options for delivery were increased as they became downloadable via the Ministry's newly established YouTube channel, iTunes, and MP3 format.

Number of visitors downloading stories

Hosting these videos on YouTube means they can be used across the internet by other organisations. The Ministry has used them on Google Maps, Eventfinder and Tourism NZ websites, as well as promoting them to regional tourism across the country.

We also published the stories as an iPhone app using software provided by MyTours, and as podcasts in the iTunes stores. In the period through to June 2012, our tours were downloaded 912 times via the MyTours app. We have no statistics on iTunes downloads.

This project was a new venture for the Ministry in delivering small self-contained pieces of content across a variety of channels, rather than solely through our established websites. By using free and/or inexpensive channels we were able to experiment with and assess which of those channels are most popular.

Indemnify exhibitions

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
100%	Compliance with the Government's indemnification scheme criteria	100%	100%
100%	Applicant timing requirements are met	100%	100%

There were two exhibitions indemnified during the year:

- Julian and Josie Robertson Promised Gift Exhibition at Auckland Art Gallery, 3 September to 30 October 2011.
- Degas to Dali at Auckland Art Gallery, 3 March to 7 July 2012.

The Ministry worked with institutions on the requirements of the indemnity scheme and assisting in applications. The Ministry also worked with Treasury, the Minister's office and the Department of the Prime Minister and Cabinet to ensure Cabinet approval if indemnity applications over the normal limits of the scheme.

Produce and promote cultural and historical resources and events

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
17	Development of features for NZHistory.net.nz, including for educational purposes	12	23
1.3 million	Annual number of unique visits to NZHistory.net.nz	1.2 million	1.6 million
1.7 million	Annual number of total visits to NZHistory.net.nz	1.6 million	2.1 million
5.5 million	Annual number of page impressions for NZHistory.net.nz	5 million	6.8 million
100%	Progress WW1 centenary commemorative projects as agreed (illustrated book manuscript completed, additional website features)	100%	66%
4	New regional entries added to Te Ara - The encyclopedia of New Zealand	2	1
1	New themes added to Te Ara – The encyclopedia of New Zealand	1	1
2.2 million	Annual number of unique visits to Te Ara - The encyclopedia of New Zealand	2.2 million	2.6 million
2.7 million	Annual number of total visits to Te Ara - The encyclopedia of New Zealand	2.5 million	3.2 million
10.1 million	Annual number of page impressions for Te Ara - The encyclopedia of New Zealand	9.5 million	12.8 million
New measure for 2012 – comparative information not available	User satisfaction of Ministry websites	Average rating of 'good' or better	Average rating of 'good' or better
New measure for 2012 – comparative information not available	Create additional content in te reo Māori on relevant websites as planned	Increase current content by 10%	Refer to note below

Our websites

Definitions

- Unique visits: the number of people who visited the site in the month no matter how many times they visited, so if they visited once, twice or a hundred times, they're only counted once.
- Total visits: the total number of times each site was visited during the month, so if someone visits twice they're counted twice.
- Page impressions: the number of pages viewed on each site during the month. This counts all views to all pages – one page viewed many times, one person viewing many pages, and one person viewing one page many times all generate multiple page views.

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

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

Development of features for NZHistory.net.nz

A total of 23 new features were added to the NZHistory website, comfortably exceeding the target estimate of 12. The target was set low due to uncertainty about the capacity of the NZHistory team in 2011/12, as several historians in the team were undertaking additional or different roles during the year (simultaneously writing book projects and/or focusing on other educational-related tasks). In the end additional content was sourced from other members of the History Group, external contractors and student placements, which meant we well exceeded our target.

The features developed during 2011/12 included entries on New Zealand and overseas armed forces, women's suffrage, the Queen's Diamond Jubilee and other diverse topics.

New entries to Te Ara

Te Ara released its "Government and Nation" theme (of 95 entries) about systems of government and symbols of national identity. It was launched by The Governor-General Lt Gen Rt Hon Sir Jerry Mateparae in the Banquet Hall at Parliament to general acclaim. Three further entries were incomplete at 30 June 2012 due to late delivery by authors and will be added to the site in 2012/13.

As planned, two new regional entries (about East Coast and King Country) were published on Te Ara in 2011/12. The East Coast entry (which was completed earlier than expected in 2010/11 and has been included in our 2011 result) was launched by Minister Finlayson in August 2011 and was very well received by the local community in Gisborne. Work was also advanced on four entries about the offshore islands (Stewart, Chatham, Kermadec and Subantarctic) that will complete Te Ara's Places theme when published in September 2012.

Three new biographies (Sylvia Ashton-Warner, Brian Barratt-Boyes and Barry Crump) were added to the Dictionary of New Zealand Biography theme of Te Ara; and "Ngā Tāngata Taumata Rau, 1769-1960" was released as an e-book.

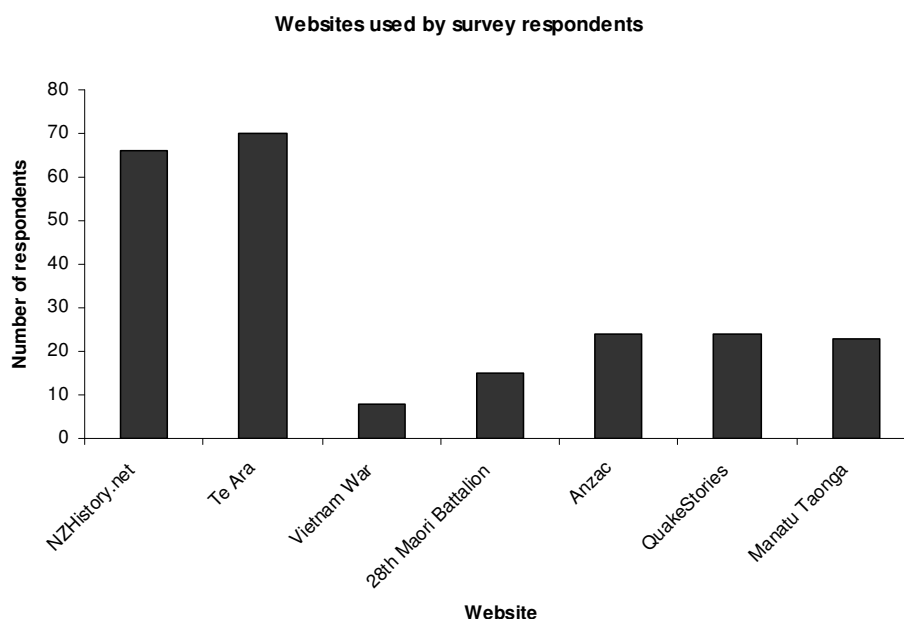
The website underwent its first major redesign since it was launched in 2005. A fresh, new look and improvements in usability were implemented. The design changes and the new "Government and Nation" theme content published on the site have contributed to a dramatic increase in visitor numbers and page views.

Visits and page impressions

Te Ara is our most popular website followed by NZHistory.net.nz. Both websites continue to show year-on-year growth in terms of visits and page impressions. Te Ara's unique and total visits are up 16% and 18% respectively on the previous year. Te Ara's page impressions received a slightly higher increase, at 26%, largely due to a successful redesign that focussed on improving the user experience and making internal website navigation more visible. NZHistory's visits and page impressions are up 22% to 23% on the previous year. Regular updates and new material are continuing to feed an established audience while promotion to new users through social media channels is popularising these websites further. The websites have also benefitted from their longevity and increasing incoming links from other websites. Our importance to the education sector is visible from our monthly statistics, which fluctuate with the school and academic years.

User satisfaction for Ministry websites

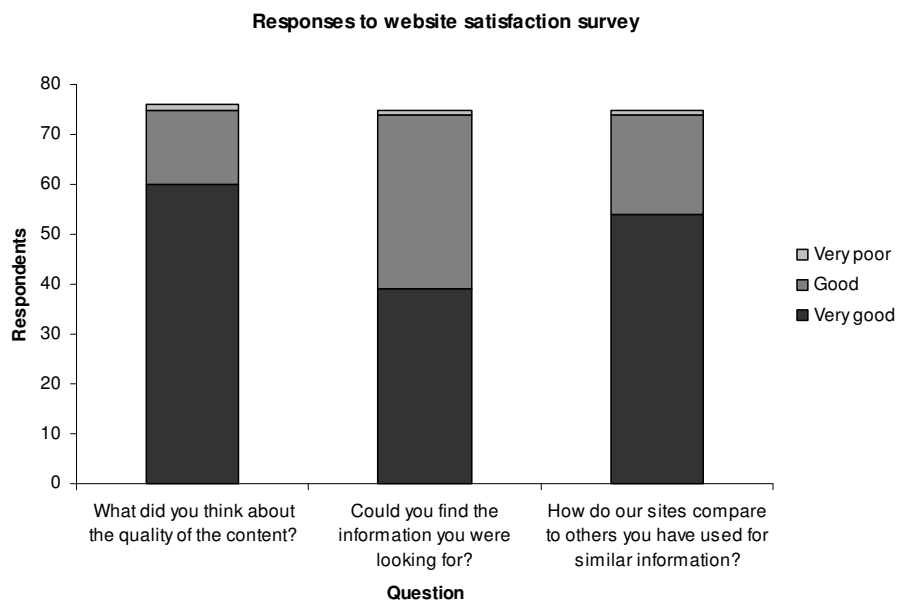
During 2011/12 we conducted our first annual user satisfaction survey of our Ministry websites. We received a total of 76 responses to the survey. Of these respondents, the following had used each of our websites:



The respondents were asked to rate the websites they had used on the following questions:

- What did you think about the quality of the content?
- Could you find the information you were looking for?
- How do our sites compare to others you have used for similar information?

The respondents were asked to give a rating of very good, good, poor, very poor. The results were as follows:



98% of respondents gave a user satisfaction rating of good or better.

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

Content in te reo Māori

During 2011/12 we translated 19 Te Ara entries into te reo Māori. These 19 newly translated entries will be available on the site later in 2012 due to the departure of two Māori editors, which delayed the detailed copy-editing of the translations.

We have built a group of a dozen Māori language translators who contribute to the growth of Māori language on the 28th Māori Battalion website. The Ministry of Education and National Library each supplied a staff member to spend time translating narratives. Together they have translated 50% of the pages on the website that are in English (80% of the site was in English when they started). Eleven of the thirteen months from the unit's war diaries have been translated in Māori. Nine sound files from Radio New Zealand have also been translated as well as transcribed. Māori content on the site has increased from 20% to 50%.

WW1 centenary projects

The History Group had five First World War projects underway at the beginning of the 2011/12 year (three print publications, the firstworldwar.govt.nz history website and the Gallipoli battlefield survey), and during the year began work on three more (two print publications and a planned NZ Portrait Gallery exhibition). All were progressed according to schedule except the illustrated book, where the original schedule was adjusted following discussions with the publisher about the content, image research and publication date. As a result the completion target was moved into the 2012/13 year. Four new website features were completed.

Co-ordinate key commemorations

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
New measure for 2012 – comparative information not available	Ministerial satisfaction of the co-ordination of anniversaries and the commemorations programme	Rated 'good' or better	Rated 'very good'

First World War Centenary Commemorations

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

During 2011/12 the Ministry established the First World War Centenary Programme office and appointed a panel of eminent persons, of which His Excellency, Lt Gen Rt Hon Sir Jerry Mateparae, Governor-General of New Zealand, is patron. The Panel is tasked with providing advice to Government and ensuring the centenary programme is well coordinated and supported.

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

Another legacy project is the development of heritage trails to enhance the telling of the New Zealand story in Gallipoli and on the Western Front. The Ministry's key contribution in 2011/12 was a grant to the Passchendaele Museum to assist in the expansion of the museum and the installation of an expanded interpretive New Zealand exhibition.

Eventfinder partnership

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
3.0 million	Annual number of unique visits to Eventfinder.co.nz	3.3 million	3.6 million
4.0 million	Annual number of total visits to Eventfinder.co.nz	4.4 million	4.7 million
15.3 million	Annual number of page impressions for Eventfinder.co.nz	17 million	17.4 million
New measure for 2012 – comparative information not available	Average events listed on Eventfinder.co.nz per month	2,850	4,277
New measure for 2012 – comparative information not available	Number of attractions listed on Eventfinder.co.nz	8,500	11,875
Increase in contributing organisations	Number of organisations contributing content to Eventfinder.co.nz	Increase in contributing organisations	Increase in contributing organisations

Visits and page impressions

The Ministry's web team provides content and editorial services for the popular Eventfinder website. Eventfinder continues to perform well as a national channel for events related information. Increases of 18%, 17% and 14% for unique visits, total visits and page impressions show a solid growth for the year.

Events, attractions and organisations

Event listings are user-generated and as such MCH is limited in its ability to influence numbers. However, the growth over the last year has demonstrated Eventfinder's now established position as the lead events calendar in New Zealand. The partnership between MCH and Eventfinder, in particular the closing down of NZLive and collaboration on one website, has been crucial to this, simplifying the online activity for both event organisers and attendees. MCH has also successfully encouraged arts and cultural organisations to sign-up to Eventfinder and contribute listings, which has increased figures in all Eventfinder measures.

Financial performance

Actual 2011 \$000	Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
7,382 Revenue Crown	8,898	7,437	8,898
233 Revenue other	461	114	449
7,615 Total revenue	9,359	7,551	9,347
7,512 Total expenses	8,822	7,551	9,347
103 Surplus/(deficit)	537	–	–

Revenue and expenditure increased \$1.796 million through supplementary estimates due to an increase in revenue collected from royalties and funding received for the establishment of the First World War Commemorations Office. Expenditure is \$0.525 million less than supplementary estimates due in the timing of the First World War commemorations.

Vote Arts, Culture and Heritage

Cultural Diplomacy International Programme

Scope

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

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the impact “More New Zealanders are better informed about their country and culture”.

During 2011/12 we:

- Provided high-quality advice to the Minister on the Cultural Diplomacy International Programme.
- Delivered approved initiatives, including support for the REAL New Zealand festival and working toward the Frankfurt Book Fair

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2011/12.

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
New measure for 2012 – comparative information not available	Number of Ministerial approved projects completed	5	10
New measure for 2012 – comparative information not available	Number of Department approved projects completed	3	8
100%	All projects meet the programme objectives	100%	100%
New measure for 2012 – comparative information not available	Ministerial satisfaction with the quality and timeliness of advice is consistently high (refer to the Quality Standards articulated under the Policy Advice and Monitoring of Funded Agencies appropriation)	Rated 'good' or better	Refer to note in Policy Advice output
New measure for 2012 – comparative information not available	Key stakeholder satisfaction with quality and timeliness of advice	Rated 'good' or better	65% rated 'good' or better

Cultural diplomacy projects

During 2011/12, the Ministry has provided funding for the following cultural diplomacy projects:

Project	\$000
Projects supported as part of the REAL New Zealand Festival	
Oceania Exhibition by Te Papa and City Gallery, Wellington	100
New Zealand Symphony Orchestra: a three component project highlighting the best of New Zealand's talent	355
Style Pasifika: a celebration of Pacific fashion, design and cuisine	100
REAL New Zealand Music Tour: showcasing of contemporary music across New Zealand	415
Te Waka: a waka style pavilion built to host events and promote business showcasing on Auckland's waterfront	800
Miromoda: a contemporary Māori fashion and trade event	20
Ka Mate: an interactive exhibition in association with Te Rūnanga o Toa Rangatira	170
Arohanui: a contemporary kapa haka stage production	480
Other off-shore projects	
New Zealand String Quartet at Kings Place, London: featuring a week of New Zealand oriented music, ideas and literature	150
Post production of a film documentary tracing the development of Te Hono ki Aotearoa: the Netherlands based waka taua which represented New Zealand at the Queen's Diamond Jubilee celebrations	25
Rugby Diplomacy, China	22
Projects supported as part of the City of London Festival	
New Zealand String Quartet	9
Toi Māori – Waka on the Thames	50
Footnote Dance	24
New Zealand Film Festival	1
Royal New Zealand Ballet	50
New Zealand Trio	24

The key projects for CDIP during 2011/12 included the Rugby World Cup and Frankfurt Book Fair.

Rugby World Cup

In June 2010 Cabinet gave approval for funds from CDIP to be used within New Zealand in support of the REAL New Zealand Festival associated with the Rugby World Cup (RWC). This represented the first time CDIP had been used for on-shore diplomatic purposes.

Overseeing the implementation of multiple RWC projects at the same time involved working at a scale not previously experienced by the CDIP Steering Group. This work was managed within existing resources and at the same time as work was continuing on other off-shore activities.

In most cases, attendance numbers at these events met or exceeded expectations and they all contributed to the success of the Festival.

Frankfurt Book Fair

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

As lead agency for the project the Ministry completed the following major activities during 2011/12:

- Establishing an Advisory Group, interagency Steering Group and Project Team, including a part-time resource in Germany.
- Contracting the Publishers Association of New Zealand to develop and implement the books and publishing programme.
- Participating in a handover ceremony at the 2011 FBF.
- Contracting a New Zealand architecture and design company to design and build the 2,500m² New Zealand Guest of Honour pavilion presentation to showcase our literature and cultural offerings at Frankfurt.
- Securing funding and in-kind support from a sponsors and cultural partners in both New Zealand and Germany.
- Participating in the Leipzig Book Fair in March 2012.
- Launching the focal theme and brand for the Guest of Honour programme at a major press conference in Frankfurt in June 2012.
- Developing a comprehensive programme of writers' tours, arts and cultural events and broader leveraging activities in Frankfurt and other parts of Germany throughout 2012, culminating in the FBF itself in October 2012.

Programme objectives

CDIP Chief Executives confirmed that CDIP would be used to reinforce and support NZ Inc strategies. It was agreed that a more strategic approach would be taken to projects going forward with a preference for major events which provided leverage opportunities for all four CDIP agencies around which activities could be clustered.

The CDIP Steering Group considers all applications for funding against CDIP criteria. Recommendations are then made by the Steering Group for either Departmental or Ministerial approval. A recommendation is only made on the basis that the application meets CDIP criteria.

Ministerial satisfaction

Feedback was sought from the Minister for Arts, Culture and Heritage in December 2011 and June 2012. This feedback includes feedback on advice provided as part of the CDIP programme. For the results of these surveys, refer to our comments under Policy Advice and Monitoring of Funded Agencies.

Key stakeholder satisfaction

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

Financial performance

Actual 2011 \$000		Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
3,567	Revenue Crown	4,573	1,689	6,635
—	Revenue other	1,445	—	—
3,567	Total revenue	6,018	1,689	6,635
1,999	Total expenses	6,018	1,689	6,635
1,568	Surplus/(deficit)	—	—	—

Revenue and expenditure is \$4.329 million greater than budget due to additional Crown and third party funding received for the Frankfurt Book Fair and revenue transferred from 2010/11 to fund the REAL New Zealand Festival.

Vote Arts, Culture and Heritage

Delivery of Going Digital Programme

Scope

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

What we delivered

This output expense supports our achievement of our outcomes and impacts set out above. This output contributes to the impact “More New Zealanders are better informed about their country and culture”.

During 2011/12 we supported the transition to digital television by:

- Raising awareness that New Zealand is going digital.
- Encouraging conversion to digital television.
- Managing the Targeted Assistance Package, which provides technical and financial assistance to those groups most likely to face the greatest barriers to converting to digital television.
- Funding the extension of the Digital Terrestrial Television network, and supporting the restacking of digital television frequencies.

How well we delivered it

This section provides an assessment of our delivery against the performance measures set out in the Information Supporting the Estimates for 2011/12.

Ensure that all New Zealanders are aware of the going digital programme

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
Increased each quarter	Awareness of digital switchover	Increases each quarter	Increased each quarter
2,320	Number of community contacts made	4,320	15,310

Encourage conversion to digital television

Actual performance 2011	Performance measures	Budget standard 2012	Actual performance 2012
Increased each quarter	Percentage of households that have converted to digital television	Increases each quarter	Increased each quarter

Awareness

During the 2012 year, awareness increased from 50% in April 2011 to 90% for the quarter ended July 2012. The table below shows that awareness has significantly increased since awareness was first recorded in July 2010.

Quarter ended	July 2010	October 2010	January 2011	April 2011	July 2011	October 2011	January 2012	April 2012	July 2012
Awareness	35%	38%	51%	50%	83%	87%	88%	89%	90%

Going Digital has continued its marketing campaigns nationally and regionally throughout the year, building on the campaign launched in June 2011. Advertising focussed on increasing awareness of the switch off of the analogue signal; with awareness then driving conversion to digital TV. Marketing activity at a national level included a TV advertising campaign, direct mail, and outdoor, radio, online and print advertisements. At a regional level we ran TV campaigns aimed specifically at the first regions to go digital, multiple direct mailouts, and regional advertising in the form of radio ads and radio competitions, print ads, billboards, bus backs, signed vehicles and our Community Outreach programme. Additionally in Hawke's Bay a door knock campaign was run, during which Going Digital representatives visited 21,400 homes and aimed to speak to

someone at each residence, failing that an information brochure was left in the letter box.

Number of community contacts

Our Community Outreach programme has 9 people based around the country, whose purpose is to engage with community groups across New Zealand. Every meaningful engagement with a group or an individual by a Community Adviser is counted as a contact. Their efforts, alongside the door knock campaign in Hawke's Bay, have resulted in 9% of New Zealanders reporting of hearing about Going Digital either directly through a Community Adviser, or indirectly through a community group.

Our result of 15,310 is significantly higher than our target and last year's results as it includes 10,771 contacts made from the door knock campaign in Hawke's Bay during the last two quarters of the year.

Conversion

During the 2012 year, households that have converted to digital television increased from 77% for the quarter ended April 2011 to 84% for the quarter ended April 2012.

The table below shows that conversion rates have steadily increased since conversion rates were first recorded in July 2010.

Quarter ended	July 2010	October 2010	January 2011	April 2011	July 2011	October 2011	January 2012	April 2012	July 2012
Conversion	70%	71%	72%	77%	79%	79%	83%	84%	86%

Financial performance

Actual 2011 \$000		Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
10,330	Revenue Crown	7,371	6,439	7,371
—	Revenue other	—	—	—
10,330	Total revenue	7,371	6,439	7,371
9,619	Total expenses	6,511	6,439	7,371
711	Surplus/(deficit)	860	—	—

Revenue and expenditure increased \$0.932 million through supplementary estimates due to the expense transfer from 2010/11 due to timing of the information campaign and community outreach activity.

Actual expenditure is \$0.860 million less than supplementary estimates due to the timing of advertising and promotional activity, which has been pushed back to 2012/13. The first two regions go digital on 30 September 2012, with other regions following on 28 April 2013, 29 September 2013 and 1 December 2013. Therefore, there will be increased advertising and promotional activity during 2012/13.

Effective and efficient delivery of our services

Te whakahaere tika i ā mātou ratonga

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

Organisational capability and health and efficiency indicators

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

What we want to do	Indicator	Performance
Sustain high levels of staff engagement	Employee engagement is sustained (Gallup Engagement grand mean, scale of 1 to 5)	<p><i>Gallup results</i></p> <p>2008: 3.71 2009: 4.03 2010: 3.95</p> <p><i>JRA results</i></p> <p>2011: 29% engaged to 9% disengaged</p> <p>The last Gallup survey was run in March 2010 and we now take part in the JRA engagement survey. The JRA survey was run in November 2011 and our ongoing target is a ratio of at least 30% engaged to 10% disengaged.</p>
	Increase in the percentage of new permanent staff still in the same role after 12 months	<p>2010: 92.3% 2011: 95.7% 2012: 96.8%</p> <p>The percentage of new permanent staff still in the same role after 12 months has increased over the past 3 years.</p>
Enhance the leadership we provide to the cultural sector	Improved stakeholder satisfaction with the quality of the Ministry's engagement	<p>2011/12 was the first year we benchmarked satisfaction with a survey. We surveyed 7 cultural agency stakeholders involved in policy development work over the year and 3 other government agencies representing 3 key policy Ministry initiatives during the year.</p> <p>80% of cultural agencies and 56% of other government agencies gave a rating of satisfied or better.</p>
	Expanded resource-sharing between funded agencies	56 collaborative arrangements were in place across funded agencies in 2011/12.
Improve the quality of policy advice	Improvement in benchmarked ratings against other government agencies by independent assessment	<p>2012: Average rating of 7.0 out of 10 2011: Average rating of 6.9 out of 10</p>

Expand engagement with Māori

Staff have a greater capacity to contribute to the Māori dimension of the Ministry's work

Staff have a good understanding of tikanga Māori and the Treaty of Waitangi

More staff are proficient in te reo

The Ministry is implementing Te Arataki, the Māori Cultural Strategy. Te Arataki proposes four aspirational goals to strengthen the Ministry's commitment to Māori arts, culture and heritage across our work:

- The Ministry is a leader in the protection and depiction of Māori culture.
- Te reo 'hums' in the Ministry – our intention is to actively use te reo Māori on appropriate occasions.
- Māori arts, culture and heritage are well supported by the agencies funded through Vote Arts, Culture and Heritage.
- The Ministry is recognised as a lead adviser to government on Māori arts, culture and heritage.

The Ministry has a work plan outlining specific projects to implement Te Arataki. This includes identifying the level of te reo each staff member has and identifying the training needs required to ensure te reo hums in the Ministry.

Te reo greetings are used by many staff within the Ministry and use of these is encouraged.

A waiata is sung before staff meetings and monthly waiata sessions are held by the Ministry.

The Ministry supported and participated in the annual government sector Te Wiki o Te Reo Māori initiative.

The Ministry received a 2011 IPANZ excellence award for "Excellence in Crown – Māori Relationships" for the 28th Māori Battalion website project. This recognised our successful co-governance arrangement between Manatū Taonga, the 28th Māori Battalion Trust, Ngā Tamatoa Trust, Te Puni Kōkiri and the Ministry of Education to deliver the 28th Māori Battalion website.

We have built a group of a dozen Māori language translators who contribute to the growth of Māori language on the 28th Māori Battalion website. The Ministry of Education and National Library have each supplied a staff member to spend time translating narratives. Together they have translated 50% of the pages on the website that are in English (80% of the site was in English when they started). Eleven of the thirteen months from the unit's war diaries have been translated into Māori. Nine sound files from Radio New Zealand have also been translated as well as transcribed.

During 2011/12 we translated 19 Te Ara entries into te reo Māori.

Improve efficiency, reliability and staff use of ICT system	Decrease in the cost of developing system skills and in the number of requests for application support	The Ministry started accurately recording the number of requests for application support in February 2012 when we introduced the Datacom Service Desk. Between January and June 2012 there was an increased number of support calls due to the amount of ICT work that took place during this time, which included the eDRMS upgrade, file server upgrade, move to data centre, and building relocation. It was expected that there would be an increase in the number of application support requests during this time of significant change in the ICT area.
	Decrease in capital expenditure on servers and in maintenance upgrade costs; servers are supported with less time and cost	<p><i>Capital expenditure</i></p> <p>2009: \$89,600 2010: \$55,210 2011: \$33,625 2012: \$14,212</p> <p>Capital expenditure on servers has continued to decrease over the past 4 years.</p> <p>There was a high investment in 2008/09 in our SAN storage and after that the replacement of some servers. We have now virtualised our servers and are less reliant on server replacements.</p> <p><i>Maintenance and upgrade costs</i></p> <p>2010: \$12,279 2011: \$5,376 2012: \$1,037</p> <p>Maintenance and upgrade costs have continued to decrease over the past 3 years.</p> <p>As we have replaced the older hardware, the maintenance costs reduced as the equipment is more reliable.</p>
	Increase in the percentage of time the network is functioning	<p>2009: 99.7% 2010: 99.1% 2011: 99.4% 2012: 98.7%</p> <p>This result assumes that there are 2,091 supported hours in a year. The percentage of time the network is functioning has remained reasonably static over the past four years, with a slight decrease in 2012. This decrease is due to outages experienced as part of our transfer to the data centre.</p>
	Decrease in the average time taken to resolve outages	<p>2009: Average 1.86 hours 2010: Average 1.94 hours 2011: Average 1.21 hours 2012: Average 2.42 hours</p> <p>The average time taken to resolve outages decreased in 2011 but increased in 2012. This is due to the temporary increase of email outages as a result of our transfer to the data centre.</p>
	Increase in staff satisfaction with ICT services	2011/12 was the first year we benchmarked satisfaction with a survey. 83% of respondents were satisfied that the technology they use at work meets their business needs. 83% of respondents were satisfied with the quality of service provided by the ICT service desk.

Maintain sound financial and service performance systems	Audit ratings on quality of Statement of Intent and service performance measurement are good or better	<i>Management control environment</i>
		2010: Very good
		2011: Very good
		2012: Very good
		<i>Financial information systems and controls</i>
		2010: Very good
		2011: Very good
		2012: Very good
		<i>Service performance information and associated controls</i>
		2010: Needs improvement
	2011: Needs improvement	
	2012: Needs improvement	
	All expenditure is within Appropriations	2010: No breaches of appropriations for both departmental and non-departmental
		2011: No breaches of appropriations for both departmental and non-departmental
		2012: No breaches of appropriations for both departmental and non-departmental
	Unqualified audit opinion is received and DICE score is maintained or improved	2010: Unqualified audit opinion and improved DICE score
		2011: Unqualified audit opinion and improved DICE score
		2012: Unqualified audit opinion and improved DICE score

Financial Statements

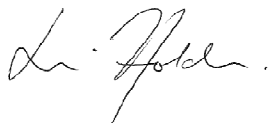
Ngā Tuhinga tahua

Statement of responsibility

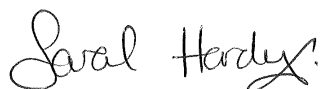
As Chief Executive of the Ministry for Culture and Heritage, I am responsible under the Public Finance Act 1989 for preparing the Ministry's financial statements and statement of service performance, and for the judgments made in them.

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

In my opinion, these financial statements and this statement of service performance fairly reflect the Ministry's financial position and operations for the year ended 30 June 2012.



Lewis Holden
Chief Executive
28 September 2012



Sarah Hardy
Manager, Finance and Strategic Planning
28 September 2012

Statement of comprehensive income

for the year ended 30 June 2012

Actual 2011 \$000		Note	Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
Income					
26,679	Revenue Crown		26,967	21,559	27,701
315	Revenue from other departments	2	483	215	512
50	Revenue from third parties	2	1,586	–	1,462
27,044	Total income		29,036	21,774	29,675
Expenditure					
9,890	Personnel costs	3	11,261	9,990	10,964
14,094	Other operating expenses	4	15,605	11,139	18,065
476	Depreciation and amortisation expenses	5, 6	534	530	530
85	Capital charge	7	116	115	116
24,545	Total expenditure		27,516	21,774	29,675
2,499	Net surplus/(deficit)		1,520	–	–
–	Other comprehensive income		–	–	–
2,499	Total comprehensive income		1,520	–	–

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

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2012

Actual 2011 \$000		Note	Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
ASSETS					
Current assets					
4,218	Cash and cash equivalents		1,751	1,801	1,945
406	Debtors and other receivables	8	3,882	150	150
574	Prepayments		148	50	400
5,198	Total current assets		5,781	2,001	2,495
Non-current assets					
843	Property, plant and equipment	5	701	883	743
136	Intangible assets	6	74	208	136
979	Total non-current assets		775	1,091	879
6,177	Total assets		6,556	3,092	3,374
LIABILITIES					
Current liabilities					
1,605	Creditors and other payables	9	2,897	1,050	1,300
2,499	Repayment of surplus to the Crown	10	1,520	—	—
524	Employee entitlements	11	615	500	525
4,628	Total current liabilities		5,032	1,550	1,825
Non-current liabilities					
102	Employee entitlements	11	77	95	102
102	Total non-current liabilities		77	95	102
4,730	Total liabilities		5,109	1,645	1,927
1,447	Taxpayers' funds		1,447	1,447	1,447

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

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the year ended 30 June 2012

Actual 2011 \$000		Note	Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
Taxpayers' funds					
1,132	Balance at 1 July		1,447	1,447	1,447
2,499	Surplus/(deficit)		1,520	—	—
—	Other comprehensive income		—	—	—
315	Capital contribution		—	—	—
(2,499)	Repayment of surplus to the Crown	10	(1,520)	—	—
1,447	Balance at 30 June		1,447	1,447	1,447

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

Statement of cash flows

for the year ended 30 June 2012

Actual 2011 \$000	Note	Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
Cash flows from operating activities				
25,789	Receipts from the Crown	24,009	21,559	27,701
314	Receipts from other departments/third parties	1,324	215	1,974
(9,782)	Payments to employees	(11,186)	(9,895)	(10,853)
(13,378)	Payments to suppliers	(14,101)	(11,234)	(18,050)
(227)	Goods and services tax (net)	430	—	—
(85)	Payments for capital charge	(116)	(115)	(116)
2,631	Net cash flows from operating activities	360	530	656
Cash flows from investing activities				
(458)	Purchase of property, plant and equipment	(373)	(390)	(390)
—	Receipts from sale of fixed assets	61	—	—
(7)	Purchase of intangible assets	(16)	(40)	(40)
(465)	Net cash flows from investing activities	(328)	(430)	(430)
Cash flows from financing activities				
(634)	Repayment of surplus	(2,499)	—	(2,499)
315	Capital contribution	—	—	—
(319)	Net cash flows from financing activities	(2,499)	—	(2,499)
1,847	Net increase/(decrease) in cash held	(2,467)	100	(2,273)
2,371	Cash at the beginning of year	4,218	1,701	4,218
4,218	Cash at the end of year	1,751	1,801	1,945

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

The accompanying notes form part of these financial statements.

Statement of commitments

as at 30 June 2012

Non-cancellable operating lease commitments

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

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

The Going Digital project team occupies part of Level 2 at 85 The Terrace. The lease term expires on 30 November 2013. Additionally, Going Digital has a short-term lease of office space at the Westland District Council Building in Hokitika (there was no Hokitika office last year). Going Digital also leases office space at the Ministry of Economic Development building in Hamilton.

The Going Digital project team leases two vehicles.

Actual 2011 \$000	Actual 2012 \$000
Non-cancellable operating lease commitments	
433 Not later than one year	419
71 Later than one year and not later than five years	381
— Later than five years	88
504 Total non-cancellable operating lease commitments	888

In the prior year, the Ministry disclosed other non-cancellable commitments of \$3.607 million for contracts relating to computer maintenance, cleaning services, consulting services and other contracts for services. These are no longer required to be disclosed.

The Ministry has no capital commitments (2011: Nil).

The accompanying notes form part of these financial statements.

Statement of contingent liabilities and contingent assets as at 30 June 2012

The Ministry has no contingent liabilities and assets (2011: nil).

Statement of departmental unappropriated expenditure and capital expenditure for the year ended 30 June 2012

Expenses and capital expenditure incurred in excess of appropriation

Nil (2011: nil).

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

Nil (2011: nil).

Breaches of projected departmental net asset schedules

Nil (2011: nil).

Statement of departmental expenses and capital expenditure against appropriations

for the year ended 30 June 2012

Actual expenditure 2011 \$000		Actual expenditure 2012 \$000	Appropriation voted* 2012 \$000
VOTE ARTS, CULTURE AND HERITAGE			
Appropriations for output expenses			
7,512	Heritage services	8,822	9,347
9,619	Delivery of Going Digital programme	6,511	7,371
5,317	Policy advice and monitoring of funded agencies	5,896	5,999
22,448	Total Vote Arts, Culture and Heritage	21,229	22,717
VOTE SPORT AND RECREATION			
Appropriations for output expenses			
98	Purchase advice and monitoring of sport and recreation Crown entities	270	323
98	Total Vote Sport and Recreation	270	323
22,546	Total Vote Arts, Culture and Heritage & Vote Sport and Recreation	21,499	23,040
Appropriation for capital expenditure			
465	Ministry for Culture and Heritage – Permanent Legislative Authority	392	430

*This includes adjustments made in the Supplementary Estimates and Cabinet decisions made before 30 June 2012.

The accompanying notes form part of these financial statements.

Details of departmental multi-year appropriation for the year ended 30 June 2012

Actual 2011 \$000		Actual 2012 \$000
VOTE ARTS, CULTURE AND HERITAGE CULTURAL DIPLOMACY INTERNATIONAL PROGRAMME		
9,740	Original appropriation	9,740
—	Cumulative adjustments	1,292
9,740	Total adjusted appropriation	11,032
—	Cumulative actual expenditure 1 July	1,999
1,999	Current year actual expenditure	6,016
1,999	Cumulative actual expenditure 30 June	8,015
7,741	Appropriation remaining 30 June	3,017

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

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note 1: Statement of accounting policies

Reporting Entity

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

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

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

The financial statements of the Ministry are for the year ended 30 June 2012. The financial statements were authorised for issue by the Chief Executive of the Ministry on 28 September 2012.

Basis of Preparation

Statement of compliance

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

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

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

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

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

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

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and

Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Ministry is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Ministry expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Ministry is unable to assess the implications of the new Accounting Standards Framework at this time.

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

Significant Accounting Policies

Revenue

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

Revenue Crown

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

Other revenue

Other departmental and third-party revenue is predominantly derived from the undertaking of historical projects on a full cost-recovery basis, contributions to other one off projects, and 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.

Foreign currency transactions

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

Leases

Operating leases

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

Financial instruments

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

Cash and cash equivalents

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

Debtors and other receivables

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

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

Property, plant and equipment

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

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

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

Additions

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

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

Disposals

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

Subsequent costs

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

Depreciation

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

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

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

Intangible assets*Software acquisition*

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

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

Staff training costs are recognised as expenses when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

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

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

Acquired Computer Software	3 years	33%
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Impairment of property, plant and equipment, and intangible assets

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is also recognised in the surplus or deficit.

Creditors and other payables

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

Employee entitlements

Short-term employee entitlements

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

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

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

Long-term employee entitlements

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

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information; and
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

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

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

Superannuation schemes

Defined contribution schemes

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

Equity

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

Commitments

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

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

Goods and services tax

All items in the financial statements, including appropriation statements, are stated exclusive of goods and service tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget figures

The budget figures are those included in the Information Supporting the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2012, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Statement of cost accounting policies

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

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

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

output to which they belong and at the time they were incurred.

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

Critical accounting estimates and assumptions

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

Retirement and long service leave

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

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2012.

Operating leases

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

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

Note 2: Revenue

Actual 2011 \$000		Actual 2012 \$000
96	Contract history projects for other government departments	109
219	State Sector Retirement Savings Scheme and Kiwisaver recoveries	235
16	Publication sales/royalties	10
–	Non Crown revenue – Frankfurt Book Fair	1,442
–	Non Crown revenue – WW100	189
34	Other revenue	84
365	Total revenue other	2,069

Note 3: Personnel costs

Actual 2011 \$000		Actual 2012 \$000
9,262	Salaries and wages	10,679
174	Training and development	124
299	Employer contributions to superannuation funds	307
155	Other personnel costs	151
9,890	Total personnel costs	11,261

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, Kiwisaver, Global Retirement Trust Superannuation and Government Superannuation Fund. The Ministry had 122 full-time equivalent (FTE) positions (including vacancies) at 30 June 2012 (2011: 123).

Note 4: Other operating expenses

Actual 2011 \$000		Actual 2012 \$000
	Fees to auditor	
46	- fees to Audit New Zealand for audit of financial statements	47
–	- fees to Audit New Zealand for other services	16
544	Rental and leasing expenses	621
188	Other occupancy expenses	983
3,051	Publicity and research	3,047
1,256	Professional and specialist services	2,434
390	Travel and associated expenses	780
817	Information communication technology	1,311
1,983	Transfer to agencies*	3,241
5,104	Digital television extension	1,577
715	Other operating expenses	1,548
14,094	Total operating expenses	15,605

* Transfers to agencies includes Cultural Diplomacy International Programme agencies.

Note 5: Property, plant and equipment

	Computer equipment \$000	Office equipment \$000	Office furniture \$000	Leasehold improvements \$000	Vehicles \$000	Works of art \$000	Total \$000
Cost							
Balance at 1 July 2010	776	171	415	1,427	–	21	2,810
Additions	94	18	2	53	291	–	458
Disposals	(85)	–	–	–	–	–	(85)
Balance at 30 June and 1 July 2011	785	189	417	1,480	291	21	3,183
Additions	29	7	–	299	38	0	373
Disposals	(221)	(45)	(11)	(1,476)	(67)	0	(1,820)
Balance at 30 June 2012	593	151	406	303	262	21	1,736
Accumulated depreciation and impairment losses							
Balance at 1 July 2010	525	134	267	1,100	–	1	2,027
Depreciation expense	114	20	52	191	21	–	398
Elimination on disposal	(85)	–	–	–	–	–	(85)
Balance at 30 June and 1 July 2011	554	154	319	1,291	21	1	2,340
Depreciation expense	118	14	53	215	54	0	454
Elimination on disposal	(221)	(40)	(10)	(1,473)	(15)	0	(1,759)
Balance at 30 June 2012	451	128	362	33	60	1	1,035
Carrying amounts							
At 1 July 2010	251	37	148	327	–	20	783
At 30 June and 1 July 2011	251	35	98	189	270	20	843
At 30 June 2012	142	23	44	270	202	20	701

The amount of property, plant and equipment in the course of construction is nil (2011: nil).

Note 6: Intangible assets

	Total \$000
ACQUIRED COMPUTER SOFTWARE	
Cost	
Balance at 1 July 2010	437
Additions	7
Disposals	(2)
Balance at 30 June and 1 July 2011	442
Additions	18
Disposals	(182)
Balance at 30 June 2012	278
Accumulated amortisation and impairment losses	
Balance at 1 July 2010	229
Amortisation expense	78
Elimination on disposal	(1)
Balance at 30 June and 1 July 2011	306
Amortisation expense	80
Elimination on disposal	(182)
Balance at 30 June 2012	204
Carrying amounts	
At 1 July 2010	208
At 30 June and 1 July 2011	136
At 30 June 2012	74

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

Note 7: Capital charge

The Ministry pays a capital charge to the Crown on its equity as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2012 was 8% (2011: 7.5%).

Note 8: Debtors and other receivables

Actual 2011 \$000		Actual 2012 \$000
0	Crown Receivable	2,958
179	Trade debtors	924
227	GST receivable	0
406	Total debtors and other receivables	3,882

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

Ageing profile of receivables

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

Impairment of receivables

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

Note 9: Creditors and other payables

Actual 2011 \$000		Actual 2012 \$000
923	Trade creditors	1,239
101	PAYE payable	111
–	GST payable	203
581	Accrued expenses	1,344
1,605	Total creditors and payables	2,897

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

Note 10: Return of operating surplus

The return of operating surplus to the Crown is required to be paid by 31 October of each year. The total surplus to be returned is \$1.520 million (2011: \$2.499 million) as per the Statement of Comprehensive Income.

Note 11: Employee entitlements

Actual 2011 \$000	Actual 2012 \$000
Current portion	
453 Annual leave	565
47 Long service leave	26
24 Retirement leave	24
524 Total current portion	615
Non-current portion	
61 Long service leave	57
41 Retirement leave	20
102 Total non-current portion	77
626 Total employee entitlements	692

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

The discount rate is based on New Zealand government bond data at 30 June 2012. The salary inflation factor 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 \$4,000 higher/lower.

If the salary inflation factor were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$7,000 higher/lower.

Discount rates and salary inflation applied:

Employee entitlement variables	2013 %	2014 %	2015 %
Discount rates	2.43	2.47	6.00
Salary inflation	1.50	3.50	3.50

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

Actual 2011 \$000		Actual 2012 \$000
2,499	Net surplus/(deficit)	1,520
	<i>Add/(less) non-cash items</i>	
476	Depreciation and amortisation	535
20	Increase/(decrease) in non-current employee entitlements	(26)
496	Total non-cash items	509
	<i>Add/(less) movements in deferrals and accruals</i>	
(278)	(Increase)/decrease in debtors and other receivables	(3,476)
150	(Increase)/decrease in prepayments	424
(271)	Increase/(decrease) in creditors and other payables	1,292
35	Increase/(decrease) in current employee entitlements	91
(364)	Net movements in working capital items	(1,669)
2,631	Net cash flow from operating activities	360

Note 13: Related party transactions

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

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

Significant transactions with government-related entities

The Ministry has received funding from the Crown of \$26.967 million (2011: \$26.7 million) to provide services to the public for the year ended 30 June 2012.

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

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

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

Revenue from these government-related entities for the year ended 30 June 2012 totalled \$2.0 million (2011: \$0.315 million). This revenue included funding contributions towards specific projects, including the Frankfurt Book Fair, from the Ministry of Foreign Affairs and Trade, Creative New Zealand, the New Zealand Defence Force, New Zealand Trade and Enterprise, the New Zealand Film Commission, Te Puni Kōkiri, Tourism New Zealand and the Ministry of Social Development. This also included reimbursement of Kiwisaver and State Services Retirement Scheme employer contributions from State Services Commission.

Purchases from these government-related entities for the year ended 30 June 2012 totalled \$3.7 million (2011: \$2.8 million). These purchases included air travel from Air New Zealand, legal services from Crown Law Office, electricity from Meridian Energy, postal services from New Zealand Post, and a scheme to assist regional television broadcasters with the transition to digital television broadcasting administered by NZ On Air.

Transactions with key management personnel and their close family members

Key management personnel compensation

Actual 2011 \$000	Actual 2012 \$000
971	974
(1) Other long-term benefits	5
970 Total key management personnel compensation	979

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

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

No close family members of key management personnel were employed by the Ministry during 2011/12.

Note 14: Financial instrument risks

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

Market risk

Currency risk

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

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

Interest rate risk

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

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

Credit risk

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

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

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

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

Liquidity risk

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

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

Contractual maturity analysis of financial liabilities, excluding derivatives

All creditors and other payables will mature within 6 months (2011: within 6 months).

Note 15: Financial instrument categories

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

Actual 2011 \$000		Actual 2012 \$000
Loans and receivables		
4,218	Cash and cash equivalents	1,751
406	Debtors and other receivables	3,882
4,624	Total loans and receivables	5,633
Financial liabilities measured at amortised cost		
1,605	Creditors and other payables	2,897

Note 16: Capital management

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

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

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

Note 17: Explanation of major variances against budget

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

Statement of comprehensive income

Revenue Crown

Revenue Crown was \$5.408 million greater than budget due to additional funding received for the Frankfurt Book Fair and the First World War Commemorations Office.

Revenue from third parties

Revenue from third parties was \$1.517 million greater than budget due to contributions received from other government departments and organisations for the Frankfurt Book Fair and World War One projects.

Personnel costs

Personnel costs were \$1.271 million greater than budget due to an increase in staff numbers for the Frankfurt Book Fair, First World War Commemorations Office and Going Digital projects.

Other operating expenses

Other operating expenses were \$4.466 million greater than budget due to operating costs for the Frankfurt Book Fair and Rugby World Cup CDIP projects, for which we received additional funding for (see note above).

Statement of financial position

Debtors and other receivables

Debtors and other receivables are \$3.732 million greater than budget due to the \$3m receivable from the Crown at 30 June 2012. This is due to the timing of our cash drawdown from Treasury, which matched closely to actual cash expenditure, meaning a debtor remained at 30 June 2012.

Creditors and other payables

Creditors and other payables are \$1.847 million greater than budget due to unpaid invoices at year end for Going Digital and Frankfurt Book Fair.

Statement of cash flows

Receipts from the Crown were \$2.450 million greater than budget due to additional funding received for the Frankfurt Book Fair and First World War projects. Consequently, the cash outflows for payments to suppliers and employees were greater than budgeted. Receipts from other departments/third parties were \$1.109 million greater than budget due to contributions received from other government departments and organisations for the Frankfurt Book Fair and First World War projects.

Note 18: Events after the balance date

No event has occurred since the end of the financial period (not otherwise dealt with in the financial statements) that has affected, or may significantly affect, the Ministry's operations or state of affairs for the year ended 30 June 2012.

Non-departmental statements and schedules for the year ended 30 June 2012

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

Statement of non-departmental expenditure and capital expenditure against appropriations for the year ended 30 June 2012

Actual 2011 \$000		Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
VOTE ARTS, CULTURE AND HERITAGE				
Appropriations for non-departmental output expenses				
Management of historic places				
526	Antarctic Heritage Trust	526	526	526
12,988	New Zealand Historic Places Trust	12,988	12,988	12,988
13,514		13,514	13,514	13,514
Museum services				
23,574	Museum of New Zealand Te Papa Tongarewa	29,574	29,574	29,574
2,020	New Zealand Film Archive	2,020	2,020	2,020
25,594		31,594	31,594	31,594
Performing arts services				
13,446	New Zealand Symphony Orchestra	13,446	13,446	13,446
4,384	Royal New Zealand Ballet	4,384	4,384	4,384
1,248	Te Matatini	1,248	1,248	1,248
1,378	New Zealand Music Commission	1,378	1,378	1,378
20,456		20,456	20,456	20,456
Promotion and support of the arts and film				
15,689	Arts Council of New Zealand Toi Aotearoa (Creative New Zealand)	15,689	15,689	15,689
3,401	New Zealand Film Commission	3,401	3,401	3,401
19,090		19,090	19,090	19,090

Protection of taonga tūturu				
178	Museums and conservation service providers	191	154	194
178		191	154	194
Public Broadcasting Services				
126,926	Broadcasting Commission (NZ On Air)	129,926	129,926	129,926
14,257	Television New Zealand	12,257	12,257	12,257
3,000	National Pacific Radio Trust	–	–	–
1,900	Radio New Zealand International	1,900	1,900	1,900
609	Broadcasting Standards Authority	609	609	609
5,000	Freeview	5,028	5,028	5,028
151,692		149,720	149,720	149,720
230,524	Total appropriations for output expenses	234,565	234,528	234,568
Appropriations for other expenses to be incurred by the Crown				
2,674	Commonwealth war graves	2,586	3,243	2,586
2,302	Contribution to a Fund for Canterbury Heritage Buildings	4,857	–	7,698
505	Development and maintenance of War graves, historic graves and monuments	512	527	527
6,667	Regional Museums	6,000	7,094	7,094
–	Tāmaki Makaurau maunga co-governance contributions	–	–	400
278	Treaty of Waitangi Commemorations	288	288	288
100	Preservation and display of Taonga Pūkākī	–	–	–
12,526	Total appropriations for other expenses to be incurred by the Crown	14,243	11,152	18,593
Appropriations for capital expenditure				
9,000	Museum of New Zealand Te Papa Tongarewa	3,000	3,000	3,000
–	National War Memorial	–	200	–
450	New Zealand Memorial Park	–	–	–
9,450	Total appropriations for capital expenditure	3,000	3,200	3,000
252,500	Total non-departmental Vote Arts, Culture and Heritage	251,808	248,880	256,161

VOTE SPORT AND RECREATION				
Appropriations for non-departmental output expenses				
2,041	Sports anti-doping	2,093	2,093	2,093
18,726	Sport and recreation programmes	19,151	19,151	19,151
48,338	High-performance sport	53,338	53,338	53,338
69,105	Total appropriations for output expenses	74,582	74,582	74,582
Appropriations for other expenses to be incurred by the Crown				
44	Miscellaneous grants	293	44	294
4,250	Prime Minister's sport scholarships	4,250	4,250	4,250
–	Rugby New Zealand 2011 Limited	1,300	–	2,500
1,300	Loan to Rowing New Zealand	–	–	–
5,594	Total appropriations for other expenses to be incurred by the Crown	5,843	4,294	7,044
74,699	Total non-departmental Vote Sport and Recreation	80,425	78,876	81,626

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2012.

Details of multi-year appropriations for the year ended 30 June 2012

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

Going Digital Targeted Assistance Package

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

Actual 2011 \$000	Actual 2012 \$000
VOTE ARTS, CULTURE AND HERITAGE Going Digital Targeted Assistance Package	
– Original appropriation	16,165
– Cumulative adjustments	–
– Total adjusted appropriation	16,165
– Cumulative actual expenditure 1 July	–
– Current year actual expenditure	576
– Cumulative actual expenditure 30 June	576
– Appropriation remaining 30 June	15,589

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2012.

New Zealand Screen Production Incentive Fund

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

Actual 2011 \$000		Actual 2012 \$000
VOTE ARTS, CULTURE AND HERITAGE New Zealand Screen Production Incentive Fund		
68,500	Original appropriation	68,500
–	Cumulative adjustments	–
68,500	Total adjusted appropriation	68,500
14,530	Cumulative actual expenditure 1 July	32,334
17,804	Current year actual expenditure	6,938
32,334	Cumulative actual expenditure 30 June	39,272
36,166	Appropriation remaining 30 June	29,228

Statement of non-departmental unappropriated expenditure and capital expenditure for the year ended 30 June 2012

There has been no unappropriated expenditure for the year ended 30 June 2012 (2011: Nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2012.

Schedule of non-departmental income for the year ended 30 June 2012

Actual 2011 \$000		Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
	VOTE ARTS, CULTURE AND HERITAGE			
14	Broadcasting Standards Authority – fines	9	–	7
14	Total non-departmental income	9	–	7

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

Schedule of non-departmental expenses for the year ended 30 June 2012

Actual 2011 \$000		Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
	VOTE ARTS, CULTURE AND HERITAGE & VOTE SPORT AND RECREATION			
6,711	Grants, subsidy and benefit expenses	10,543	11,388	11,638
328,646	Other operating expenses	326,007	330,510	335,438
196	Depreciation – buildings	196	196	196
47,701	GST input expense	49,212	44,644	45,327
383,254	Total non-departmental expenses	385,958	386,738	392,599

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

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2012.

Schedule of non-departmental assets

as at 30 June 2012

Actual 2011 \$000		Note	Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
ASSETS					
Current assets					
14,521	Cash and cash equivalents	4	2,570	1,351	12,629
–	Debtors and other receivables		1,200	20	20
14,521	Total current assets		3,770	1,371	12,649
Non-current assets					
<i>Property, plant and equipment</i>					
11,497	Land	3	11,477	11,697	11,497
9,388	Buildings	2	9,430	9,192	9,192
20,885	Total non-current assets		20,907	20,889	20,689
35,406	Total non-departmental assets		24,677	22,260	33,338

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

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2012.

Schedule of non-departmental liabilities

as at 30 June 2012

Actual 2011 \$000		Note	Actual 2012 \$000	Main Estimates 2012 \$000	Supp Estimates 2012 \$000
LIABILITIES					
Current liabilities					
1,876	Creditors and other payables	4	435	200	200
1,876	Total current liabilities		435	200	200
1,876	Total non-departmental liabilities		435	200	200

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

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2012.

Schedule of non-departmental contingent liabilities and contingent assets

as at 30 June 2012

Unquantifiable contingent liabilities

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

Quantifiable contingent liabilities

The Ministry on behalf of the Crown had one contingent liability at 30 June 2012 (2011: nil). This was under the Government Indemnity for Touring Exhibitions Scheme to a total level of \$220 million. This indemnity finished on 7 July 2012, with no claim against the contingent liability.

Contingent assets

The Ministry on behalf of the Crown has no contingent assets (2011: nil).

Schedule of non-departmental commitments

as at 30 June 2012

The Ministry on behalf of the Crown has no non-cancellable operating lease commitments (2011: nil).

In the prior year, the Ministry disclosed other non-cancellable commitments of \$317 million related to funding to agencies that is established through Memoranda of Understanding. This is no longer required to be disclosed.

The Ministry has no capital commitments. (2011: Nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2012.

Statement of trust monies

for the year ended 30 June 2012

	Opening balance 2011 \$000	Contributions \$000	Distributions \$000	Revenue \$000	Expenditure \$000	Closing balance 2012 \$000
New Zealand Historical Atlas	127	–	–	3	–	130
New Zealand History Research	1,373	–	(172)	73	(1)	1,273
New Zealand Oral History Awards	1,613	–	(65)	73	(3)	1,618
Dictionary of New Zealand Biography	74	–	–	1	(61)	14
War History	1,048	247	0	40	(96)	1,239
Total	4,235	247	(237)	190	(161)	4,274

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 2012 the Trust earned \$3,000 in royalties and interest (2011: \$5,000).

New Zealand History Research Trust

This trust was established to hold New Zealand Lottery Grants Board funds to be used to make awards to individuals and groups for historical research and writing projects. During 2012, 13 awards were distributed for a total of \$172,000 (2011: 11 awards; \$162,000).

New Zealand Oral History Awards

This trust was established to hold funds from the Government of the Commonwealth of Australia, gifted to New Zealand in 1990 specifically to gather oral histories of importance to this country. The income from these funds is used to promote oral history in New Zealand. During 2012, 17 awards were made for a total of \$65,000 (2011: 14 awards; \$120,110).

Dictionary of New Zealand Biography Trust

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

War History Trust

This trust was established to hold funds bequeathed to the Ministry by the estate of Mr J B B Watson, a long-time supporter of research into New Zealand's military history. The funds and any interest income are to be used for the researching and writing of works on New Zealand's involvement in overseas conflicts. In 2012 the trust earned \$40,000 in interest (2011: \$51,000).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2012.

Notes to the non-departmental schedules and statements

Note 1: Statement of accounting policies

Reporting Entity

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

These non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2012. 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 2012.

Basis of Preparation

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

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

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

Significant Accounting Policies

Revenue

Revenue from fines and other receipts is recognised when received.

Grant expenditure

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

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

Foreign exchange

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

Goods and services tax

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

Cash and cash equivalents

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

Debtors and other receivables

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

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original

effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debt is uncollectible, it is written-off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Property, plant and equipment

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

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

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

Creditors and other payables

Creditors and other payables are recorded at their face value.

Commitments

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

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

Budget figures

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

Trust Monies

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

Note 2: Buildings

	Massey Memorial \$000	National War Memorial \$000	Total buildings \$000
Cost or valuation			
Balance at 1 July 2010	1,250	8,530	9,780
Revaluation increase	–	–	–
Balance at 30 June and 1 July 2011	1,250	8,530	9,780
Revaluation increase/(decrease)	270	(620)	(350)
Balance at 30 June 2012	1,520	7,910	9,430
Accumulated depreciation and impairment losses			
Balance at 1 July 2010	25	171	196
Depreciation expense	25	171	196
Balance at 30 June and 1 July 2011	50	342	392
Depreciation expense	25	171	196
Elimination on revaluation	(75)	(513)	(588)
Balance at 30 June 2012	0	0	0
Carrying amounts			
At 1 July 2010	1,225	8,359	9,584
At 30 June and 1 July 2011	1,200	8,188	9,388
At 30 June 2012	1,520	7,910	9,430

The National War Memorial and Massey Memorial were revalued as at 30 June 2012 by Beca Valuations (an independent valuer) using depreciated building cost in accordance with NZ IAS 16. The Ministry on behalf of the Crown revalues the memorials every three years. The balance of the revaluation reserve at 30 June 2011 is \$1.912 million (2010: \$1.675 million). This movement of \$0.237 million is the overall movement in the value of the buildings as a result of the revaluation at 30 June 2012.

Note 3: Land

	Massey Memorial \$000	National War Memorial \$000	New Zealand Memorial Park \$000	Total land \$000
Cost or valuation (and carrying amounts)				
Balance at 1 July 2010	550	5,530	4,967	11,047
Additions	–	–	450	450
Balance at 30 June and 1 July 2011	550	5,530	5,417	11,497
Additions	–	–	–	–
Revaluation increase/(decrease)	10	(30)	–	(20)
Balance at 30 June 2012	560	5,500	5,417	11,477

The National War Memorial and Massey Memorial were revalued as at 30 June 2012 by Beca Valuations (an independent valuer) using market-based evidence in accordance with NZ IAS 16. The Ministry on behalf of the Crown revalues the memorials every three years. The balance of the revaluation reserve at 30 June 2012 is \$4.750 million (2011: \$4.770 million). This movement of \$0.02 million is the overall reduction in value of land as a result of the revaluation at 30 June 2012.

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

Note 4: Financial Instruments

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

Actual 2011 \$000		Actual 2012 \$000
Loans and receivables		
14,521	Cash and cash equivalents	2,570
–	Debtors and other receivables	1,200
14,521	Total loans and receivables	3,770
Financial liabilities measured at amortised cost		
1,876	Creditors and other payables	435

Credit risk

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

Note 5: Explanations of major variances against budget

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

Schedule of income and expenses

Contribution to a Fund for Canterbury Heritage Buildings

This appropriation was \$4.857 million greater than budget. Following the Canterbury earthquakes in 2010 and 2011, the Government agreed to match funding from donations for the repair, restoration and strengthening of earthquake-damaged heritage buildings, up to a maximum of \$10 million. As a result this new appropriation was established in 2010/11 and at the end of 2010/11 the balance remaining was transferred to 2011/12 as donations continue to be received.

Schedule of assets and liabilities

There are no significant variances against budget.

Independent Auditor's Report

To the readers of the Ministry for Culture and Heritage's financial statements, non-financial performance information and schedules of non-departmental activities for the year ended 30 June 2012

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

We have audited:

- the financial statements of the Ministry on pages 45 to 70, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the non-financial performance information of the Ministry that comprises the statement of service performance on pages 18 to 38 and the report about outcomes and impacts on pages 5 to 16; and
- the schedules of non-departmental activities of the Ministry on pages 71 to 85 that comprise the schedule of assets, schedule of liabilities, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2012, the schedule of expenses, statement of expenditure and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure, schedule of income and statement of trust monies, for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 45 to 70:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Ministry's:
 - financial position as at 30 June 2012;
 - financial performance and cash flows for the year ended on that date;
 - expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2012; and
 - unappropriated expenses and capital expenditure for the year ended 30 June 2012.
- the non-financial performance information of the Ministry on pages 5 to 16 and 18 to 38:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Ministry's service performance and outcomes for the year ended 30 June 2012, including for each class of outputs:
 - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- the schedules of non-departmental activities of the Ministry on pages 71 to 85:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2012 managed by the Ministry on behalf of the Crown; and
 - the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Ministry on behalf of the Crown.

Our audit was completed on 28 September 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the non-financial performance information and the schedules of non-departmental activities. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Ministry's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and

- capital expenditure; and
- fairly reflect its service performance and outcomes; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions 2011 that:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect those activities managed by the Ministry on behalf of the Crown.

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

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

Responsibilities of the Auditor

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

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we were engaged to provide probity assurance over the Going Digital tender for the supply and installation of equipment related to the targeted assistance package, which are compatible with those independence requirements. Other than the audit and the above engagement, we have no relationship with or interests in the Ministry.



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

Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and schedules of non-departmental activities

This audit report relates to the financial statements, non-financial performance information and schedules of non-departmental activities of Ministry for Culture and Heritage (the Ministry) for the year ended 30 June 2012 included on Ministry's website. The Ministry's Chief Executive is responsible for the maintenance and integrity of the Ministry's website. We have not been engaged to report on the integrity of the Ministry's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the schedules of non-departmental activities since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and schedules of non-departmental activities named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and schedules of non-departmental activities. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and schedules of non-departmental activities as well as the related audit report dated 28 September 2012 to confirm the information included in the audited financial statements, non-financial performance information and schedules of non-departmental activities presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Manatū Taonga

Ministry for Culture & Heritage

Level 4, ASB Bank House, 101 The Terrace
PO Box 5364, Wellington, New Zealand
Phone 04 499 4229, Fax 04 499 4490

www.mch.govt.nz
www.Anzac.govt.nz
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