



# Annual Report 2008

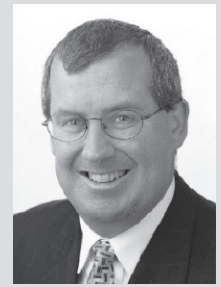
TE MANATŪ TAONGA | MINISTRY FOR CULTURE AND HERITAGE



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## Chief Executive

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As the Ministry's 2008 Annual Report is being prepared, my ten years at the organisation are coming to an end. I've been privileged during my time here to have worked with very talented people on very interesting matters – matters which have a big impact on the lives of New Zealanders.

It is only relatively recently, though, that the importance of cultural visibility and accessibility has started to receive the recognition it is due. There is a strong sense now of the role that culture plays in our well-being, whether at the national, community or individual level; and it has claimed a legitimate status as the fourth key area of policy, along with social, economic and environmental concerns. As the intrinsic value of culture has been accorded a higher status by government, so too the utilitarian benefits of cultural projects in fields as diverse as health, social policy and corrections are more highly valued. Government is concerned not just with the means of supporting culture, but with the ends – the ultimate national benefits that might be gained.

The content of this Annual Report indicates the contribution of the Ministry in this area, and the particular nature of our services. These are a little different from the passports or benefits that people might think of first when the term 'government services' is used. What we do might be better characterised as providing – or helping make it possible for others to provide – content-rich experiences which without government's involvement would not be available.

The evidence is that we are doing this very successfully, in part because we have looked at new ways of doing things that increase access to our culture, and give people a better understanding of it. For example, our websites are delivering important information to New Zealanders and visitors: Te Ara had over 1.5 million unique visitors in the year to 31 March 2008 – compare this to the 33,000 copies of the 'sell out' 1966 Encyclopaedia of New Zealand. NZLive.com had 82,797 unique visitors in the single month of March. And on the single day of 10 April 2008 – Wahine Day – there were 5,517 unique visitors to NZHistory.net.nz, and they looked at 30,124 pages.

Elsewhere in the Ministry staff are involved in other activities supporting our culture and New Zealanders' experience of it. In some cases, the organisation is directly responsible for this work: in the care and development of memorials, for instance; or in the undertaking of oral and written history projects which record key aspects of our past.

Our policy analysts assist government in the selection and development of the range of cultural interventions (this year's programme included development work on resale royalty rights and audio-visual archiving); and our agency advisers work with the large number of Crown entities and independent organisations which receive public funding towards the achievement of government's broader cultural objectives.

Here again, the cultural experiences our citizens can access as a result of government involvement are highly-regarded and popular. Te Papa has been the most visited museum in Australasia over the last five years. And 94% of New Zealanders watch TVNZ at least sometimes.

It is with some considerable pride, therefore, that I look at the achievements of the Ministry over the past year, and the nine years before that, and consider how effective it has been in supporting government's relationship with the sector, and New Zealanders' increased (and increasing) engagement with culture. Once again, I'd like to acknowledge publicly the staff of the Ministry – both those whose role is visible, and those who operate behind the scenes. All of them are expert and dedicated, and they all have my grateful thanks. I will observe with great interest the work of the Ministry in the future.

Martin Matthews  
CHIEF EXECUTIVE

## *Background – Meeting Our Accountability Obligations*

This report is one source of information and resources about the Ministry for Culture and Heritage and its performance. Key information about who we are and what we do is available on the Ministry's web site ([www.mch.govt.nz](http://www.mch.govt.nz)). Our Statement of Intent setting out future directions and priorities is also available on the site. We have kept the content of this printed Annual Report to a minimum. Further details, images and other information about the Ministry's 2007/08 story are presented in a digital form at [www.mch.govt.nz/about/year-in-review.html](http://www.mch.govt.nz/about/year-in-review.html).

Section one covers the Ministry's performance for the 2007/08 financial year. Section two covers the contribution of our performance in 2007/08 to progressing outcomes. Section six covers the Ministry's performance in relation to the outputs produced and the agreed standards contained in the Ministry's Output Plans for 2007/08.



## *Our strategic framework*

The 2007 Statement of Intent contains the Ministry's three intermediate outcomes that contribute to long-term outcomes sought by government from its support for culture and heritage. The Ministry's own role in support of the government's outcomes and priorities is to help make culture visible and accessible. The Ministry's outcomes are supported by key initiatives and services that reflect the government's priorities for the next decade: Economic transformation, Families - young and old, and National Identity. The outputs produced by the Ministry are delivered according to the standards contained in the Ministry's output plans for Vote Arts, Culture and Heritage, and Vote Sport and Recreation.

The Ministry achieves its outcomes through certain strategic initiatives and services. Strategic initiatives are projects that typically result in the production by the Ministry of specific cultural experiences, for example, the *From Memory* – war oral history programme. Strategic services cover the important ongoing work that has an impact across the Ministry and/or the wider cultural sector. These services provide the policy and agency monitoring foundation for the selection and implementation of initiatives by both the Ministry and the cultural agencies that government supports. As such the delivery of strategic services is generally best assessed through non-financial service performance measures covering quality, quantity and timeliness. Section one covers the Ministry's performance for the 2007/08 financial year for both strategic initiatives and services.

## Section One – Key Achievements in 2007/08

### Intermediate Outcome One

‘The Ministry’s work enhances the diversity, visibility, accessibility and participation in cultural experiences and our culture’

#### Strategic initiatives supporting outcome one

##### Initiative one: Recording and engaging with our history

Initiative	Key performance measures 2007/08	Actual performance																																							
<i>Vietnam oral history</i>																																									
<ul style="list-style-type: none"> <li>Establish the interview programme</li> <li>Provide the means for online submission of memories</li> <li>Build veteran interest in providing information</li> </ul>	<ul style="list-style-type: none"> <li>Number of interviews</li> <li>Volume and quality of material submitted online</li> <li>Veterans participating in interviews</li> </ul>	<ul style="list-style-type: none"> <li>Over 60 interviews with veterans and their families were completed on the Vietnam War Oral History Project.</li> <li>The project website was launched in June 2008, enabling the online submission of memories.</li> </ul>																																							
<i>Anniversary of World War I</i>																																									
<ul style="list-style-type: none"> <li>Commemorate World War I anniversaries online</li> </ul>	<ul style="list-style-type: none"> <li>Variety and quality of content available for anniversaries</li> </ul>	<ul style="list-style-type: none"> <li>The variety of content and resources was advanced during the year. This included: the release of a major website on Messines/Passchendaele – an interactive, multimedia and multilingual touch screen on NZ and Passchendaele was prepared for Tyne Cot Visitor Centre in Belgium; a web feature on the tunnels at Arras was published.</li> </ul>																																							
<i>NZHistory.net.nz</i>																																									
<ul style="list-style-type: none"> <li>Enhance audience engagement through greater use of interactive material</li> <li>Provide audiences with greater diversity of history content</li> </ul>	<ul style="list-style-type: none"> <li>More users staying longer and using more content</li> </ul>	<ul style="list-style-type: none"> <li>During the year NZHistory.net experienced more users viewing more pages than the previous year.</li> </ul>																																							
<table border="1"> <caption>Approximate data from the NZHistory.net page views chart</caption> <thead> <tr> <th>Month</th> <th>This Period (Page Views)</th> <th>Average of Last 4 Corresponding Periods</th> </tr> </thead> <tbody> <tr><td>Jul 2007</td><td>40,000</td><td>50,000</td></tr> <tr><td>Aug 2007</td><td>45,000</td><td>48,000</td></tr> <tr><td>Sep 2007</td><td>50,000</td><td>45,000</td></tr> <tr><td>Oct 2007</td><td>60,000</td><td>45,000</td></tr> <tr><td>Nov 2007</td><td>55,000</td><td>50,000</td></tr> <tr><td>Dec 2007</td><td>40,000</td><td>52,000</td></tr> <tr><td>Jan 2008</td><td>45,000</td><td>48,000</td></tr> <tr><td>Feb 2008</td><td>70,000</td><td>45,000</td></tr> <tr><td>Mar 2008</td><td>75,000</td><td>50,000</td></tr> <tr><td>Apr 2008</td><td>100,000</td><td>55,000</td></tr> <tr><td>May 2008</td><td>90,000</td><td>70,000</td></tr> <tr><td>Jun 2008</td><td>70,000</td><td>80,000</td></tr> </tbody> </table>		Month	This Period (Page Views)	Average of Last 4 Corresponding Periods	Jul 2007	40,000	50,000	Aug 2007	45,000	48,000	Sep 2007	50,000	45,000	Oct 2007	60,000	45,000	Nov 2007	55,000	50,000	Dec 2007	40,000	52,000	Jan 2008	45,000	48,000	Feb 2008	70,000	45,000	Mar 2008	75,000	50,000	Apr 2008	100,000	55,000	May 2008	90,000	70,000	Jun 2008	70,000	80,000	<ul style="list-style-type: none"> <li>Unique visitors (unique browsers) increased 41% from the previous year (2006 – 545,190; 2007 – 766,107).</li> <li>Page views increased 44% from 2006 (2006 – 2,973,163; 2007 – 4,268,091).</li> </ul>
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Impact of Risks: None of the risks identified for NZHistory.net in the 2007 Statement of Intent adversely influenced performance during the year.

**Initiative two: Providing access to resources on our people, land, culture and society: Te Ara – the Encyclopedia of New Zealand**

Initiative	Key performance measures 2007/08	Actual performance
<ul style="list-style-type: none"> <li>• Publish Theme 3, ‘The Bush’</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive and accurate content</li> </ul>	<ul style="list-style-type: none"> <li>• ‘The Bush’ theme, was launched in September 2007. The theme includes entries on New Zealand’s native flora and fauna and natural landscapes and resources.</li> </ul>
<ul style="list-style-type: none"> <li>• Complete drafts of all entries for Theme 4, ‘The Settled Landscape’</li> </ul>	<ul style="list-style-type: none"> <li>• Timeliness of the publication of each theme</li> </ul>	<ul style="list-style-type: none"> <li>• By the end of the year, the number of entries had been finalised at 97. Of these, 95 had been received and checked, 92 had been resourced and 74 had been edited. A total of 58 had gone through production and design stages.</li> </ul>
	<ul style="list-style-type: none"> <li>• The size of the audience reached</li> </ul>	<ul style="list-style-type: none"> <li>• The size of the audience, frequency and quality of feedback and user engagement for the theme will be monitored following the launch of the theme in November 2008.</li> <li>• Overall audience numbers for TeAra site for the year are:</li> </ul>
		<ul style="list-style-type: none"> <li>• Unique visitors (unique browsers) increased 25% from the previous year (2006 – 1,288,852; 2007 – 1,609,994).</li> <li>• Page views increased 21% from 2006 (2006 – 8,236,882; 2007 – 9,933,868).</li> <li>• Average visitors per day continued to increase for the period from an average of 6,000 visitors per day for the period July to December 2007, to 8,205 visitors per day for the period January to June 2008.</li> </ul>
	<ul style="list-style-type: none"> <li>• Frequency and quality of user feedback and engagement</li> </ul>	<ul style="list-style-type: none"> <li>• From July 2007 until June 2008 Te Ara received 1,107 emails from users. In December 2007 a blog ‘Signposts’ was launched, and since then it has received 121 comments. In addition, the average time users spend on the site has steadily increased during the year.</li> </ul>

**Impact of Risks:** None of the risks identified for Te Ara in the 2007 Statement of Intent adversely influenced performance during the year.

***Initiative three: New Symbols of our nationhood are developed: New Zealand Memorial Park in Wellington***

Initiative	Key performance measures 2007/08	Actual performance
<ul style="list-style-type: none"> <li>• Advance the New Zealand Memorial Park</li> <li>• Development of a long-term development plan for the National War Memorial precinct</li> </ul>	<ul style="list-style-type: none"> <li>• Visitor numbers to the National War Memorial</li> </ul>	<ul style="list-style-type: none"> <li>• A report on vehicle emissions at Buckle Street and a health impact assessment was completed. Consultation with the local school on the assessment results was undertaken. The design brief for the park was completed for issue in July.</li> <li>• The development of a long-term plan for the National War Memorial precinct commenced during the year.</li> <li>• Visitor numbers for the National War Memorial continue to increase: July 2006 to 30 June 2007 – 12,860 visitors; July 2007 to 30 June 2008 – 15,119 visitors. School visits contributed significantly to this increase.</li> </ul>

**Impact of Risks:** None of the risks identified for New Zealand Memorial Park in the 2007 Statement of Intent adversely influenced performance during the year.



**Initiative four: Communicating cultural information to the world: NZLive**

Initiative	Key performance measures 2007/08	Actual performance																										
<ul style="list-style-type: none"> <li>Continuously improve the quality and range of content on the website</li> </ul>	<ul style="list-style-type: none"> <li>Nationwide events information</li> <li>Breadth of cultural content</li> </ul>	<ul style="list-style-type: none"> <li>NZLive has published more than 40 articles and hundreds of news items about New Zealand culture in the last year.</li> <li>NZLive now consistently has between 1,500 and 2,000 events on the site at any one time. Events are from across the country and reflect a diverse range of cultures and interests.</li> </ul>																										
<ul style="list-style-type: none"> <li>Grow visitor numbers</li> </ul>	<ul style="list-style-type: none"> <li>Number of visitors to the website</li> </ul>	<ul style="list-style-type: none"> <li>During the year NZLive.com experienced considerably more users viewing more pages than the previous year.</li> </ul> <div data-bbox="638 851 1308 1142" style="text-align: center;"> <table border="1" style="margin: auto;"> <caption>Estimated Total Visitors to NZLive.com</caption> <thead> <tr> <th>Month</th> <th>Total Visitors</th> </tr> </thead> <tbody> <tr><td>Jul 2007</td><td>35,000</td></tr> <tr><td>Aug 2007</td><td>40,000</td></tr> <tr><td>Sep 2007</td><td>45,000</td></tr> <tr><td>Oct 2007</td><td>55,000</td></tr> <tr><td>Nov 2007</td><td>60,000</td></tr> <tr><td>Dec 2007</td><td>70,000</td></tr> <tr><td>Jan 2008</td><td>90,000</td></tr> <tr><td>Feb 2008</td><td>85,000</td></tr> <tr><td>Mar 2008</td><td>75,000</td></tr> <tr><td>Apr 2008</td><td>65,000</td></tr> <tr><td>May 2008</td><td>60,000</td></tr> <tr><td>Jun 2008</td><td>70,000</td></tr> </tbody> </table> </div> <ul style="list-style-type: none"> <li>Unique visitors (unique browsers) increased 178% from the previous year (2006 – 283,677; 2007 – 787,565).</li> <li>Page views increased 114% from 2006 (2006 – 1,139,406; 2007 – 2,442,476).</li> <li>Visitors to the Cultural Funding Guide have increased since the April 2007 launch and now make up more than 10% of page views for the site.</li> </ul>	Month	Total Visitors	Jul 2007	35,000	Aug 2007	40,000	Sep 2007	45,000	Oct 2007	55,000	Nov 2007	60,000	Dec 2007	70,000	Jan 2008	90,000	Feb 2008	85,000	Mar 2008	75,000	Apr 2008	65,000	May 2008	60,000	Jun 2008	70,000
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<ul style="list-style-type: none"> <li>Grow partner agencies and organisations</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive directory of organisations</li> <li>Number of organisations contributing content</li> <li>Subscribers to website services e.g. email newsletter</li> </ul>	<ul style="list-style-type: none"> <li>The number of cultural organisations profiled (subscribed) has continued to rise with 518 organisations listed in June 2008 compared to 425 in June 2007. Around 30% of events are now being entered directly by organisations (compared with an average of 14% for 2007).</li> <li>NZLive consistently has between 1,500 and 2,000 events on the site at any one time.</li> </ul>																										
<ul style="list-style-type: none"> <li>Value-for-money targeted marketing</li> </ul>	<ul style="list-style-type: none"> <li>Range of channels used to market the website</li> <li>Number of return visitors</li> </ul>	<ul style="list-style-type: none"> <li>NZLive has developed strategic relationships with a range of partner organisations (Creative New Zealand, Tourism NZ, DOC, TVNZ, the MetService, Ministry for the Environment and the New Zealand Government Portal) to share content and resources, to gain maximum exposure for New Zealand culture and cultural organisations, as well as to provide tools and services to New Zealanders and tourists.</li> <li>Around 50 websites use NZLive content on their sites by taking RSS feeds.</li> <li>Numbers of returning visitors have also continued to increase over the period and are now at 30%.</li> </ul>																										

**Impact of Risks:** None of the risks identified for NZLive in the 2007 Statement of Intent adversely influenced performance during the year.

### Strategic services supporting intermediate outcome one

#### Service one: Development of new policy

Service	Progress on objectives 2007/08
<ul style="list-style-type: none"> <li>♦ Examine resale royalty right (visual artists) for possible establishment in New Zealand</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Ministry analysed 202 submissions on its discussion document, <i>A Resale Royalty Right for Visual Artists</i>, and consulted with relevant government departments and agencies, and sector organisations. Cabinet decided in principle to implement a mandatory resale right for visual artists.</li> <li>♦ The Ministry secured funding for the scheme in the 2008 Budget.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Review institutional arrangements for audio-visual archiving</li> </ul>	<ul style="list-style-type: none"> <li>♦ During the year the Ministry contacted key organisations to obtain information on their policies. A facilitated workshop was held with key stakeholders and identified options for the review and a draft public consultation paper. A draft intra-government discussion paper with options has also been prepared and is being discussed with other interested government agencies.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Engage with local authorities and government cultural agencies in response to the Local Government Act 2002 cultural well-being requirements</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Ministry consulted with a cross section of councils on how to assist with planning for cultural well being in their Long Term Council Community Plans.</li> <li>♦ The Ministry developed a stand-alone cultural well-being website to be launched in 2008.</li> <li>♦ The Ministry led three cultural well-being workshops during the year.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Review the Waitangi National Trust Board Act 1932</li> </ul>	<ul style="list-style-type: none"> <li>♦ Updates and advice on the progress of the review were provided throughout the year and included advice on the next steps in the review process.</li> </ul>

**Impact of Risks:** None of the risks identified for new policy initiatives in the 2007 Statement of Intent adversely influenced performance during the year.

**Service two: Strengthening the institutional environment for cultural outcomes**  
**– building a strong and sustainable broadcasting environment**

Service	Progress on objectives 2007/08
<ul style="list-style-type: none"> <li>♦ Provide advice on key aspects of public broadcasting arrangements, including Radio New Zealand's (RNZ) institutional form, RNZ's Charter, Television New Zealand's Charter, high level broadcasting outcomes</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Radio New Zealand Bill is awaiting introduction to the House</li> <li>♦ <i>Review of the TVNZ Charter</i>: The first review commenced in February 2008. The Select Committee completed the review, presenting its final report to the House on 16 May 2008, with the majority of the Committee supporting the revised wording of the Charter.</li> <li>♦ <i>Research on public broadcasting outcomes</i>: A survey of public views on the importance of public broadcasting and the contribution of public broadcasters was conducted and a research report was published; an oral presentation was given to key stakeholders.</li> <li>♦ <i>Funding to support TVNZ in fulfilling its Charter</i>: From July 2008, the \$15.1 million provided annually to TVNZ in support of its Charter obligations will be allocated via NZ On Air.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Provide advice on implications of digital technologies for the functions of NZ On Air and the Broadcasting Standards Authority, including advice on amendments to the functions of NZ On Air, and a review of the future of broadcast content regulation</li> </ul>	<ul style="list-style-type: none"> <li>♦ <i>Review the future of broadcast content</i>: The paper <i>Broadcasting and New Digital Media: Future of Content Regulation</i> was approved for publication along with the regulatory review discussion paper.</li> <li>♦ <i>Organise a conference on 'Diversity through Digital'</i>: During the year the Ministry organised a 'Diversity through Digital' conference that attracted 327 delegates. A key focus for the conference was the threats and opportunities arising from the transition to digital which provided early engagement by key stakeholders on the issues subsequently detailed in the regulatory review consultation phase.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Facilitate the development of free-to-air digital television services, including government support for the establishment of the Freeview platform and new TVNZ digital services; review the regulatory environment relevant to digital television, and advise on criteria and a process for eventual analogue switch-off</li> </ul>	<ul style="list-style-type: none"> <li>♦ <i>Implement Cabinet decisions on digital television</i>: <ul style="list-style-type: none"> <li>- The research report <i>Digital Broadcasting: Review of Regulation Volume 1: The implications for regulatory policy of the convergence between broadcasting, telecommunications and the Internet</i>, was prepared and approved for publication. This included a companion discussion paper inviting public submissions on the issues raised in the research report.</li> <li>- Television New Zealand received government funding to support its two new digital services, the first of which, TVNZ6, was launched in September 2007. The second channel, TVNZ7, was launched in March 2008. In addition, TVNZ provided digital broadcasts in high-definition quality of the 2008 Summer Olympics.</li> <li>- The roll out of digital terrestrial transmission to 75% of the population by March 2008 was achieved.</li> </ul> </li> </ul>

## Immediate Outcome Two

'Agency programmes are of high quality and are widely accessible'

### Initiative one: Enhancing funded-agency governance

Initiative/ Service	Measures and standards 2007/08	Actual Performance
<ul style="list-style-type: none"> <li>Improving the diversity and quality of our database of 'board ready' candidates</li> </ul>	<ul style="list-style-type: none"> <li>Number of 'board ready' candidates available for nomination</li> </ul>	<ul style="list-style-type: none"> <li>The Ministry maintains a database with 761 entries for potential Board members as at 30 June 2008. This notes the various levels of board experience of the candidates.</li> </ul>
<ul style="list-style-type: none"> <li>Appointing high-performing boards</li> </ul>	<ul style="list-style-type: none"> <li>Board representation</li> <li>Board Performance</li> </ul>	<ul style="list-style-type: none"> <li>The Ministry provided advice to Ministers appointing to arts, heritage, broadcasting and sport Crown entities on vacancies, competencies sought, and strategic issues including board succession planning. Most funded agencies completed a board self-evaluation, and issues identified through these evaluations are being used to inform advice on future appointments as well as the governance support programme in 2008/09.</li> </ul>
<ul style="list-style-type: none"> <li>Provide Induction programmes for all new 2007/2008 board appointments</li> </ul>	<ul style="list-style-type: none"> <li>Programme provided within six months of appointment</li> <li>Positive feedback from board members</li> </ul>	<ul style="list-style-type: none"> <li>The Ministry held three workshops for new board members and a regional function for Auckland-based members.</li> <li>Positive feedback from board members attending workshops was received.</li> </ul>
<ul style="list-style-type: none"> <li>Provide support programmes for best-practice Crown governance</li> </ul>	<ul style="list-style-type: none"> <li>Board Chairs' satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Two workshops were held for funded agency chief executives as part of the CEO/Board relationship: Maximising the Partnership programme.</li> <li>E-newsletters with relevant updates for board members were published in July and December and two information memoranda were sent to all board members. Key topics included Annual Reports, Fees for Crown Board Members, and Conflicts of Interest.</li> <li>A Governance e-manual developed for arts, heritage, broadcasting and sport board members was published on-line at <a href="http://www.mch.govt.nz/agency/boards/governance-manual.html">http://www.mch.govt.nz/agency/boards/governance-manual.html</a>.</li> <li>An assessment of the impact of our governance work has been completed. This was undertaken by an independent consultant, who conducted in-depth interviews with the chairs of three agencies in September 2008. Their overall rating was 'very good', the highest of the options given. All comments made have been reviewed and considered to ensure they can be positively addressed in 2008/09.</li> </ul>

**Impact of Risks:** None of the risks identified for enhancing funded agency governance in the 2007 Statement of Intent adversely influenced performance during the year.

**Initiative two: Improving funded-agency capability**

<b>Initiative/ Service</b>	<b>Measures and standards 2007/08</b>	<b>Actual Performance</b>
<ul style="list-style-type: none"> <li>♦ Implement a robust 'Capability Assessment Tool' (CAT) for our smaller-sized and / or new agencies</li> </ul>	<ul style="list-style-type: none"> <li>♦ Number of Agencies using the CAT tool</li> <li>♦ Number of Agencies reporting performance improvement from using the CAT tool</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Capability Assessment Tool was refined and further tested with one agency as part of review work conducted this year by the Ministry. The tool will be further incorporated into the Ministry's agency review programme in 2008/09.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Run workshops and seminars, and provide or fund professional advise and/or coaching to improve capability</li> </ul>	<ul style="list-style-type: none"> <li>♦ Positive feedback on support programmes</li> <li>♦ Greater Ministerial confidence in agency performance</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Ministry has received positive comments on the support provided.</li> <li>♦ Ministers have not raised concerns with the Ministry regarding agency capability to deliver current and future services.</li> </ul>

**Impact of Risks:** None of the risks identified for improving funded agency performance in the 2007 Statement of Intent adversely influenced performance during the year.

### ***Intermediate Outcome Three***

‘The wider system of government recognises and responds to the value and contribution of culture to its operations and to New Zealand’s social, environmental and economic well-being’

#### ***Initiative one: Promoting New Zealand’s cultural presence internationally:***

#### ***Cultural Diplomacy International Programme (CDIP)***

<b>Initiative</b>	<b>Measures and standards 2007/08</b>	<b>Actual performance</b>
<ul style="list-style-type: none"> <li>• Undertake a major CDIP project in Japan</li> </ul>	<ul style="list-style-type: none"> <li>• Contracts for each activity incorporate clear milestones and evaluation</li> <li>• Quality of audience (key contacts)</li> <li>• Audience and visitor feedback</li> <li>• Feedback from diplomatic posts and from offices of Tourism New Zealand and New Zealand Trade and Enterprise</li> <li>• Breadth and depth of media coverage</li> </ul>	<ul style="list-style-type: none"> <li>• All contracts incorporated clear milestones and evaluation.</li> <li>• All audiences included key contacts.</li> <li>• Positive feedback was received from audience and visitors.</li> <li>• Positive feedback was received from New Zealand’s agencies (e.g. diplomatic posts) offshore.</li> <li>• There was significant coverage of key projects across a range of media e.g. internet, television, print media.</li> </ul>
<ul style="list-style-type: none"> <li>• Invest in smaller projects in Asia</li> </ul>		
<ul style="list-style-type: none"> <li>• Undertake projects funded by the programme’s discretionary fund</li> </ul>		

**Impact of Risks:** None of the risks identified for CDIP initiatives in the 2007 Statement of Intent adversely influenced performance during the year.

**Strategic service one: Providing policy advice on initiatives led by other agencies where there are significant cultural dimensions or implications.**

Service	Progress on objectives 2007/08
<ul style="list-style-type: none"> <li>♦ Digital Strategy and Digital Content Strategy led by the Ministry of Economic Development and the National Library</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Ministry hosted sector workshops during consultation on the draft Digital Strategy 2.0, and contributed to the development of the final version of the strategy in preparation for Cabinet approval.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Tertiary education reforms led by the Tertiary Education Commission</li> </ul>	<ul style="list-style-type: none"> <li>♦ A report on skills gaps and training issues in the cultural sector was completed and key stakeholders were briefed on the findings.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Major events fund, led by Ministry of Tourism</li> </ul>	<ul style="list-style-type: none"> <li>♦ During the year the ministry represented cultural interests as a member of the Major Events Fund sub-committee. This included advising on a strategy arising from the 2007 review of the fund.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Free trade agreements led by the Ministry of Foreign Affairs and Trade</li> </ul>	<ul style="list-style-type: none"> <li>♦ Advice was provided on negotiations relating to the inclusion of a cultural ('creative arts') exception in the ASEAN Australia New Zealand Free Trade Agreement as well as cultural matters related to the development of trade agreements with the People's Republic of China and the Gulf Cooperation Council.</li> </ul>
<ul style="list-style-type: none"> <li>♦ World heritage sites led by the Department of Conservation</li> </ul>	<ul style="list-style-type: none"> <li>♦ Information and advice were provided for Ministers' attendance at the World Heritage Committee meeting held 23 June – 2 July 2007.</li> </ul>

## Capability Objectives to Support the Achievement of Outcomes

Service	Progress on objectives 2007/08
<i>Maintain a comprehensive human resources strategy</i>	
<ul style="list-style-type: none"> <li>♦ Concluding our inaugural pay and employment equity review</li> </ul>	<ul style="list-style-type: none"> <li>♦ The inaugural pay and employment equity review was completed during the year and a strategy developed to manage the Ministry's pay and employment equity.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Embedding our individual annual planning system for all staff and strengthening its links with our Statement of Intent</li> </ul>	<ul style="list-style-type: none"> <li>♦ An individual development planning framework was embedded across the Ministry. Staff development plans were increasingly linked to group plans, which in turn reflected the Ministry's Statement of Intent.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Expanding our professional development programme</li> </ul>	<ul style="list-style-type: none"> <li>♦ Design of the Ministry's professional development framework was completed and implementation commenced with the rollout of a series of in-house programmes.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Implementing a leadership development framework to enhance leadership within the Ministry</li> </ul>	<ul style="list-style-type: none"> <li>♦ The leadership development needs-assessment process was conducted during the year. Common development needs were identified and the design of programmes to address these needs commenced.</li> </ul>
<i>Enhance the Ministry's knowledge and information management</i>	
<ul style="list-style-type: none"> <li>♦ Developing human resources initiatives that explore improved ways of utilising expertise within the Ministry</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Ministry's intranet was expanded and enhanced during the year to enable better access to, and improved ways of, utilising Ministry-wide information, resources and expertise. As at year end, an organisation development plan was implemented containing further initiatives aimed at improving the sharing of information and expertise across the Ministry.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Developing mechanisms for information sharing, such as the internal broadcasting group, which brings together Ministry staff involved in providing support to the Minister of Broadcasting</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Broadcasting Unit was established within the Ministry in December 2007.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Implementing a database of images and related resources that will be accessible across the Ministry</li> </ul>	<ul style="list-style-type: none"> <li>♦ This project was incorporated into the Ministry's review of digital services. The development of an image repository will be progressed within the implemented structure for the production of digital services.</li> </ul>



Service	Progress on objectives 2007/08
<i>Continue IT development</i>	
<ul style="list-style-type: none"> <li>♦ Developing a formal web strategy to guide website development and support decisions</li> <li>♦ Considering issues of staffing structure, infrastructure and capacity in relation to digital services</li> </ul>	<ul style="list-style-type: none"> <li>♦ A web convergence strategy was developed and implemented during the year. A broader formal web strategy will be developed in 2008/09.</li> <li>♦ 14 key recommendations from a Review of Digital Services had started to be implemented as at year end.</li> </ul>
<i>Implement and maintain a robust planning and reporting framework</i>	
<ul style="list-style-type: none"> <li>♦ Enhancing resource planning in key areas of the Ministry</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Ministry introduced a group planning process that has been used for the 2008/09 financial year. Group plans will be used to monitor the achievement of results and inform the allocation of resources.</li> </ul>
<i>Enhance strategic policy capacity and research</i>	
<ul style="list-style-type: none"> <li>♦ Clarifying future research priorities for culture and heritage</li> </ul>	<ul style="list-style-type: none"> <li>♦ Criteria were developed and approved for the identification of strategic policy projects, including research priorities.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Exploring ways to promote strategic policy thinking within the current capacity</li> </ul>	<ul style="list-style-type: none"> <li>♦ During the year the Ministry ran a series of presentations to staff by invited guests who were recognised authorities in their field on selected topics relating to the Ministry's role and Statement of Intent. These sessions informed the Ministry's strategic policy thinking and provided staff with opportunities to enhance their knowledge.</li> </ul>
<i>Enhance the Ministry's strategic communications capacity</i>	
<ul style="list-style-type: none"> <li>♦ Implementing a comprehensive communications strategy that actively promotes the recognition by the wider system of government of the value and contribution of culture to government's agency operations.</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Ministry's communications strategies were developed and approved and are now being implemented.</li> </ul>
<i>Risk management</i>	
<ul style="list-style-type: none"> <li>♦ Reviewing the current strategies being used to manage areas of risk</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Ministry's risk management framework was reviewed and published in the 2008 Statement of Intent.</li> </ul>

## Section Two – Progress towards Outcomes in 2007/08

The objectives for each intermediate outcome are the means by which the Ministry guides its annual work programme. Objectives are achieved through strategic initiatives and services (refer Section one for a statement of the achievements of the strategic initiatives and services). In addition, each outcome has *impacts* and *indicators* that assist the Ministry in tracking overall progress towards outcomes. *Impacts* describe the expected contribution of the Ministry's strategic initiatives and services. *Impacts* answer the question

'What difference are we making?' *Indicators* are the key trends which the Ministry monitors that illustrate progress towards the Ministry's outcomes. They are updated every two to three years and progress is reported in the Statement of Intent.

The tables below describe the contribution made by the Ministry's strategic initiatives and services to progressing the Ministry's outcomes in 2007/08 in relation to the annual (short term) impacts. The commentary is informed by the performance information contained in Section one.

### Intermediate Outcome One

'The Ministry's work enhances the diversity, visibility, accessibility and participation in cultural experiences and our culture'

Objectives	Impacts		Outcome Progress 2007/08
	Short	Medium	
<ul style="list-style-type: none"> <li>♦ Research, conservation, communication of and engagement with our history</li> <li>♦ Growing our appreciation of New Zealand's people, land, culture and society</li> </ul>	<ul style="list-style-type: none"> <li>♦ Increasing visibility, access and usability of our publications and online resources to a wide audience</li> </ul>	<ul style="list-style-type: none"> <li>♦ Better knowledge of NZ – its people, history, land, culture and society</li> </ul>	<ul style="list-style-type: none"> <li>♦ Both Te Ara – The Encyclopedia of New Zealand and NZHistory.net websites have had significant growth in authoritative and engaging content during the year. This has contributed to increased visitors accessing more content more often. The sites have been actively marketed and have grown the visibility and accessibility of their content and resources to their target audiences – particularly to schools.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Development of and engagement with existing and new heritage memorial sites</li> </ul>	<ul style="list-style-type: none"> <li>♦ Growing use of heritage memorial sites</li> </ul>	<ul style="list-style-type: none"> <li>♦ Memorial sites are valued as expressions of our national identity</li> </ul>	<ul style="list-style-type: none"> <li>♦ The use of heritage memorial sites increased over the year for National commemorations (for example Anzac day) and visits to memorials by the public. This indicates a growing recognition of the national identity values symbolized by New Zealand memorial sites. Accessible memorials in good repair is a key enabler of public use.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Communicating New Zealand's culture to New Zealanders and the world</li> </ul>	<ul style="list-style-type: none"> <li>♦ Increased access to information on NZ's culture and to cultural experiences</li> </ul>	<ul style="list-style-type: none"> <li>♦ Widespread use of online resources to access cultural experiences</li> </ul>	<ul style="list-style-type: none"> <li>♦ During the year NZLive has increased the range and diversity of organisations and cultural content and experiences listed on NZLive.com. This has enhanced the visibility of and access to New Zealand's culture and cultural experiences by NZLive's key audiences.</li> </ul>

### Intermediate Outcome Two

'Agency programmes are of high quality and are widely accessible'

Outcome/ Description	Impacts		Outcome Progress 2007/08
	Short	Medium	
<ul style="list-style-type: none"> <li>• Funding of programmes and services from cultural agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Funded agencies have improved governance and operational capability</li> <li>• Ministerial confidence in funded-agency performance</li> </ul>	<ul style="list-style-type: none"> <li>• Well-performing boards leading well-performing agencies</li> </ul>	<ul style="list-style-type: none"> <li>• The Ministry undertook a number of baseline and capability reviews this year to support decisions on arts, heritage, broadcasting and sport agency resourcing. The funding changes announced in Budget 2008 enable those agencies to maintain current services.</li> <li>• The Ministry enhanced its core governance support programme with the on-line publication of a Governance e-manual, and the addition of a new programme on building better board and chief executive relationships.</li> </ul>
<ul style="list-style-type: none"> <li>• Improving funded-agency governance and operational capability</li> </ul>			

### Intermediate Outcome Three

'The wider system of government recognises and responds to the value and contribution of culture to its operations and to New Zealand's social, environmental and economic well-being'

Outcome/ Description	Impacts		Progress 2007/08
	Short	Medium	
<ul style="list-style-type: none"> <li>• Advance New Zealand's international interests through its culture</li> </ul>	<ul style="list-style-type: none"> <li>• Growing understanding of, and engagement with, New Zealand</li> <li>• Cultural policy advice supports other agencies' outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced international appreciation of New Zealand's strengths, standing, products and services</li> <li>• Impact of other government programmes is enhanced by a cultural dimension</li> </ul>	<ul style="list-style-type: none"> <li>• During the year the Cultural Diplomacy International programme has contributed to enhanced exposure of New Zealand through the implementation of projects in Cairo, Tokyo, Seoul, Beijing, Hangzhou, Manila, Hong Kong, Taipei, Sydney and Paris.</li> <li>• During the year the Ministry has advised on cultural interests for 12 cross-government initiatives and supported other agencies' outcomes.</li> </ul>
<ul style="list-style-type: none"> <li>• Provide policy advice in support of other agencies' outcomes</li> </ul>			

## Section Three – Legislation Administered by the Ministry

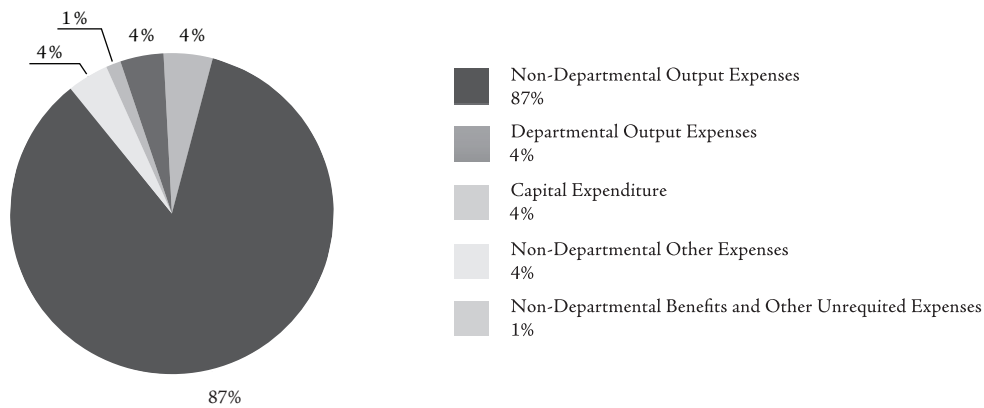
1. Anzac Day Act 1966
2. Arts Council of New Zealand Toi Aotearoa Act 1994
3. Broadcasting Act 1989 (Parts 1-4 and section 81)
4. Flags, Emblems, and Names Protection Act 1981 (except for section 20)
5. Historic Places Act 1993
6. Massey Burial-Ground Act 1925
7. Museum of New Zealand Te Papa Tongarewa Act 1992
8. National War Memorial Act 1992
9. New Zealand Film Commission Act 1978
10. New Zealand Symphony Orchestra Act 2004
11. Protected Objects Act 1975
12. Radio New Zealand Act 1995
13. Radio New Zealand Act (No 2) 1995
14. Seddon Family Burial-Ground Act 1924
15. Sovereign's Birthday Observance Act 1952
16. Television New Zealand Act 2003
17. Waitangi Day Act 1976

Note:

- a) Antiquities Act 1975 is now the Protected Objects Act 1975.

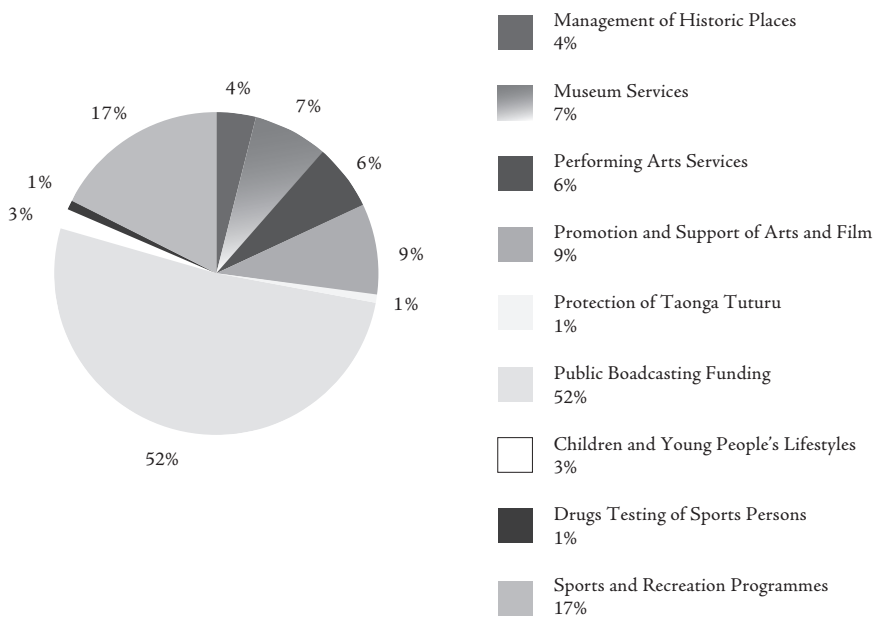
## Section Four – Expenditure Administered by the Ministry

The chart below displays the Vote structure in terms of appropriation types for 2007/08:



	\$(000)
Departmental Output Expenses	14,299
Non-departmental Output Expenses	297,058
Non-departmental Other Expenses	14,035
Non-departmental Benefits and Other Unrequited Expenses	4,250
Capital Expenditure	13,467
<b>Total Appropriations</b>	<b>343,109</b>

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



	\$(000)
Management of Historic Places	10,859
Museum Services	21,744
Performing Arts Services	18,283
Promotion and Support of Arts and Film	25,563
Protection of Taonga Tūturu	79
Public Broadcasting Services	156,919
Drugs Testing of Sports Persons	1,691
Sport and Recreation Programmes	52,288
Children and Young People's Lifestyles	9,632
<b>Total Non-departmental Output Expenses</b>	<b>297,058</b>

### *Vote Arts, Culture and Heritage*

In 2007/08 the Ministry incurred expenses of \$14.201 million (GST exclusive) in the provision of services under the departmental outputs<sup>1</sup> Heritage Services, International Cultural Diplomacy, and Policy Advice and Grants Administration.

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

- six outputs totalling \$233.447 million for services supplied, mainly by arts, heritage and broadcasting Crown entities, comprising: ballet, orchestral, museum, public broadcasting, film archive and Māori performing arts activities, protection for historic places, and the promotion and support of New Zealand films and the arts.
- five other expenses appropriations totalling \$13.992 million, being:
  - \$2.643 million for New Zealand's annual contribution to the Commonwealth War Graves Commission.
  - \$516,000 on the development and maintenance of war graves, historic graves and monuments in New Zealand and overseas.
  - \$2.556 million contribution to costs of design, land purchase and construction of the Kerikeri Heritage Bypass to protect nationally significant buildings (Kemp House and the Stone Store).
  - \$7.989 million in grants to regional museums for capital construction projects.
  - \$288,000 towards the cost of Treaty commemorations held at Waitangi and communities elsewhere in New Zealand.
- \$10 million capital contribution to Museum of New Zealand Te Papa Tongarewa for ongoing capital expenditure for museum operations, exhibition research and development, and acquisition of collection items.
- \$2 million capital contribution to New Zealand Historic Places Trust for maintenance of historic properties.
- \$946,000 capital contribution to the New Zealand Film Commission for relocation costs and the fit-out of new premises.
- \$521,000 capital contribution to Radio New Zealand in support of a range of radio broadcasting initiatives.

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

<sup>1</sup> *Outputs are defined as goods or services supplied by departments and other entities to external parties. Outputs have a variety of types, including policy advice, the administration of grants, and the provision of specific services*

### *Vote Sport and Recreation*

In 2007/08 the Ministry incurred expenses of \$98,000 (GST exclusive) in the provision of services under the departmental output Purchase Advice and Monitoring of Sport and Recreation Crown Entities.

The Ministry also administered the following non-departmental appropriations:

- three outputs totaling \$63.611 million for services supplied by Drug Free Sport New Zealand and Sport and Recreation New Zealand (SPARC).
- \$4.250 million to Sport Education Scholarships to enable emerging and talented New Zealanders to pursue tertiary study and elite-level sport development concurrently.
- 18 miscellaneous grants totalling \$43,422 to support sports-related initiatives, including participation in sport and recreation activities for groups, individuals and organisations that are unable to obtain support through organisations such as SPARC, local government and the New Zealand Lottery Grants Board.

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

### *Accountabilities*

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



## Section Five – Financial Statements

### *Statement of Responsibility*

In terms of sections 35 and 45 of the Public Finance Act 1989, I am responsible, as Chief Executive of the Ministry for Culture and Heritage, for the preparation of the Ministry's financial statements and statement of service performance, and for the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2008.

Signed



Martin Matthews  
Chief Executive  
26 September 2008

Countersigned



Ngaire Caird  
Chief Financial Officer  
26 September 2008

## Statement of Accounting Policies for the Year Ended 30 June 2008

### 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.

In addition, the Ministry has reported on Crown activities and trust monies which it administers.

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

### Reporting Period

The financial statements of the Ministry are for the year ended 30 June 2008. The financial statements were authorised for issue by the Chief Executive of the Ministry on 26 September 2008.

### Basis of Preparation

The financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirements to comply with New Zealand generally accepted accounting practices (NZ GAAP).

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

This is the first set of financial statements prepared using NZ IFRS. The comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and net surplus/(deficit) for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 17.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in this statement of accounting policies.

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.

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

- NZ IAS 1 *Presentation of Financial Statements* (revised 2007) replaces NZ IAS 1 *Presentation of Financial Statements* (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in equity resulting from transactions with the Crown in its capacity as 'owner' separately from 'non-owner' changes. The revised standard gives the Ministry the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Ministry expects it will apply the revised standard for the first time for the year ended 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

## Revenue

Revenue is measured at the fair value of consideration received.

### *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 through the undertaking of historical projects on a full cost-recovery basis and from the State Services Commission which funds the State Sector Superannuation Retirement Savings Scheme. Revenue is recognised when earned and is reported in the financial period to which it relates.

### *Crown Operations*

In 2006/07 the Ministry's Crown activities included collection of commercial tenancies income and recovery of rates. There was no such activity in 2007/08.

## Capital Charge

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

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

## Financial Instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, debtors and creditors. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position at their estimated fair value.

## Cash and Cash Equivalents

Cash includes cash on hand and held in bank accounts.

## Debtors and Other Receivables

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

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, 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 an allowance account, and the amount of the loss is recognised in the statement of financial performance. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

## Property, Plant and Equipment

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

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

Individual assets or groups of assets are capitalised if their cost is greater than \$1,000 (except for computing equipment where the threshold has been set at \$2,000) and recorded at historical cost less accumulated depreciation. The initial cost of an asset is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use, less accumulated depreciation and accumulated impairment losses. Leasehold improvement costs include significant project management and related fees.

### *Additions*

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

In most instances, an item of property, plant and 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 proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

### *Subsequent Costs*

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

### *Depreciation*

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

Office Furniture	5 years	20%
Personal Computers	3 years	33%
Other Computer Equipment	4 years	25%
Office Equipment	5 years	20%
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 shorter. Consequently, the depreciation rate for each asset will vary depending upon the lease period or useful life of the improvements when the work is completed.

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

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

### *Revaluation*

Asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. Additions between revaluations are recorded at cost.

### *Accounting for Revaluations*

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

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on

revaluation that offsets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

## Intangible Assets

### *Software Acquisition*

Software is capitalised if its cost is greater than \$5,000. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

### *Amortisation*

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

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

Acquired Computer Software	3 years	33%
Annual software licences	1 year	100%

## Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## Employee Entitlements

### *Short-term Employee Entitlements*

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

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

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

### *Long-term Employee Entitlements*

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements 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. A weighted average discount rate of 5.75% and a salary inflation factor of 2.75% were used. The discount rate is based on the weighted average of government bonds with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

## Superannuation Schemes

### *Defined Contribution Schemes*

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

### **Taxpayers' Funds**

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

### **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. Commitments relating to employment contracts are not disclosed.

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 value of that penalty or exit cost.

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

All items in the financial statements, including appropriation statements, are stated exclusive of 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 Ministry's Statement of Intent for the year ended 30 June 2008, 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.

### **Foreign Currency**

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction.

### **Statement of Cost Accounting Policies**

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

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

Direct costs are charged directly to outputs. Personnel costs are charged directly to the business unit within the output to which they belong.

For the year ended 30 June 2008, direct costs accounted for 70% of the Ministry's costs (2007: 78%).

Indirect costs are assigned to business units based on the proportion of staff in the unit.

For the year ended 30 June 2008, indirect costs accounted for 30% of the Ministry's costs (2007: 22%).

**Changes in Accounting Policies**

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

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

**Critical Accounting Estimates and Assumptions**

In preparing these financial statements the Ministry has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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 discussed below:

*Retirement and Long Service Leave*

Note 10 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

**Critical Judgements in Applying the Ministry's Accounting Policies**

Management has not exercised any critical judgements in applying the Ministry's accounting policies for the period ended 30 June 2008.

*Statement of Financial Performance for the Year Ended 30 June 2008*

	Note	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
<b>Income</b>					
Revenue Crown		15,056	14,695	15,056	15,921
Revenue other - departments	1	348	245	346	284
Revenue other - third parties	1	136	90	129	288
Gains on disposal of property, plant and equipment		-	-	-	4
<i>Total income</i>		15,540	15,030	15,531	16,497
<b>Expenditure</b>					
Personnel costs	2	7,899	7,435	7,826	7,029
Other operating expense	3	5,987	7,044	7,256	8,598
Depreciation and amortisation expense	4	318	426	334	243
Capital charge	5	91	125	115	106
<i>Total expenses</i>		14,295	15,030	15,531	15,976
Loss on disposal of property, plant and equipment		4	-	-	-
<b>Net Surplus</b>		<b>1,241</b>	<b>-</b>	<b>-</b>	<b>521</b>

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies and Notes to the Financial Statements. For information on major budget variances refer to Note 14 in the Notes to the Financial Statements (page 47).*



*Statement of Financial Position as at 30 June 2008*

	Note	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,893	1,177	93	507
Debtors and other receivables	6	1,258	235	1,150	1,810
Prepayments		53	10	80	90
<i>Total current assets</i>		3,204	1,422	1,323	2,407
<b>Non-current assets</b>					
Property, plant and equipment	7	1,086	756	1,098	853
Intangible assets	8	32	667	41	35
<i>Total non-current assets</i>		1,118	1,423	1,139	888
<b>Total Assets</b>		<b>4,322</b>	<b>2,845</b>	<b>2,462</b>	<b>3,295</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Creditors and other payables	9	1,440	645	845	786
Repayment of surplus to the Crown	11	1,241	-	-	1,176
Employee entitlements	10	393	280	395	361
<i>Total current liabilities</i>		3,074	925	1,240	2,323
<b>Non-current liabilities</b>					
Employee entitlements	10	116	133	90	90
<i>Total non-current liabilities</i>		116	133	90	90
<b>Total Liabilities</b>		<b>3,190</b>	<b>1,058</b>	<b>1,330</b>	<b>2,413</b>
<b>Taxpayers' funds</b>		<b>1,132</b>	<b>1,787</b>	<b>1,132</b>	<b>882</b>

The repayment of surplus is required to be paid by 31 October of each year.

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies and Notes to the Financial Statements. For information on major budget variances refer to Note 14 in the Notes to the Financial Statements (Page 47).*

Signed

Countersigned




Martin Matthews  
Chief Executive  
26 September 2008

Ngaire Caird  
Chief Financial Officer  
26 September 2008

*Statement of Changes in Taxpayers' Funds for the Year Ended 30 June 2008*

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
<b>Taxpayers' funds as at 1 July</b>	882	1,537	882	1,280
Net surplus	1,241	-	-	521
Total recognised revenues and expenses for the year	1,241	-	-	521
Repayment of surplus to the Crown	(1,241)	-	-	(1,176)
Capital contribution	250	250	250	257
<b>Taxpayers' funds as at 30 June</b>	<b>1,132</b>	<b>1,787</b>	<b>1,132</b>	<b>882</b>

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies and Notes to the Financial Statements.*

### Statement of Cash Flows for the Year Ended 30 June 2008

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
<b>Cash flows from operating activities</b>				
Receipts from Crown	15,665	14,695	15,665	15,605
Receipts from revenue department/other	427	335	526	604
Payments to employees	(7,801)	(7,405)	(7,735)	(6,974)
Payments to suppliers	(5,263)	(7,074)	(7,244)	(8,498)
Goods and services tax (net)	(72)	-	-	200
Payments for capital charge	(91)	(125)	(115)	(106)
<i>Net cash flows from operating activities</i>	2,865	426	1,097	831
<b>Cash flows from investing activities</b>				
Receipts from disposal of property, plant and equipment	-	-	-	4
Purchase of property, plant and equipment	(501)	(426)	(520)	(505)
Purchase of intangible assets	(52)	-	(65)	(39)
<i>Net cash flows from investing activities</i>	(553)	(426)	(585)	(540)
<b>Cash flows from financing activities</b>				
Capital contribution	250	250	250	257
Repayment of surplus	(1,176)	-	(1,176)	(1,547)
<i>Net cash flows from financing activities</i>	(926)	250	(926)	(1,290)
<b>Net increase/(decrease) in cash held</b>	1,386	250	(414)	(999)
Cash at beginning of year	507	927	507	1,506
<b>Cash at the end of the year</b>	<b>1,893</b>	<b>1,177</b>	<b>93</b>	<b>507</b>

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

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies and Notes to the Financial Statements. For information on major budget variances refer to Note 14 in the Notes to the Financial Statements (page 47).*

*Reconciliation of Net Surplus to Net Cash Flow from Operating Activities  
for the Year Ended 30 June 2008*

	Note	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
Net surplus/(deficit)		1,241	-	-	521
<b>Add/(less) non-cash items:</b>					
Depreciation and amortisation		318	426	334	243
Write-off of website		-	-	-	390
Inc/(decrease) in non-current employee entitlements		26	-	-	(43)
<i>Total non-cash items</i>		344	426	334	590
<b>Add/(less) items classified as investing or financing activities:</b>					
(Gains)/losses on disposal of property, plant and equipment		4	-	-	(4)
<b>Add/(less) movements in working capital items:</b>					
(Inc)/decrease in debtors and other receivables		552	-	660	(399)
(Inc)/decrease in prepayments		37	-	10	(78)
Inc/(decrease) in creditors and other payables		655	-	59	115
Inc/(decrease) in current employee entitlements		32	-	34	86
<i>Net movements in working capital items</i>		1,276	-	763	(276)
<b>Net cash flows from operating activities</b>		<b>2,865</b>	<b>426</b>	<b>1,097</b>	<b>831</b>

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies and Notes to the Financial Statements.*

### Statement of Commitments as at 30 June 2008

The Ministry has non-cancellable leases on its office premises in Wellington. The Ministry occupies Level Five (1,223.3sqm), part of Level One (424sqm) and part of the Ground Floor (158sqm) in Radio New Zealand (RNZ) House. The Ministry has separate lease contracts for Level Five and Level One through to 31 March 2012. A lease contract is currently under negotiation for the Ground Floor. A contract for the lease of basement space for storage purposes runs through until 30 June 2009. The accommodation lease for Level Five includes two car parks. The amounts disclosed below as future commitments are based on the current rental rates.

	2007/08 Actual \$(000)	2006/07 Actual \$(000)
Non-cancellable accommodation leases:		
Less than one year	457	457
One to two years	457	457
Two to five years	800	1,258
More than five years	-	-
<b>Total non-cancellable operating lease commitments</b>	<b>1,714</b>	<b>2,172</b>

The total cost incurred in rental and leasing costs in 2007/08 is \$476,000. This figure includes the cost of renting four additional car parks under cancellable operating lease agreements. The space allocation per person on Ministry office space at balance date is approximately 18 square metres.

The Ministry does not have any non-departmental commitments as at 30 June 2008 (2007: Nil).

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies and Notes to the Financial Statements.*

### Statement of Contingent Liabilities and Contingent Assets as at 30 June 2008

Quantifiable contingent liabilities and assets are as follows:

	2007/08 Actual \$(000)	2006/07 Actual \$(000)
Departmental	-	-
Non-Departmental	-	-

*Statement of Departmental Expenditure Against Appropriations  
for the Year Ended 30 June 2008*

	2007/08 Expenditure Actual \$(000)	2007/08 Appropriation Main Estimates \$(000)	2007/08 Appropriation Supp. Estimates \$(000)	2006/07 Expenditure Actual \$(000)
<b>Vote Arts, Culture and Heritage</b>				
<b>Appropriations for output expenses</b>				
Heritage Services	5,605	6,387	6,201	6,510
International Cultural Diplomacy	2,030	2,089	2,120	3,584
Policy Advice and Grants Administration	6,566	6,456	7,112	5,784
<i>Total Vote Arts, Culture and Heritage</i>	14,201	14,932	15,433	15,878
<b>Vote Sport and Recreation</b>				
<b>Appropriations for output expenses</b>				
Purchase Advice and Monitoring of Sport and Recreation Crown Entities	98	98	98	98
<i>Total Vote Sport and Recreation</i>	98	98	98	98
<b>Total</b>	<b>14,299</b>	<b>15,030</b>	<b>15,531</b>	<b>15,976</b>

Appropriations provide each Vote Minister with the authority to spend public money or incur expenses or liabilities on behalf of the Crown.

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies and Notes to the Financial Statements.*

### *Changes to Appropriations in 2007/08 Supplementary Estimates*

The Ministry's 2007/08 departmental output appropriations were increased by \$501,000 in the 2007/08 Supplementary Estimates. A brief explanation for the changes to the three Vote Arts, Culture and Heritage departmental outputs is as follows.

Heritage Services: This appropriation was decreased by \$186,000 due to:

- a number of funding transfers from 2006/07 to 2007/08 for ongoing projects and subsequent funding transfers from 2007/08 to 2008/09;
- a reclassification of funding from Policy Advice and Grants Administration to Heritage Services in respect of the Protected Objects Act (1975) and an adjustment to overhead allocation; and
- changes in departmental and third-party revenue.

International Cultural Diplomacy: This appropriation was increased by \$31,000 due to:

- a funding transfer from 2006/07 to 2007/08.

Policy Advice and Grants Administration: This appropriation was increased by \$656,000 due to:

- a number of funding transfers from 2006/07 to 2007/08 for ongoing projects and subsequent funding transfers from 2007/08 to 2008/09;
- a reclassification of funding from Policy Advice and Grants Administration to Heritage Services in respect of the Protected Objects Act (1975) and an adjustment to overhead allocation; and
- changes in departmental and third-party revenue.

### *Statement of Unappropriated Expenditure for the Year Ended 30 June 2008*

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2007/08 Unappropriated Expenditure \$(000)
Vote Arts, Culture and Heritage	-	-	-	-
Vote Sport and Recreation	-	-	-	-

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies and Notes to the Financial Statements.*

*Statement of Trust Money Administered on Behalf of the Crown  
for the Year Ended 30 June 2008*

The following trust money was administered on behalf of the Crown under Part VII of the Public Finance Act 1989.

The statement shows the opening and closing net assets and the movements during the year.

	Opening Net Assets 2007/08	Capital Contributions	Capital Distributions (Awards)	Revenue	Expenses	Closing Net Assets 2007/08
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
New Zealand Encyclopedia	1	-	-	-	-	1
New Zealand Historical Atlas	98	-	-	8	-	106
New Zealand History Research	1,500	-	(100)	48	-	1,448
Australian Trust for Oral History	1,531	-	-	95	-	1,626
Dictionary of New Zealand Biography	259	-	-	11	(8)	262
War History	-	481	-	34	-	515
<b>Total</b>	<b>3,389</b>	<b>481</b>	<b>(100)</b>	<b>196</b>	<b>(8)</b>	<b>3,958</b>

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

**New Zealand Encyclopedia Trust**

This trust was established to hold New Zealand Lottery Grants Board funds to be used for the feasibility study on the production of the Encyclopedia of New Zealand. The feasibility study was completed in 2001/02 and the government allocated funding for the online Encyclopedia of New Zealand project from 2002/03. The Trust is being held open to receive funds from sales of Encyclopedia publications. The funds will be used for the updating and publication of subsidiary volumes.

**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.

**New Zealand History Research Trust**

This trust was established to hold New Zealand Lottery Grants Board funds to make awards to individuals and groups for historical research and writing projects. During the 2007/08 financial year 11 awards in history were made totalling \$100,000 and ranging in value from \$4,000 to \$25,000 (2006/07: 11 awards; \$95,000; \$4,000 to \$20,000).



**Australian Sesquicentennial Gift Trust for Awards in Oral History**

This trust was established to hold funds from the Government of the Commonwealth of Australia, gifted to New Zealand in 1990 specifically to gather oral histories of importance to New Zealand. The income from these funds is used for the promotion of oral history in New Zealand. During the 2007/08 financial year eight awards in oral history were made totalling \$60,500 and ranging in value from \$2,000 to \$12,000 (2006/07: 9 awards; \$45,700; \$2,000 to \$8,250).

**Dictionary of New Zealand Biography Trust**

This trust was established to hold funds from the New Zealand Lottery Grants Board, funds from publication sales, and funds raised by 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 for Culture and Heritage by Mr 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.

## Notes to the Financial Statements for the Year Ended 30 June 2008

### Note 1: Revenue Other

Revenue Other was derived from the following sources:

	2007/08		2006/07	
	Other Government Departments	Other Sources	Other Government Departments	Other Sources
Contract history projects	102	-	61	39
Seconded staff	83	50	78	-
State Sector Retirement Savings Scheme (SSRSS)	161	-	145	-
Contribution towards Digital Broadcasting Strategy project	-	60	-	198
Publication sales/royalties	-	25	-	50
Antiquities dealers' licences	2	1	-	1
<b>Total revenue other</b>	<b>348</b>	<b>136</b>	<b>284</b>	<b>288</b>

### Note 2: Personnel Costs

	2007/08	2007/08	2007/08	2006/07
	Actual	Main Estimates	Supp. Estimates	Actual
	\$(000)	\$(000)	\$(000)	\$(000)
Salaries and wages	7,305	7,000	7,240	6,593
Training and development	174	200	200	103
Employer contributions to superannuation funds*	218	205	220	209
Other personnel costs	202	30	166	124
<b>Total personnel costs</b>	<b>7,899</b>	<b>7,435</b>	<b>7,826</b>	<b>7,029</b>

\* Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, Kiwisaver, Government Superannuation Fund and the Global Retirement Trust Superannuation.

### Note 3: Other Operating Expenses

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
Administration costs*	2,582	3,793	3,926	5,089
Rental and leasing costs	476	400	477	453
Other occupancy costs	237	252	252	223
Publicity and research	248	342	342	339
Information communication technology**	725	649	649	1,228
Transfers to International Cultural Diplomacy Programme agencies***	1,675	1,560	1,560	1,218
Audit fees for financial statement audit (Audit New Zealand)	38	34	44	38
Audit fees for NZ IFRS transition (Audit New Zealand)	6	14	6	10
<b>Total operating costs</b>	<b>5,987</b>	<b>7,044</b>	<b>7,256</b>	<b>8,598</b>

\* Includes initiatives under the Cultural Diplomacy International Programme. See page 65 for a breakdown of initiatives in 2007/08.

\*\* The 2006/07 comparative figure of \$1.228 million includes \$770,000 for web development costs for the NZLive website which have been expensed under NZ IFRS. These costs were capitalised in the financial statements for the year ended 30 June 2007.

\*\*\* The 2006/07 comparative figure of \$1.218 million includes \$954,000 which was incorrectly classified as an administration cost in the financial statements for the year ended 30 June 2007.

### Note 4: Depreciation and Amortisation

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
<b>Depreciation – Property, Plant and Equipment</b>				
Computer equipment	83	73	86	99
Office equipment	21	19	21	21
Office furniture	17	20	20	8
Leasehold improvements	143	120	148	84
Works of Art	-	-	-	-
<b>Amortisation – Intangible Assets</b>				
Computer software	54	194	59	31
<b>Total depreciation and amortisation</b>	<b>318</b>	<b>426</b>	<b>334</b>	<b>243</b>

### Note 5: Capital Charge

The Ministry pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2008 was 7.5% (2007: 7.5%).

*Note 6: Debtors and Other Receivables*

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
Debtor Crown	1,000	-	1,000	1,609
Trade debtors	258	120	150	51
GST receivables	-	115	-	-
Other receivables	-	-	-	150
<b>Total debtors and other receivables</b>	<b>1,258</b>	<b>235</b>	<b>1,150</b>	<b>1,810</b>

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

As at 30 June 2008 all overdue trade debtors have been assessed for impairment as detailed below (a provision is not required):

	2007			2008		
	Gross \$(000)	Impairment \$(000)	Net \$(000)	Gross \$(000)	Impairment \$(000)	Net \$(000)
Not past due	51	-	51	241	-	241
Past due 1-30 days	-	-	-	-	-	-
Past due 31-60 days	-	-	-	-	-	-
Past due 61-90 days	-	-	-	-	-	-
Past due > 91 days	-	-	-	17	-	17
<b>Total</b>	<b>51</b>	<b>-</b>	<b>51</b>	<b>258</b>	<b>-</b>	<b>258</b>

A provision for doubtful debts has not been calculated. No losses are expected for the Ministry's pool of debtors.

*Note 7: Property, Plant and Equipment*

	Computer Equipment	Office Equipment	Office Furniture	Leasehold Improvements	Works of Art	Total
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>Cost or Valuation</b>						
Balance at 1 July 2006	500	148	311	727	20	1,706
Additions	62	32	54	357	-	505
Disposals	-	(10)	-	-	-	(10)
Balance at 30 June and 1 July 2007	562	170	365	1,084	20	2,201
Additions	83	16	173	229	-	501
Disposals	(25)	(18)	(158)	-	-	(201)
Other asset adjustment (rounding)	-	(1)	-	-	-	(1)
Balance at 30 June 2008	620	167	380	1,313	20	2,500
<b>Accumulated Depreciation and Impairment Losses</b>						
Balance at 1 July 2006	315	99	293	439	-	1,146
Depreciation expense	99	21	8	84	-	212
Elimination on disposal	-	(10)	-	-	-	(10)
Impairment losses	-	-	-	-	-	-
Balance at 30 June and 1 July 2007	414	110	301	523	-	1,348
Depreciation expense	83	21	17	143	-	264
Elimination on disposal	(25)	(17)	(156)	-	-	(198)
Impairment losses	-	-	-	-	-	-
Balance at 30 June 2008	472	114	162	666	-	1,414
<b>Carrying Amounts</b>						
At 1 July 2006	185	49	18	288	20	560
At 30 June and 1 July 2007	148	60	64	561	20	853
At 30 June 2008	148	53	218	647	20	1,086

*Note 8: Intangible Assets*

	Acquired Software
	\$(000)
<b>Cost or Valuation</b>	
Balance at 1 July 2006	241
Additions	39
Disposals	-
Balance at 30 June and 1 July 2007	280
Additions	52
Disposals	(167)
Other asset adjustment (rounding)	(1)
Balance at 30 June 2008	164
<b>Accumulated Amortisation and Impairment Losses</b>	
Balance at 1 July 2006	214
Depreciation expense	31
Elimination on disposal	-
Impairment losses	-
Balance at 30 June and 1 July 2007	245
Depreciation expense	54
Elimination on disposal	(167)
Impairment losses	-
Balance at 30 June 2008	132
<b>Carrying Amounts</b>	
At 1 July 2006	27
At 30 June and 1 July 2007	35
At 30 June 2008	32

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

*Note 9: Creditors and Other Payables*

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
Trade creditors	943	315	430	351
PAYE payable	87	80	80	78
GST payable	13	-	85	85
Accrued expenses	397	250	250	272
<b>Total creditors and payables</b>	<b>1,440</b>	<b>645</b>	<b>845</b>	<b>786</b>

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

*Note 10: Employee Entitlements*

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
<b>Current employee entitlements are represented by:</b>				
Annual leave	341	270	345	316
Long-service leave	52	10	50	45
<i>Total current portion</i>	393	280	395	361
<b>Non-current employee entitlements are represented by:</b>				
Long-service leave	22	25	20	21
Retirement leave	94	108	70	69
<i>Total non-current portion</i>	116	133	90	90
<b>Total employee entitlements</b>	<b>509</b>	<b>413</b>	<b>485</b>	<b>451</b>

The present value of the retirement and long service 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 are the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate the Ministry considered the interest rates on NZ Government Bonds which have terms to maturity that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation 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 \$23,000 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 \$22,000 higher/lower.

*Note 11: Repayment of Surplus*

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
Net surplus/(deficit)	1,241	-	-	521
Add:				
Adjustment to intangible asset under NZ IFRS	-	-	-	655
<b>Total repayment of surplus</b>	<b>1,241</b>	<b>-</b>	<b>-</b>	<b>1,176</b>

*Note 12: Financial Instruments*

The Ministry is party to financial instrument arrangements as part of its everyday operations. These financial instruments include bank balances, trade debtors, trade creditors and foreign currency forward contracts on behalf of the Crown.

**Credit Risk**

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

In the normal course of its business the Ministry incurs credit risk from trade debtors and transactions with financial institutions.

The Ministry does not require any collateral or security to support financial instruments with financial institutions that the Ministry deals with as these entities have high credit ratings. For its other financial instruments the Ministry does not have significant concentrations of credit risk.

**Fair Value**

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

**Currency Risk**

Currency risk is the risk that debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates. Owing to the nature and limited number of foreign exchange transactions undertaken, the Ministry has no significant exposure to currency risk.

**Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the return on investments or the cost of borrowing. The Ministry has no significant exposure to interest rate risk on its financial instruments.

Under section 46 of the Public Finance Act the Ministry cannot raise a loan without Ministerial approval, and no such loans have been raised. Accordingly, there is no interest rate exposure for funds borrowed (30 June 2007: Nil).



### Liquidity risk

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

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

The Ministry's financial liabilities will be settled in less than six months. The amounts disclosed are the contractual undiscounted cash flows.

### Note 13: Related-party Information

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

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

There was one close family member of a senior manager employed briefly by the Ministry during the year. The terms and conditions of this employment were no more favourable than the Ministry would have implemented in any other circumstances.

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

### Note 14: Variance Explanations

Explanations for major variances from the Ministry's estimated figures in the Statement of Intent are as follows.

#### Statement of Financial Performance

##### *Personnel costs*

Personnel costs are \$464,000 higher than budgeted due to higher than expected increases in remuneration and higher than budgeted positions (at the time of preparing the 2007/08 main estimates). The increase in staff numbers was a result of capability funding received in the 2007 Budget. The breakdown of the capability funding was not known until well after the 2007/08 Main Estimates were submitted; therefore the budget for personnel costs in the Statement of Intent was underestimated.

##### *Operating costs*

Operating costs are \$1.057 million lower than budgeted in the Statement of Intent mainly due to timing differences for various projects which span a number of financial years. Approval in-principle was obtained to carry forward unspent operating funding in the 2007/08 financial year to 2008/09 for:

- Te Ara – the Encyclopedia of New Zealand project (\$350,000)
- NZLive.com (cultural portal project) (\$260,000)
- New Zealand Memorial Park (\$215,000)
- Strategic Policy Development and Sector Leadership (\$150,000)
- Agency reviews (\$135,000)
- International Cultural Diplomacy Programme (\$90,000)
- From Memory War Oral History Programme (\$30,000).

The above in-principle expense transfers total \$1.230 million and account for the variance between the 2007/08 total expenses (Actual) and total revenue (Supplementary Estimates) recognised in the Statement of Financial Performance. The actual amount of expense transfers is restricted to the amount of unspent appropriation available under the outputs to which the above activities relate (refer Statement of Departmental Expenditure Against Appropriations).

The \$1.241 million operating surplus was primarily generated from the timing differences mentioned above. This surplus will be returned to the Crown as required under the Public Finance Act 1989.

### Statements of Financial Position and Cash Flows

#### *Debtors and Other Receivables*

Debtors and other receivables are \$1.023 million higher than budgeted mainly due to the \$1 million balance for Debtor Crown, which arose because \$1 million revenue Crown was not drawn down from the NZDMO in relation to the in-principle expense transfers mentioned above.

#### *Creditors and Payables*

Creditors and other payables are \$595,000 higher than budgeted due to creditors submitting final invoices for work that was not finalised until late June 2008, including: a leasehold reconfiguration, website development, contribution to the Anzac statue on Sydney Harbour bridge, agency assistance/reviews and legislative compliance. When preparing the budget figures for the Statement of Intent it was envisaged that these projects would be completed well before June 2008.

#### *Employee Entitlements*

The increase in total employee entitlements is mainly due to an increase in untaken annual leave, and milestone anniversaries being reached by some of the employees who are entitled to retirement leave.

#### *Property, Plant and Equipment*

Capital expenditure is \$330,000 higher than budgeted due to expenditure on leasehold improvements. The nature and extent of the improvements was unknown at the time of preparing the Statement of Intent.

#### *Working Capital*

The Ministry's working capital position in 2007/08 (\$130,000) improved by \$46,000 compared to 2006/07 (\$84,000). Contributing factors include: capital expenditure totalling \$553,000 in 2007/08 was partly funded by a capital injection of \$250,000, and the residual capital expenditure was less than the depreciation and amortisation expense incurred; of the \$553,000 capital expenditure incurred in 2007/08, approximately \$395,000 was spent on leasehold improvements and furniture and fittings in the second half of 2007/08 that was not depreciated until the end of June 2008 when the project was finalised.

### Statement of Cash Flows

Cash outflows for payments to suppliers was less than budgeted due to the timing differences and late submission of invoices mentioned above.

*Note 15: Key Management Personnel Compensation*

Total Remuneration	30 June 2008	30 June 2007
Salaries and other short-term employee benefits	1,461	1,256
Post-employment benefits	-	-
Other long-term benefits	30	-
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>1,491</b>	<b>1,256</b>

Key management personnel include the Chief Executive and the nine senior managers (2007: eight senior managers).

Salaries and wages and other short-term employee benefits include salaries, allowances, employer contributions to superannuation and movement in annual leave.

Other long-term benefits include increases in long service leave liability and/or retirement leave liability. The net movement of nil for other long-term benefits in 2007 is due to an increase in retirement leave and long service leave for the year offset by an adjustment of the probability rates applied to retirement leave for one senior manager.

*Note 16: Post Balance Date Events*

There are no significant post balance date events to report.

*Note 17: Explanation of Transition to New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)*

The Ministry's financial statements for the year ended 30 June 2008 are the first financial statements that comply with NZ IFRS. The Ministry has applied First-time Adoption of NZ IFRS (NZ IFRS 1) in preparing these financial statements. The Ministry's transition date is 1 July 2006. The Ministry prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2008. The Ministry NZ IFRS adoption date is 1 July 2007. In preparing the financial statements in accordance with NZ IFRS, the Ministry has applied the mandatory exceptions and no optional exemptions from full retrospective application of NZ IFRS.

The only mandatory exception from retrospective application that applies to the Ministry is the requirement for estimates under NZ IFRS at July 2006 and 30 June 2007 to be consistent with estimates made for the same date under NZ GAAP.

**Reconciliation of Equity**

The following table shows the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

	Note	Previous NZ GAAP 1 July 2006	Effect on transition to NZ IFRS 1 July 2006	NZ IFRS 1 July 2006	Previous NZ GAAP 30 June 2007	Effect on transition to NZ IFRS 30 June 2007	NZ IFRS 30 June 2007
		\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents		1,506	-	1,506	507	-	507
Debtors and other receivables	a	1,526	(115)	1,411	1,810	-	1,810
Prepayments		12	-	12	90	-	90
<i>Total current assets</i>		3,044	(115)	2,929	2,407	-	2,407
<b>Non-current assets</b>							
Property, plant and equipment	b	977	-	977	1,543	(690)	853
Intangible assets	c	-	-	-	-	35	35
<i>Total non-current assets</i>		977	-	977	1,543	(655)	888
<b>Total assets</b>		<b>4,021</b>	<b>(115)</b>	<b>3,906</b>	<b>3,950</b>	<b>(655)</b>	<b>3,295</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Creditors and other payables	a	786	(115)	671	786	-	786
Repayment of surplus		1,547	-	1,547	1,176	-	1,176
Employee entitlements		275	-	275	361	-	361
<i>Total current liabilities</i>		2,608	(115)	2,493	2,323	-	2,323
<b>Non-current liabilities</b>							
Employee entitlements		133	-	133	90	-	90
<i>Total non-current liabilities</i>		133	-	133	90	-	90
<b>Total liabilities</b>		<b>2,741</b>	<b>(115)</b>	<b>2,626</b>	<b>2,413</b>	<b>-</b>	<b>2,413</b>
<b>Net Assets</b>		<b>1,280</b>	<b>-</b>	<b>1,280</b>	<b>1,537</b>	<b>(655)</b>	<b>882</b>
<b>Taxpayers' funds</b>							
General funds	b	1,280	-	1,280	1,537	(655)	882
<b>Total taxpayers' funds</b>		<b>1,280</b>	<b>-</b>	<b>1,280</b>	<b>1,537</b>	<b>(655)</b>	<b>882</b>

**Explanatory notes – Reconciliation of equity***a. Debtors and other receivables / creditors and other payables – GST receivable*

Under previous NZ GAAP GST receivable (\$115,000) was classified as a receivable (a current asset). NZ IFRS requires the Ministry to classify GST receivable as a credit to net GST payable (a current liability).

b. *Property, plant and equipment – website*

It was determined that a ministry website that was capitalised under previous NZ GAAP should be expensed under NZ IFRS in consideration of IAS 38 Intangible Assets and NZ SIC 32 Intangible Assets – Website Costs.

c. *Intangible assets – computer software*

Computer software was classified as property, plant and equipment under previous NZ GAAP. Computer software has been reclassified as an intangible asset on transition to NZ IFRS.

*Reconciliation of Surplus*

The following table shows the changes in the Ministry's surplus, resulting from the transition from previous NZ GAAP to NZ IFRS for the year ended 30 June 2007.

	Note	Previous NZ GAAP 30 June 2007	Effect on transition to NZ IFRS 30 June 2007	NZ IFRS 30 June 2007
		\$(000)	\$(000)	\$(000)
<b>Income</b>				
Revenue Crown		15,921	-	15,921
Revenue other		572	-	572
Gains	a	-	4	4
<i>Total income</i>		16,493	4	16,497
<b>Expenditure</b>				
Personnel costs		7,029	-	7,029
Depreciation and amortisation expense	b	358	(115)	243
Capital charge		106	-	106
Other operating expenses	b	7,828	770	8,598
<i>Total expenditure</i>		15,321	655	15,976
Profit of disposal of assets	a	4	(4)	-
<b>Net surplus/(deficit)</b>		<b>1,176</b>	<b>(655)</b>	<b>521</b>

**Explanatory notes - Reconciliation of surplus**

a. *Gain on disposal of assets*

Under NZ IFRS gain on disposal of assets is recorded as a gain under income. Under GAAP gain/(loss) on disposal of assets was classified in a separate line item within the Statement of Financial Performance.

b. *Depreciation and amortisation expense and loss on intangible asset*

It was determined that a ministry website that was capitalised under NZ GAAP should be expensed under NZ IFRS in consideration of IAS 38 Intangible Assets and NZ SIC 32 Intangible Assets – Website Costs.

**Statement of Cash Flows**

Any adjustments to the statement of cash flows on transition to NZ IFRS are in relation to the items mentioned in the reconciliation of equity and reconciliation of surplus above.

## Non-departmental Schedules and Statements: Vote Arts, Culture and Heritage and Vote Sport and Recreation for the Year Ended 30 June 2008

### *Reporting Entity*

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

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government for the year ended 30 June 2008.

### *Statement of Accounting Policies: Non-Departmental*

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant 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.

This is the first set of financial statements prepared using NZ IFRS. The comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of income and expenses and assets and liabilities for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 3.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

The following particular accounting policies have been applied:

#### **Budget Figures**

The budget figures are those included in the Ministry's Statement of Intent for the year ended 30 June 2008, which 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.

#### **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.

The Crown uses a foreign exchange forward contract to manage a foreign exchange exposure. The notional principal amount outstanding at balance date on the hedged purchase commitment with respect to the annual payment made to the Commonwealth War Graves Commission to maintain overseas war graves and memorials was \$2.643 million (30 June 2007: 2.737 million).

#### **Revenue**

Revenue from fines and other receipts are recognised when received.

#### **Grant Expenditure**

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

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

### Goods and Services Tax

All items in the financial statements, including appropriation statements, are stated exclusive of 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 government's financial statements.

### Property, Plant and Equipment

Property, plant and equipment assets comprise the National War Memorial and the Massey War Memorial, administered on behalf of the Crown. These assets are carried at fair value less subsequent impairment losses and, for non-land assets, less subsequent accumulated depreciation. These assets are revalued at least every three years. In the intervening period between the scheduled revaluations if it is established that the 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, as follows:

Buildings	2%
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## Schedule of Non-departmental Revenue and Receipts for the Year Ended 30 June 2008

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

	2007/08 Actual \$(000)	2007/08 Forecast* \$(000)	2006/07 Actual \$(000)
<b>Vote Arts, Culture and Heritage</b>			
Broadcasting Standards Authority – fines	24	22	11
Commercial tenancies income	-	-	213
Canterbury Museum – return of Regional Museums Policy funding	-	-	7,354
<i>Total Arts, Culture and Heritage</i>	24	22	7,578
<b>Vote Sport and Recreation</b>			
SPARC – Return of funds held on behalf of the Crown – Prime Minister's Sport Scholarships	6,490	6,490	-
<i>Total Sport and Recreation</i>	6,490	6,490	-
<b>Total non-departmental revenue and receipts</b>	<b>6,514</b>	<b>6,512</b>	<b>7,578</b>

These schedules are to be read in conjunction with the accompanying Statement of Accounting Policies.

\* This includes adjustments made in the Supplementary Estimates.

*Schedule of Non-departmental Expenses for the Year Ended 30 June 2008*

The schedule of expenses summarises non-departmental expenses that the Ministry administers on behalf of the Crown. Further details are provided in the Statement of Non-departmental Expenditure and Appropriations on page 54.

	2007/08 Expenditure Actual \$(000)	2007/08 Appropriation Voted * \$(000)	2006/07 Expenditure Actual \$(000)
Grants, subsidy and benefit expenses	12,282	32,674	10,783
Other operating expenses	302,876	303,824	272,447
Depreciation – buildings	185	185	185
GST input expense	38,460	41,038	33,664
<b>Total non-departmental expenditure</b>	<b>353,803</b>	<b>377,721</b>	<b>317,079</b>

*These schedules are to be read in conjunction with the accompanying Statement of Accounting Policies.*

*\* This includes adjustments made in the Supplementary Estimates.*

*Statement of Non-departmental Expenditure and Capital Expenditure against Appropriations for the Year Ended 30 June 2008*

The Statement of Non-departmental Expenditure and Appropriations details expenditure incurred against each appropriation administered by the Ministry on behalf of the Crown.

	2007/08 Expenditure Actual \$(000)	2007/08 Appropriation Voted * \$(000)	2006/07 Expenditure Actual \$(000)
<b>Vote Arts, Culture and Heritage</b>			
<b>Appropriation for non-departmental output expenses</b>			
Management of Historic Places	10,859	10,859	10,409
Museum Services	21,744	21,744	21,263
Performing Arts Services	18,283	18,283	18,284
Promotion and Support of the Arts and Film	25,563	25,563	25,563
Protection of Taonga Tūturu	79	79	-
Public Broadcasting Services	156,919	157,279	136,364
<i>Total appropriations for output expenses</i>	<i>233,447</i>	<i>233,807</i>	<i>211,883</i>
<b>Appropriation for other expenses to be incurred by the Crown</b>			
Commonwealth War Graves	2,643	2,643	2,330
Development and Maintenance of War Graves, Historic Graves and Monuments	516	516	516



	2007/08 Expenditure Actual \$(000)	2007/08 Appropriation Voted * \$(000)	2006/07 Expenditure Actual \$(000)
Gallipoli Memorial Projects	-	-	48
Kerikeri Heritage Bypass	2,556	3,144	1,037
New Zealand Memorial in London	-	-	1,323
Regional Museums	7,989	28,380	6,489
Treaty of Waitangi Commemorations	288	288	288
<i>Total appropriations for other expenses to be incurred by the Crown</i>	13,992	34,971	12,031
<b>Appropriation for capital expenditure</b>			
Museum of New Zealand Te Papa Tongarewa	10,000	10,000	15,500
New Zealand Historic Places Trust	2,000	2,000	850
New Zealand Film Commission	946	946	-
Radio New Zealand	521	521	-
<i>Total appropriations for capital expenditure</i>	13,467	13,467	16,350
<b>Total Vote Arts, Culture and Heritage</b>	<b>260,906</b>	<b>282,245</b>	<b>240,264</b>
<b>Vote Sport and Recreation</b>			
<b>Appropriation for non-departmental output expenses</b>			
Sports Anti-Doping	1,691	1,691	1,623
Sport, Fitness and Leisure Programmes	52,288	52,288	49,796
Children and Young People's Lifestyles	9,632	9,632	3,788
<i>Total appropriations for output expenses</i>	63,611	63,611	55,207
<b>Appropriation for benefits and other unrequited expenses</b>			
Sport Education Scholarships	4,250	4,250	4,250
<i>Total appropriations for benefits and other unrequited expenses</i>	4,250	4,250	4,250
<b>Appropriation for other expenses to be incurred by the Crown</b>			
Miscellaneous Grants	43	44	44
<i>Total appropriations for other expenses to be incurred by the Crown</i>	43	44	44
<b>Total Vote Sport and Recreation</b>	<b>67,904</b>	<b>67,905</b>	<b>59,501</b>

\* This includes adjustments made in the Supplementary Estimates.

*Explanation of major budget variances*

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

**Schedule of non-departmental expenditure and capital expenditure against appropriations**

- Public Broadcasting Services was underspent by a net amount of \$360,000, which includes \$660,000 in regard to timing of expenditure on the digital terrestrial platform costs of Freeview. Approval in-principle was obtained to carry forward the unspent funding to 2008/09, offset by advance funding of \$300,000 to the National Pacific Radio Trust.
- Approval was obtained in-principle to carry forward to 2008/09 the remaining \$588,000 towards the construction of the Kerikeri Heritage Bypass, to protect the nationally significant heritage buildings Kemp House and the Stone Store.
- Regional Museums was underspent by \$20.391 million due to a delay in gaining resource consent for the Auckland Art Gallery capital development project. Approval in-principle was obtained to carry forward the unspent funding to 2008/09.

*This statement is to be read in conjunction with the accompanying Statement of Accounting Policies.*

*Schedule of Recipients of Non-departmental Outputs Funding for the Year Ended 30 June 2008*

	\$(000)
<b>Vote Arts, Culture and Heritage</b>	
<b>Management of Historic Places</b>	
Antarctic Heritage Trust	356
New Zealand Historic Places Trust	10,503
	<b>10,859</b>
<b>Museum Services</b>	
Museum of New Zealand Te Papa Tongarewa	20,574
New Zealand Film Archive	1,170
	<b>21,744</b>
<b>Performing Arts Services</b>	
New Zealand Symphony Orchestra	12,346
Royal New Zealand Ballet	3,534
Aotearoa Traditional Māori Performing Arts Society	1,247
New Zealand Music Commission	1,156
	<b>18,283</b>
<b>Promotion and Support of the Arts and Film</b>	
Arts Council of New Zealand Toi Aotearoa (Creative New Zealand)	15,452
New Zealand Film Commission	10,111
	<b>25,563</b>

	\$(000)
<b>Protection of Taonga Tūturu</b>	
Regional Museums: Auckland War Memorial Museum, Canterbury Museum and Otago Museum	29
Conservation service providers	50
	<b>79</b>
<b>Public Broadcasting Services</b>	
Broadcasting Commission (NZ On Air)	109,813
Television New Zealand	37,668
National Pacific Radio Trust	3,300
Radio New Zealand International	1,900
Broadcasting Standards Authority	609
Freeview	3,629
	<b>156,919</b>
<b>Total Vote Arts Culture and Heritage</b>	<b>233,447</b>
<b>Vote Sport and Recreation</b>	
<b>Sports Anti-Doping</b>	
Drug Free Sport New Zealand	1,691
	<b>1,691</b>
<b>Sport, Fitness and Leisure Programmes</b>	
Sport and Recreation New Zealand	52,288
	<b>52,288</b>
<b>Children and Young People's Lifestyles</b>	
Sport and Recreation New Zealand	9,632
	<b>9,632</b>
<b>Total Vote Sport and Recreation</b>	<b>63,611</b>

*Schedule of Non-departmental Assets as at 30 June 2008*

	2007/08 Actual \$(000)	2007/08 Forecast \$(000)	2006/07 Actual \$(000)
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank and at hand	2,304	1,153	962
<i>Total current assets</i>	2,304	1,153	962
<b>Non-current assets</b>			
Property, plant and equipment:			
Land			
- Massey Memorial (at valuation 30 June 2006)	580	580	580
- National War Memorial (at valuation 30 June 2006)	5,300	5,300	5,300
- New Zealand Memorial Park (at cost)	4,967	4,967	4,967
<i>Total land</i>	10,847	10,847	10,847
Buildings			
- Massey Memorial (at valuation 30 June 2006)	980	980	980
Accumulated depreciation	(40)	(40)	(20)
- National War Memorial (at valuation 30 June 2006)	8,280	8,280	8,280
Accumulated depreciation	(330)	(330)	(165)
<i>Buildings carrying value</i>	8,890	8,890	9,075
<i>Total non-current assets</i>	19,737	19,737	19,922
<b>Total assets</b>	<b>22,041</b>	<b>20,890</b>	<b>20,884</b>

The following points should be noted in addition to the above asset disclosures:

In addition the Ministry monitors a number of Crown Entities. The investment in those entities is recorded within the financial statements of the Government on a line-by-line basis. No disclosure is made in this schedule.

The National War Memorial and Massey War Memorial were revalued as at 30 June 2006. This revaluation resulted in an increment to the buildings revaluation reserve of \$401,000 for the National War Memorial and \$198,000 for the Massey Memorial, and an increment to the land revaluation reserve of \$700,000 for the National War Memorial and \$130,000 for the Massey Memorial. The valuation was completed by Beca Valuations (independent valuer) using market-based evidence (land) and depreciated replacement cost (buildings) in accordance with accounting standard FRS-3. Both Memorials will be revalued to fair value as at 30 June 2009. Balance of revaluation reserve at 30 June 2008 for land (\$4.570 million) and buildings (\$599,000).

Buildings are depreciated at 2% per annum on a straight-line basis.

*This schedule is to be read in conjunction with the accompanying Statement of Accounting Policies.*

*Schedule of Non-departmental Liabilities as at 30 June 2008*

	Note	2007/08 Actual \$(000)	2007/08 Forecast \$(000)	2006/07 Actual \$(000)
<b>Current Liabilities</b>				
Creditors and other payables	1	1,023	650	885
<b>Total liabilities</b>		<b>1,023</b>	<b>650</b>	<b>885</b>

*This schedule is to be read in conjunction with the accompanying Statement of Accounting Policies.*

*Schedule of Non-departmental Contingent Liabilities and Contingent Assets as at 30 June 2008*

The Ministry on behalf of the Crown has no contingent liabilities or contingent assets.

*Note 1: Creditors and Other Payables*

	2007/08 Actual \$(000)	2007/08 Main Estimates \$(000)	2007/08 Supp. Estimates \$(000)	2006/07 Actual \$(000)
Creditors	79	50	80	40
Accrued expenses	944	600	720	845
<b>Total creditors and payables</b>	<b>1,023</b>	<b>650</b>	<b>800</b>	<b>885</b>

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

*Note 2: Explanation of Transition to New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)*

There have been no adjustments to non-departmental asset and liabilities or income and expenses on transition to NZ IFRS.

## Section Six – Statement of Standards and Service Performance For the Year Ended 30 June 2008

### *Vote Arts, Culture and Heritage*

#### OUTPUT 1: HERITAGE SERVICES

##### Description

This output involves:

- ♦ The research, writing and publication of New Zealand history and reference works, including *Te Ara – The Encyclopedia of New Zealand*
- ♦ The administration of grants and the provision of advice in New Zealand history
- ♦ The management of national monuments, war graves and historic graves
- ♦ The administration of legislation relating to commemorative days and to the symbols and emblems of New Zealand sovereignty
- ♦ The administration of the Government Exhibition Indemnification Scheme
- ♦ The administration of the Protected Objects Act 1975.

##### Quantity, Quality and Timeliness

The quantity, quality and timeliness objectives and service performance for each output and sub-output are as follows:

#### OUTPUT 1.1: HISTORICAL PUBLICATIONS AND ADMINISTRATIVE SERVICES

Performance measures and standards for 2007/08	Actual performance
<i>Te Ara – The Encyclopedia of New Zealand</i>	
<ul style="list-style-type: none"> <li>♦ Carry out a programme to provide reference works. Key projects are:               <ul style="list-style-type: none"> <li>- Three additional regions in the 'Places' theme of <i>Te Ara</i> will be completed by 30 June 2008</li> <li>- The 'Bush' theme will be launched and the text of the 'Settled Landscape' theme will be completed by 30 June 2008</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – <i>Additional regions in the Places theme</i> – four regional entries were published in the year.</li> <li>♦ Achieved – <i>The Bush theme</i>: this theme was launched on 24 September 2007 by Hon Mahara Okeroa, Associate Minister for Arts, Culture and Heritage.</li> <li>♦ Substantially achieved – <i>'The Settled Landscape' theme</i>: By 30 June the theme was on schedule and virtually completed. The number of entries had been finalised at 97. Of these, 95 had been received and checked, and 2 were outstanding. The theme is planned to be launched on 20 November 2008.</li> </ul>
<i>New Zealand History</i>	
<ul style="list-style-type: none"> <li>♦ Undertake at least 12 historical projects (five will be completed during the year)</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – 12 projects were undertaken, and the 5 projects completed during the year were:               <ul style="list-style-type: none"> <li>- A history of the New Zealand artillery</li> <li>- A history of New Zealand railways</li> <li>- A history of New Zealand immigrants from England, Ireland and Scotland</li> <li>- An oral history of MAF Biosecurity</li> <li>- An oral history of New Zealand Police.</li> </ul> </li> </ul>

<b>Performance measures and standards for 2007/08</b>	<b>Actual performance</b>
<ul style="list-style-type: none"> <li>• Publish at least 12 new features during the year on www.NZHistory.net.nz</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved – 19 new features were published to www.NZHistory.net.nz.</li> </ul>
<ul style="list-style-type: none"> <li>• Historical publications completed meet time and content criteria i.e. 80% of historical projects completed are to meet their time criteria and 100% of historical projects completed meet their content criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved – All Historical publications and completed projects met their time and content criteria.</li> </ul>
<ul style="list-style-type: none"> <li>• Sesquicentenary Gift Trust for Awards in Oral History and New Zealand Research Trust fund: no justified complaints will be received concerning the administration of these funds</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved – No justified complaints were received concerning the administration of these funds.</li> </ul>

## OUTPUT 1.2: HERITAGE PROPERTY MANAGEMENT

<b>Performance measures and standards for 2007/08</b>	<b>Actual performance</b>
<ul style="list-style-type: none"> <li>• 4,188 war graves, 81 historic graves and 16 national monuments will be maintained in accordance with the agreed maintenance programme</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved – The agreed maintenance programme requires all graves and monuments in New Zealand to be visited and maintained during a two-year period. All work programmed in the 2007/08 year was completed.</li> </ul>
<ul style="list-style-type: none"> <li>• The National War Memorial and seven overseas war memorials will be managed and maintained in accordance with the agreed maintenance programme</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved – Management and maintenance of the National War Memorial and the seven overseas memorials at Gallipoli, Longueval, Graventafel, Messines, Le Quesnoy, London and Busan was carried out according to the agreed work programme.</li> </ul>
<ul style="list-style-type: none"> <li>• All site inspections to determine necessary maintenance will be undertaken in accordance with an agreed schedule</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved – All site inspections were undertaken in accordance with the agreed schedule.</li> </ul>
<ul style="list-style-type: none"> <li>• At the conclusion of scheduled maintenance all sites will be in a good state of repair with inscriptions legible and stonework intact</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved – Every contractor is required to supply a photograph of completed work with the submitted invoice.</li> </ul>
<ul style="list-style-type: none"> <li>• 90% of all contracts for capital works and maintenance within New Zealand will comply with agreed criteria as set out in the 2007/08 Output Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved – All contracts let complied with the agreed criteria.</li> </ul>

Performance measures and standards for 2007/08	Actual performance
<ul style="list-style-type: none"> <li>♦ Special projects will be managed to give 100% implementation of the agreed programme.</li> <li>♦ Current projects: New Zealand Memorial Park</li> </ul>	<ul style="list-style-type: none"> <li>♦ New Zealand Memorial Park – Achieved. A report on vehicle emissions at Buckle Street and a health impact assessment were received. This confirmed that realignment of the road could be given as an option to the short-listed design teams. As at year end, the design brief was about to be issued and the project was on track with the agreed programme.</li> </ul>
<i>Symbols of New Zealand Sovereignty</i>	
<ul style="list-style-type: none"> <li>♦ 100% of submissions to Minister in relation to the Flags, Emblems and Names Protection Act 1981 will be accepted</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – All submissions to Minister during the year were accepted.</li> </ul>
<i>Commemorating Waitangi Day Fund</i>	
<ul style="list-style-type: none"> <li>♦ No justified complaints will be received concerning administration of the fund</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – No justified complaints were received concerning the administration of this fund.</li> </ul>
<i>Administering the Government Exhibition Indemnification Scheme</i>	
<ul style="list-style-type: none"> <li>♦ An estimated 5 indemnifications will be established and administered during the year</li> </ul>	<ul style="list-style-type: none"> <li>♦ Two applications for indemnifications were made during the year. One indemnity was cancelled, as the exhibition did not proceed. The second application was under negotiation with Te Papa as at balance date.</li> </ul>
<ul style="list-style-type: none"> <li>♦ 100% of indemnifications established and administered will meet the timing requirements of the applicants</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – 100% of indemnifications established met the applicants' timing requirements.</li> </ul>
<ul style="list-style-type: none"> <li>♦ 100% of indemnifications will comply with the policy guidelines for the scheme</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – All indemnifications complied with the policy guidelines for the scheme.</li> </ul>
<i>Protected Objects Act 1975</i> Note: Management of contracts for the authentication of taonga tūturu will be made with the Auckland War Memorial, Canterbury and Otago Museums	
<ul style="list-style-type: none"> <li>♦ 150 (the estimated range is 120 to 180) applications made under the Protected Objects Act 1975</li> </ul>	<ul style="list-style-type: none"> <li>♦ 110 applications (slightly fewer than estimated) made under the Protected Objects Act 1975 were completed.</li> </ul>
<ul style="list-style-type: none"> <li>♦ An estimated 50 export certificates for antiquities will be issued (estimated range 40 to 60)</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – 110 applications for export certificates were made during the year; 40 export certificates for antiquities were issued. The remainder were clearance certificates for objects not classified as protected.</li> </ul>



<b>Performance measures and standards for 2007/08</b>	<b>Actual performance</b>
♦ An estimated 50 determinations of custody of newly found taonga tūturu (estimated range 40 to 60)	♦ During the year, the Ministry was notified of 348 newly found taonga tūturu. Under the Protected Objects Act, custody is no longer determined by the Ministry. Instead, the Ministry works towards the transfer of legal ownership to the actual or traditional owners. Three applications for ownership were submitted to the Maori Land Court. One application was granted. The other two were yet to be determined at year end.
♦ An estimated 50 collectors of taonga tūturu	♦ Achieved – 74 collectors of artifacts were registered.
♦ No decisions will be overturned through the appeal process	♦ Achieved – No decisions were overturned through the appeal process.

### *Output Financial Performance*

*(Figures are GST exclusive)*

	2007/08 Actual	2007/08 Supp. Estimates	Variance
	\$(000)	\$(000)	\$(000)
Revenue Crown	6,008	6,008	-
Other Revenue	199	193	6
Total Revenue	6,207	6,201	6
Total Expenses	(5,605)	(6,201)	596
Net Surplus/(deficit)	602	-	602

*Explanations of major variances are provided in Note 13 of the Notes to the Financial Statements.*

## OUTPUT 2: INTERNATIONAL CULTURAL DIPLOMACY

### Description

This output involves the management of the Cultural Diplomacy International Programme (CDIP), including the co-ordination of a cross-agency steering group comprising the Ministry of Foreign Affairs and Trade, Tourism New Zealand and New Zealand Trade and Enterprise.

### Quantity, Quality and Timeliness

The quantity, quality and timeliness objectives and service performance for each output and sub-output are as follows:

Performance measures and standards for 2007/08	Actual performance
<ul style="list-style-type: none"> <li>♦ Approved projects will be funded and completed on time and within the approved budget</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – Projects approved by Ministers for Year Four of the programme were funded and completed on time and within the approved budget.</li> </ul>
<ul style="list-style-type: none"> <li>♦ An estimated five briefing reports for the year will be provided to Ministers on the overall programme of activity and allocation of funding for individual cultural diplomacy projects</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – eight reports were provided to Ministers on the overall programme of activity and to seek approval for allocation of funding for projects.</li> </ul>
<ul style="list-style-type: none"> <li>♦ An estimated three briefing reports for the year will be provided to the Minister reporting on progress in implementing the programme and outcomes of funded activity</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – 13 briefing reports were provided to the Minister reporting on progress in implementing the programme and outcomes of funded activity.</li> </ul>
<ul style="list-style-type: none"> <li>♦ The Cross Agency steering group will rate the Ministry's management of the programme as good or better</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – The Ministry's management of the programme was included as a component of the evaluation overall of the CDIP initiative during the year. The evaluation, commissioned by the Cross Agency steering group, indicated that the Ministry had provided effective management of the programme.</li> </ul>

The fourth year of the Cultural Diplomacy International Programme (CDIP) has seen funding provided to a range of projects to advance New Zealand's economic, trade, tourism, and diplomatic interests.

A breakdown of the cost of operating the programme and of the initiatives funded is as follows:

	\$000
Ministry for Culture and Heritage administrative costs	163
Initiatives funded	1,867
<b>Total</b>	<b>2,030</b>

#### Breakdown of initiatives funded

Opening of NZ Embassy in Cairo	21
New Zealand Paradise Week, Tokyo	1,100
Project Management for Major CDIP Activity in 2008/09, Seoul	45
New Zealand - China Free Trade Agreement Activities – Beijing and Hangzhou	91
Red Hot from New Zealand Festival, Manila	25
Contemporary Music/Dance, Hong Kong and Taipei	152
Statue of NZ Soldier on Anzac Bridge, Sydney (2nd instalment)	123
Buskaid Soweto String Ensemble, tour of New Zealand	60
Rugby World Cup, Paris and Marseille	250
<b>Total Initiatives Funded</b>	<b>1,867</b>

### Output Financial Performance

(Figures are GST exclusive)

	2006/07 Actual	2006/07 Supp. Estimates	Variance
	\$(000)	\$(000)	\$(000)
Revenue Crown	2,120	2,120	-
Other Revenue	-	-	-
<b>Total Revenue</b>	<b>2,120</b>	<b>2,120</b>	<b>-</b>
Total Expenses	(2,030)	(2,120)	90
<b>Net Surplus/(deficit)</b>	<b>90</b>	<b>-</b>	<b>90</b>

Explanations of major variances are provided in Note 13 of the Notes to the Financial Statements.

### OUTPUT 3: POLICY ADVICE AND GRANTS ADMINISTRATION

#### Description

This output involves:

- the provision of policy advice on arts, culture, heritage and broadcasting issues, as determined in consultation with Ministers, including legislation, major policy proposals, and developments and initiatives which have significance to the arts, culture, heritage and broadcasting sectors
- the management and disbursement of payments to a number of arts, culture, heritage and broadcasting sector agencies, and the monitoring of the Crown's interests in these organisations
- the provision of negotiated services to Ministers, including the preparation of replies to ministerial correspondence, and general services that assist Ministers in discharging their portfolio obligations to Parliament.

#### Quantity, Quality and Timeliness

The quantity, quality and timeliness objectives and service performance for each output and sub-output are as follows:

#### OUTPUT 3.1: POLICY ADVICE

Performance measures and standards for 2007/08	Actual performance
<i>Other policy advice work and briefing the Minister</i>	
• An estimated 370 briefing reports will be provided during the year to Ministers on significant issues in the arts, culture, heritage and broadcasting sectors, developments in the portfolios, and relevant policy proposals by other departments	• Achieved – 580 briefing reports were provided to Ministers during the year.
• 100% of briefing reports will meet the deadlines set by the Ministers' offices	• Achieved – All briefing reports met deadlines set by Ministers' offices.
• Ministers will rate on an annual basis, the Ministry's performance in regard to briefing reports provided as good or better	• Achieved – Feedback was sought from Ministers and, where provided, the Ministry's performance was rated as very good.
<i>Submissions to Cabinet / Cabinet Committees</i>	
• An estimated 30 Cabinet or Cabinet Committee submissions will be provided during the year to Ministers	• Achieved – 46 Cabinet or Cabinet Committee submissions were provided during the year to Ministers.
• 100% of submissions will meet Cabinet Office deadlines	• Not achieved – 26% of submissions did not meet Cabinet Office deadlines.
• An estimated 60 Cabinet or Cabinet Committee submissions of other government departments will be contributed to	• Achieved – 107 Cabinet or Cabinet Committee submissions of other government departments were contributed to.

<b>Performance measures and standards for 2007/08</b>	<b>Actual performance</b>
<ul style="list-style-type: none"> <li>Ministers will rate, on an annual basis, the Ministry's performance in regard to submissions to Cabinet/ Cabinet Committees' provided as good or better</li> </ul>	<ul style="list-style-type: none"> <li>Achieved – Feedback was sought from Ministers and, where provided, the Ministry's performance was rated as very good.</li> </ul>
<i>Sets of speech notes</i>	
<ul style="list-style-type: none"> <li>An estimated 90 sets of speech notes will be provided during the year to Ministers</li> </ul>	<ul style="list-style-type: none"> <li>Achieved – The Ministry supplied 153 sets of speech notes.</li> </ul>
<ul style="list-style-type: none"> <li>100% of the sets of speech notes will meet the deadlines set by the Ministers' offices</li> </ul>	<ul style="list-style-type: none"> <li>Achieved – 100% of the sets of speech notes provided met the deadlines set by the Ministers' offices.</li> </ul>
<ul style="list-style-type: none"> <li>Ministers will rate, on an annual basis, the Ministry's performance in providing sets of speech notes as good or better</li> </ul>	<ul style="list-style-type: none"> <li>Achieved – Feedback was sought from Ministers and, where provided, the Ministry's performance was rated as good to very good.</li> </ul>

### OUTPUT 3.2: GRANTS ADMINISTRATION

<b>Performance measures and standards for 2007/08</b>	<b>Actual performance</b>
<ul style="list-style-type: none"> <li>Crown payment for Non-Departmental Output Expenses, Other Expenses and Capital Contributions will be disbursed to at least 18 organisations during the year. All payments will be made in accordance with instructions and conditions governing the payment.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved – All payments were made to the 18 organisations in accordance with instructions and conditions governing the payment.</li> </ul>
<ul style="list-style-type: none"> <li>The performance of recipients of Crown payments will be specified in memoranda of understanding or other funding arrangements agreed by responsible Ministers. All agreements will be completed by 31 July 2007, unless formal extension is agreed by the relevant Minister.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved – 14 MoUs were in place by 31 July 2007, and payments were made to the remaining four only once formal funding agreements were signed by Ministers.</li> </ul>
<ul style="list-style-type: none"> <li>An estimated 140 briefing reports on agency performance and issues related to agency operations will be provided during the year to Ministers</li> </ul>	<ul style="list-style-type: none"> <li>139 briefing reports were provided during the year.</li> </ul>
<ul style="list-style-type: none"> <li>Advice and assistance to recipients of Crown payments will be provided as required</li> </ul>	<ul style="list-style-type: none"> <li>Achieved – Advice and assistance to recipients of Crown payments was provided as required.</li> </ul>
<ul style="list-style-type: none"> <li>Advice provided will be rated as satisfactory or better by 90% of respondents</li> </ul>	<ul style="list-style-type: none"> <li>Achieved – Feedback was sought from agencies and, where provided, the Ministry's performance was rated as satisfactory or better.</li> </ul>

### OUTPUT 3.3: MINISTERIAL SERVICING

Performance Measures and Standards for 2007/08	Actual performance
<i>Ministerial correspondence</i>	
<ul style="list-style-type: none"> <li>♦ An estimated 500 draft replies to ministerial correspondence will be provided during the year</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – 524 draft replies to ministerial correspondence were provided during the year.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Unless otherwise agreed with Ministers, 90% of draft replies will be provided within 15 working days of receipt</li> </ul>	<ul style="list-style-type: none"> <li>♦ Not achieved – 52% provided within 15 working days of receipt.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Unless otherwise agreed with Ministers, 100% of draft replies will be provided within 20 working days of receipt</li> </ul>	<ul style="list-style-type: none"> <li>♦ Not achieved – 69% provided within 20 working days of receipt.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Ministers will rate, on an annual basis, the Ministry's performance in providing draft replies to ministerial correspondence as good or better</li> </ul>	<ul style="list-style-type: none"> <li>♦ Feedback was sought from Ministers and, where provided, the Ministry's performance was rated as very good.</li> </ul>
<i>Questions in the House</i>	
<ul style="list-style-type: none"> <li>♦ An estimated 200 draft responses to questions in the House will be provided during the year</li> </ul>	<ul style="list-style-type: none"> <li>♦ Not achieved – 89 draft responses to questions in the House were provided during the year.</li> </ul>
<ul style="list-style-type: none"> <li>♦ 100% of draft responses will meet the deadlines set by the Ministers' offices</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved - 100% of draft responses met the deadlines set by the Ministers' offices.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Ministers will rate, on an annual basis, the Ministry's performance in regard to draft responses to questions in the House provided as good or better</li> </ul>	<ul style="list-style-type: none"> <li>♦ Feedback was sought from Ministers and, where provided, the Ministry's performance was rated as very good.</li> </ul>

### Output Financial Performance

(Figures are GST exclusive)

	2007/08	2007/08	
	Actual	Supp. Estimates	Variance
	\$(000)	\$(000)	\$(000)
Revenue Crown	6,830	6,830	-
Other Revenue	285	282	3
<b>Total Revenue</b>	<b>7,115</b>	<b>7,112</b>	<b>3</b>
Total Expenses	(6,566)	(7,112)	546
<b>Net Surplus/(deficit)</b>	<b>549</b>	<b>-</b>	<b>549</b>

Explanations of major variances are provided in Note 13 of the Notes to the Financial Statements.

## Vote Sport and Recreation

### OUTPUT: PURCHASE ADVICE AND MONITORING OF SPORT AND RECREATION CROWN ENTITIES

#### Description

This output involves the provision of purchase advice to and monitoring of sport and recreation Crown entities on behalf of the Minister for Sport and Recreation.

#### Quantity, Quality and Timeliness

The quantity, quality and timeliness objectives and service performance for each output and sub-output are as follows:

Performance Measures and Standards for 2007/08	Actual performance
<ul style="list-style-type: none"> <li>♦ Estimated ten briefing reports will be provided</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – 27 briefing reports were provided.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Crown payment for Non-Departmental Output Expenses, Benefits and Other Unrequited Expenses, and Other Crown Expenses will be disbursed to at least two organisations during the year. All payments will be made in accordance with instructions and conditions governing the payment.</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – All payments were made to the two organisations in accordance with instructions and conditions governing the payment.</li> </ul>
<ul style="list-style-type: none"> <li>♦ The performance of recipients of Crown payments will be specified in memoranda of understanding or other funding arrangements agreed to by the Minister. All agreements will be completed by 31 July 2007, unless formal extension is agreed to by the Minister.</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – Signed MoUs were in place for the two organisations by 31 July 2007.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Advice and assistance to recipients of Crown payments will be provided as required</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – Advice and assistance was provided as required.</li> </ul>
<ul style="list-style-type: none"> <li>♦ Advice provided will be rated as satisfactory or better by all respondents</li> </ul>	<ul style="list-style-type: none"> <li>♦ Achieved – Feedback was sought from both agencies. Only one responded, with a satisfactory assessment.</li> </ul>
<ul style="list-style-type: none"> <li>♦ The Minister will rate, on an annual basis, the Ministry's performance in regard to purchase advice and monitoring provided as good or better</li> </ul>	<ul style="list-style-type: none"> <li>♦ It was assessed to be not appropriate to seek feedback because a change of Minister occurred shortly after the customary time of the annual survey. Accordingly, no feedback was received to enable this to be measured.</li> </ul>



### Output Financial Performance

(Figures are GST exclusive)

	2007/08 Actual \$(000)	2007/08 Supp. Estimates \$(000)	Variance \$(000)
Revenue Crown	98	98	-
Other Revenue	-	-	-
Total Revenue	98	98	-
Total Expenses	98	98	-
<b>Net Surplus/(deficit)</b>	-	-	-

Explanations of major variances are provided in Note 14 of the Notes to the Financial Statements.

# Audit Report

*To the readers of Ministry For Culture and Heritage's  
 Financial Statements and Statement of Service Performance  
 For the year ended 30 June 2008*

The Auditor-General is the auditor of Ministry for Culture and Heritage (the Ministry). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance and schedules of non-departmental activities included in the annual report of the Department for the year ended 30 June 2008.

## Unqualified Opinion

In our opinion:

- ♦ The financial statements of the Department on pages 24 to 51:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Department's financial position as at 30 June 2008; and
    - the results of its operations and cash flows for the year ended on that date.
- ♦ The statement of service performance of the Department on pages 60 to 71:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.
- ♦ The schedules of non-departmental activities on pages 52 to 59 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2008.

The audit was completed on 26 September 2008, and is the date at which our opinion is expressed.

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

## Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

### **Responsibilities of the Chief Executive and the Auditor**

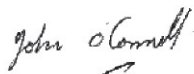
The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date<sup>3</sup>. The statement of service performance must fairly reflect, for each class of outputs, the Department's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2008. The Chief Executive's responsibilities arise from sections 45A, and 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

### **Independence**

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

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



John O'Connell  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

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