



# Annual Report

TE MANATŪ TAONGA | MINISTRY FOR CULTURE AND HERITAGE

2006

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## Chief Executive

In 2006 New Zealand is a nation standing tall, enjoying a renaissance in its arts, culture and heritage. The government's recent announcement that enhancing national identity is one of its key priorities for the next decade confirms the growing role of culture and heritage in our national life, and is adding fresh impetus to the Ministry's work.

Our varied and innovative projects are a reflection of 21st century New Zealand as we work to support government objectives, and to serve the evolving cultural needs, interests and aspirations of New Zealanders.

A key feature of this work is the fast changing technology which provides us with unprecedented opportunities to deliver culture and heritage products in different and increasingly effective formats.

This can be seen in the range of the Ministry's 'digital' activities over the past year, including the completion of the second theme of *Te Ara, the Encyclopedia of New Zealand*; the launch of a platform for free-to-air Digital TV; the development of the cultural portal project, *NZLive.com*; and new additions to the Ministry's *NZHistory.net.nz* site. Digital technology also enables us to provide 'virtual access' to a number of other Ministry projects, such as the moving panoramic images of the New Zealand Memorial in London which can be viewed on the Ministry's website.

In keeping with this trend towards digital delivery of cultural content, this year the Ministry is delivering its Annual Report in a different format. Public accountability for the resources with which we are entrusted is something we take seriously. So too is the responsibility to deliver value for money. Therefore, rather than producing a large, glossy printed report, our key means of publicly accounting for our work in 2005/06 is through a 'Year in Review' on our website. This provides a dynamic overview of the Ministry's key achievements for the year and links to further detailed information about our activities across the Ministry's websites.

While this simplified printed report meets the statutory requirements and provides basic information about the Ministry's delivery against its agreed outputs, I urge you to have a look at our digital report at [www.mch.govt.nz/about/year-in-review.html](http://www.mch.govt.nz/about/year-in-review.html) to get a real feel for what we have achieved over the last year, and for our ongoing work to support and promote New Zealand's culture and heritage.

## Key Strategies and Priorities in 2005/06

### Improving Connections

- Improving communication to and from stakeholders.
- Building the confidence of Maori in the work of the Ministry

Performance Target in 2005 Statement of Intent	Actual Performance
Further development of a stakeholder management strategy.	Development of the strategy was delayed during the year due to the pressure of ministerial servicing demands on the Communications Unit. A project plan for development of the strategy was signed off by the Management Team and the strategy will be completed in 2006/07.
Effective delivery of the Cultural Well-being project.	Connections with local authorities, central government 'well-being' agencies, and agencies in the cultural sector have been strengthened by: <ul style="list-style-type: none"> <li>• convening a Cultural Well-being Reference Group involving representatives from local authorities;</li> <li>• organising opportunities for local authority representatives to meet with central government well-being agencies and agencies in the cultural sector; and</li> <li>• participation in local/central government working groups, workshops, forums and conferences.</li> </ul> Find out more at <a href="http://www.mch.govt.nz/projects/culture/well-being">www.mch.govt.nz/projects/culture/well-being</a>
Actively co-ordinate cross-government initiatives to advance the place of culture and heritage in non-cultural outcomes.	The Ministry manages the Cultural Diplomacy International Programme (CDIP) in partnership with the Ministry of Foreign Affairs and Trade, New Zealand Trade and Enterprise, and Tourism New Zealand. It presents cultural activities offshore for leveraging trade, tourism, science, education and diplomatic outcomes.
Embed the co-ordination of multi-agency groups we have already established as an effective way of working.	The CDIP Steering Group, chaired by the Ministry, successfully supports 'NZ Inc.' policy coherence and operational alignment. <p>A group of government agencies supporting contemporary music was convened to promote better coordination of activity and information exchange. See also information on the Screen Co-ordination Group and the Government Co-ordinating Group for Historic Heritage below under 'Embedding Understanding of Culture'.</p>

Performance Target in 2005 Statement of Intent	Actual Performance
Further implementation of a programme to enhance the Ministry's capacity to incorporate a Maori perspective in its work.	Staff were supported in enrolment in Maori language classes and presentations on aspects of Maori culture were given to staff. <p><i>Te Rito</i>, an online programme for learning about Maori language and culture, was made available to staff.</p> The Ministry worked with other government agencies on programmes that support Maori language and culture.
Enhance links with public history institutions and groups.	A series of seminars with National Library and with Archives NZ were presented and the Ministry's History Group had ongoing involvement with Museum and Heritage Studies at Victoria University. <p>The Ministry ran monthly 'in-house' seminars to help maintain links with a wide range of institutions including government departments, Crown entities, universities, publishers, media, museums, local authorities, the diplomatic corps, libraries and schools. Authors, museum professionals and other external speakers were invited to speak at seminars.</p> Links with teacher groups have been maintained through email correspondence and presentations on <i>The Classroom</i> website. Other links have been maintained through book publicity, radio interviews and provision of advice to television, e.g. to Maori Television on ANZAC Day.

## Providing Strategic Advice

Developing our capacity to inform government's strategic decisions about its involvement in the cultural sector.

Performance Target in 2005 Statement of Intent	Actual Performance
Implement a programme to facilitate improved strategic thinking across the Ministry.	The government's recently announced priority of enhancing national identity was explored in a series of internal workshops to discuss national identity issues.
Implement improved research input into policy development.	<p>Research on mechanisms for setting broadcasting funding levels in OECD countries was commissioned from Unitec; a cost-benefit report was commissioned from Spectrum Strategy Consultants on the introduction of free-to-air digital television; and quarterly channel share reports were commissioned from AGB Nielsen.</p> <p>A significant new contribution to cultural statistics was made with the completion of the Ministry's <i>Cultural Indicators for New Zealand</i> report – find out more in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a></p> <p>Further cultural statistics were made available with the production of the Ministry's <i>Sponsorship of Cultural Events, Organisations, and Activities 2005</i> report (the fourth edition in an ongoing series); and Statistics New Zealand's <i>Household Spending on Culture 2006</i> report, which was published with assistance by the Ministry.</p> <p>You can find the full reports on the Ministry's website: <a href="http://www.mch.govt.nz">www.mch.govt.nz</a></p>
Advance a policy programme agreed with the Minister which will include baseline, organisational and legislative review of agencies.	<p>Policy work began on scoping the possible amendment of both the New Zealand Film Commission Act 1978 and the Arts Council of New Zealand Toi Aotearoa Act 1994.</p> <p>Support was provided to the Associate Minister for Arts, Culture and Heritage during the passage of the Historic Places Amendment Bill through the House. The Bill was enacted in June 2006, with a commencement date of 1 August 2006.</p> <p>Find out more about this legislation in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a></p> <p>A review of the Waitangi National Trust Board was commenced in June 2006, and is scheduled for completion in 2006/07.</p>

## Performance Target in 2005 Statement of Intent

Progress the Broadcasting Programme of Action with legislative amendments for Radio New Zealand and the five-yearly review of its Charter.

## Actual Performance

The review of the Radio New Zealand Charter was initiated, and the proposed new Charter considered by the Commerce Select Committee which recommended its inclusion in legislation.

The Ministry led a cross-departmental policy programme to advance a key priority for the Broadcasting Programme of Action: *Facilitate the successful development of digital broadcasting services*. This resulted in the June 2006 announcement by government of key decisions in relation to the transition to free-to-air digital television in New Zealand.

Find out more about the Ministry's work towards digital free-to-air television in our digital Year in Review at [www.mch.govt.nz/about/year-in-review.html](http://www.mch.govt.nz/about/year-in-review.html)

## Enhancing Cultural Agency Governance

Building governance capability in agencies supported by the Ministry.

## Performance target in 2005 Statement of Intent

Ensure that all new appointees to cultural agency boards receive an appropriate induction programme.

## Actual performance

With nearly all appointments being made at the end of the 2005/06 year, arrangements have been made with the 22 new appointees to attend new members' workshops in August and September 2006. These will focus on relevant Crown governance issues.

Find out more about the Ministry's governance work on our website: [www.mch.govt.nz/agency/boards/index.html](http://www.mch.govt.nz/agency/boards/index.html)

Implement an effective best-practice programme of up-skilling and development for boards of cultural agencies.

An active programme has been implemented including workshops with five entity boards, a quarterly governance e-newsletter to all board members, and regular memoranda on topics such as 'Boards in Election Year'.

Improve board capacity for self-evaluation of their performance.

All funded agencies have agreed to an annual self-evaluation. The Ministry has assisted with the provision of templates and information, and arranged a facilitated workshop for one board.

## Improving Services

Providing the best services we can to Ministers and other users.

Performance target in 2005 Statement of Intent	Actual performance
Implement a shared workspace to facilitate information sharing with funded agencies.	The <i>Exchange</i> Shared Workspace developed last year was maintained and enhanced by the addition of new content, including a section on operational policies. This enables agencies to share work they have done in areas such as computer usage, fraud control, procurement, and health and safety.
Enhance delivery of historical information in digital media.	<i>NZHistory.net.nz</i> has had a major revamp in the past 12 months which has enabled us to present history content in a much more professional and user-friendly form. New content added in this period includes entries on the pre-Treaty period, the New Zealand Wars, Te Kingitanga, Nuclear Free New Zealand, and the 1981 Springbok Tour. We have also created a popular new feature, the NZ History Calendar, which is presented on the homepage as 'Today in New Zealand History'. Find out more in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a> and visit <a href="http://www.NZHistory.net.nz">www.NZHistory.net.nz</a>
Enhance teaching and learning opportunities through the information available on <i>NZHistory.net.nz</i> .	Learning activities supporting a number of features available on <i>NZHistory.net.nz</i> have been posted in <i>The Classroom</i> to enhance topics taught at Levels 1-3 of NCEA and for junior social studies. In addition, activities have been developed to support Anzac Day and events associated with Today in NZ History, which are suitable for a range of curriculum levels. Find out more in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a> and visit <a href="http://www.NZHistory.net.nz/classroom">www.NZHistory.net.nz/classroom</a>

Performance target in 2005 Statement of Intent	Actual performance
Develop a cultural portal with a focus on cultural events.	The Ministry undertook the first stages of strategy and development work on its major new cultural portal project. This provides a co-ordinated web presence for cultural activities. <i>NZLive.com: New Zealand Culture Online</i> is to be launched in September 2006. It includes a comprehensive directory of cultural organisations, cultural events, activities and attractions and a range of web links providing information on New Zealand culture. Find out more in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a> and visit <a href="http://www.NZLive.com.nz">www.NZLive.com.nz</a>
Continue to facilitate increased understanding amongst local authorities relating to Cultural Well-being.	The Ministry has built and maintained a high profile with local authorities in relation to Cultural Well-being, including those activities outlined above under 'Effective delivery of the Cultural Well-being project', and by: <ul style="list-style-type: none"> <li>maintaining a website and making available brochures on Cultural Well-being;</li> <li>undertaking a stock take of Cultural Well-being indicators and measures used by local authorities; and</li> <li>publishing a review of approaches taken by regional authorities to Cultural Well-being.</li> </ul>
Implement the amendments to the Antiquities Act 1975 to enhance management of protected objects.	As at 30 June 2006 the proposed amendments to the Antiquities Act 1975 had not been passed by Parliament.

## Advancing Key Projects

Implementing major projects agreed with the government.

Performance target in 2005 Statement of Intent	Actual performance
Work on the 'Places' theme and launch the 'Earth, Sea and Sky' theme of <i>Te Ara, the Encyclopedia of New Zealand</i> .	The 'Earth, Sea and Sky' theme of <i>Te Ara, the Encyclopedia of New Zealand</i> , which contains 117 new entries, was launched in June 2006. The first two regions in the 'Places' theme were launched in December 2005 and work on the third region completed. Find out more in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a> and visit <a href="http://www.TeAra.govt.nz">www.TeAra.govt.nz</a>
Publish history of Governors-General, history of the Maori Battalion's C Company, advance the Second World War oral history programme and establish the <i>From Memory</i> website to help the community with recording war oral history.	A history of New Zealand's Governors-General was completed and delivered to the publishers in March 2006. Significant progress was made on the work on the Maori Battalion's C Company, with publication expected in 2007. Two new publications were completed as part of the Second World War oral history programme: <i>Hell or High Water: New Zealand Merchant Seafarers Remember the War</i> was published in August 2005; and <i>The Big Show: New Zealanders, D-Day and the War in Europe</i> was published in June 2006. Other histories completed during the year were: <ul style="list-style-type: none"> <li>• 'Government and Maori Health, 1940-2000';</li> <li>• <i>Innovation and Independence: The Reserve Bank of New Zealand, 1973-2002</i>;</li> <li>• <i>Frontier of Dreams: The Story of New Zealand</i>;</li> <li>• <i>Frontier of Dreams</i> – Television series;</li> <li>• <i>More Than Law and Order: Policing a Changing Society, 1945-1992</i>;</li> <li>• <i>New Zealand and the Vietnam War: Politics and Diplomacy</i>.</li> </ul> Find out more about our history publications in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a> The <i>From Memory</i> website was launched in June 2005. Training workshops for community oral historians were held and the first interviews for this project have been received. Visit the site at <a href="http://www.nzhistory.net.nz/war/from-memory">www.nzhistory.net.nz/war/from-memory</a>

Performance target in 2005 Statement of Intent	Actual performance
Develop and implement Year Two projects as part of the Cultural Diplomacy International Programme.	Projects implemented through the Cultural Diplomacy International Programme include: <ul style="list-style-type: none"> <li>• a New Zealand Film Festival in Japan, with an associated programme of activities;</li> <li>• performances by the Kahurangi Maori Group at New Zealand festivals in Bangkok and Singapore;</li> <li>• performances by Ngati Ranana at CHOGM in Malta;</li> <li>• a New Zealand Film Festival at Taipei; and</li> <li>• cultural activities at the opening of the Hong Kong Concept Centre.</li> </ul> Find out more about the programme in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a>
Support the passage of the Protected Objects Amendment Bill 2004 through the parliamentary process and its subsequent implementation.	Advice was provided to the Government Administration Committee on the Protected Objects Amendment Bill, which was reported to the House on 1 August 2005. Support was provided to the Associate Minister during the second reading of the Bill in May 2006. Find out more about this legislation in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a>
Advance the design and construction of the New Zealand Memorial in London.	The bronze standards of the Memorial were completed ahead of schedule and shipped to London for installation. Contracts are in place for the landscaping of the site, which started in July 2006. The Memorial will be completed in time for a dedication ceremony on 11 November 2006. Find out more about the memorial in our digital Year in Review at <a href="http://www.mch.govt.nz/about/year-in-review.html">www.mch.govt.nz/about/year-in-review.html</a> and visit our <i>London Memorial</i> website: <a href="http://www.mch.govt.nz/projects/memorials/london">www.mch.govt.nz/projects/memorials/london</a>

### *Advancing Key Projects*

Implementing major projects agreed with the government.

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
Complete the construction of a New Zealand Memorial in Korea.	The New Zealand Memorial in the UN Cemetery in Busan, Korea, was unveiled by the Prime Minister on 19 November 2005.
Advance the establishment of a National Memorial Park on Buckle Street in Wellington.	Cabinet approved the transfer of the land on Buckle Street required to create the park from Transit New Zealand to the Ministry. Roading alignment options are being explored before the design of the park is finalised. Find out more at our website: <a href="http://www.mch.govt.nz/projects/memorials/park">www.mch.govt.nz/projects/memorials/park</a>
Advance the Cultural Well-being project.	The Ministry's Cultural Well-being project was advanced by: <ul style="list-style-type: none"> <li>• creating local authority 'champions' of Cultural Well-being to help mitigate the lack of a Ministry presence in the regions;</li> <li>• providing local authorities with information, definitions and data; and</li> <li>• providing feedback on draft 2006 Long-Term Council Community Plans.</li> </ul> <p>See also above under 'Effective delivery of the Cultural Well-being project' and 'Continue to facilitate increased understanding amongst local authorities relating to Cultural Well-being'.</p>

### *Embedding Understanding of the Contribution of Culture*

Institutionalising understanding of the contribution of culture to achieving wider government outcomes.

Presenting a cultural perspective on other government activities.

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
Convening the Cultural Diplomacy Co-ordinating Group and Steering Group for Cultural Diplomacy International Programme.	The Cultural Diplomacy International Programme and the (renamed) International Cultural Activities Co-ordinating Group provide opportunities for co-ordination of offshore cultural activities – see under 'Improving Connections' above. The Ministry has also developed a quarterly International Cultural Diary which is made available to New Zealand diplomatic posts offshore.
Convening the Government Co-ordinating Group for Historic Heritage.	Four meetings of the Government Co-ordinating Group for Historic Heritage were convened: in July and November 2005, and January and May 2006. As in previous years, the Group discussed a range of historic heritage issues of shared interest. In 2005/06, the Group also became actively engaged in developing a possible cross-government initiative to promote and enhance historic heritage sites of national symbolic importance.
Convening the Screen Co-ordination Group.	The Ministry convened three meetings of the Screen Co-ordination Group and developed communications material to support an understanding of its work among relevant agencies and sector organisations. It also led work with the Group to examine member agencies' policies on recoupment and equity retention on investment.
Participation in the Creative Industries Working Group.	Advice was provided to the Ministry of Economic Development and New Zealand Trade and Enterprise on creative industries policy and initiatives, and the Ministry participated as a member of the Creative Industries Working Group.

### *Embedding Understanding of the Contribution of Culture*

Institutionalising understanding of the contribution of culture to achieving wider government outcomes.

Presenting a cultural perspective on other government activities.

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
Participation in the Inter-Agency Events Group.	The Ministry participated as a member of the Group to ensure that the cultural components of events seeking major events funding are recognised. It provided input to the development of the Major Events Strategy and to the process for evaluating the Inter-Agency Events Group's investments in major events.
Convening the Broadcasting interdepartmental group.	The Ministry chairs a weekly meeting of departments with responsibilities for the broadcasting portfolio. It is convened to ensure there is appropriate co-ordination and information sharing.
Participation in both GIF-related and broadcasting digital forums.	As a member of the Digital Strategy steering group, the Ministry provided advice to the group and input into policy and funding decisions for the Community Partnerships Fund and the Broadband Challenge.
Advance the Cultural Well-being project.	The Ministry's Cultural Well-being programme contributes to a broader understanding of how central and local government work together (along with the voluntary sector and businesses) to promote Cultural Well-being at a local level, and how that contributes to central government's goals of national identity and economic transformation.

### *Capability Objectives to Support the Achievement of Outcomes*

Maintain a comprehensive human resources strategy that meets the Ministry's needs.

Develop knowledge management in the Ministry.

Implement and maintain a robust planning and reporting framework.

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
Particular emphasis will be given to professional and leadership development programmes.	The Ministry's professional development policy was reviewed during the year. A programme of in-house training was established, which included a leadership development programme.
Particular emphasis will be given to knowledge sharing initiatives.	Initiatives introduced during the year included enhanced access to media monitoring services along with the availability of a wider range of library databases to assist staff in their research and critical thinking. Content on the Ministry's intranet grew significantly over the past year to include comprehensive human resources and information management pages. Information is increasingly being made available solely through the intranet to solidify its role within internal communications.
Particular emphasis will be given to examining ways of enhancing project and programme management.	Project management training was provided to staff during the year as part of the programme of in-house professional development and training implemented.
Compliance with the good employer requirements of the State Sector Act 1988.	The Ministry met all of its obligations in this regard.

## Measuring Progress and Achievements

### Progress In Managing Towards Outcomes:

#### GOVERNMENT OUTCOMES

Undertakings in 2005 Statement of Intent	Actual performance
<p><i>Information from the Ministry's cross-government Cultural Indicators project will be analysed and used, where possible, to monitor progress.</i></p> <p>An assessment of data collected through the Cultural Indicators project will be analysed and used to monitor progress.</p>	<p>Once fully populated and updated over time, the indicators in the Ministry's <i>Cultural Indicators for New Zealand</i> report will enable the health of the sector to be monitored and assessed.</p>

#### MINISTRY OUTCOMES

##### Outcome 1: Effective Government Involvement in Culture and Heritage

Undertakings in 2005 Statement of Intent	Actual performance
<p><i>Periodically evaluate the effectiveness of recent legislation that was supported by the Ministry in its passage through the House.</i></p> <p>An evaluation of the effectiveness of the Radio New Zealand Act 1995 will be undertaken.</p>	<p>The evaluation was commenced. The five-yearly review of the Radio New Zealand Charter was undertaken by the Commerce Select Committee. This review took account of Radio New Zealand's own review of the current charter and public consultation on proposed changes which was jointly analysed by RNZ and the Ministry.</p>
<p><i>The performance of funded agencies will be reviewed.</i></p> <p>Two reviews will be conducted.</p>	<p>Reviews were completed of the New Zealand Historic Places Trust, and the funding arrangements for Creative New Zealand's recurrently-funded organisation (RFO) sector.</p>
<p><i>The effectiveness of government's involvement in key areas of culture and heritage will be evaluated.</i></p> <p>Evaluation will be undertaken in two selected areas.</p>	<p>The impact of the Ministry's 2004/05 and 2005/06 Cultural Well-being programme has been evaluated by undertaking a comparative analysis of how Cultural Well-being has been treated in a large sample of local authority 2003/04 Long-Term Council Community Plans and their draft 2006 Plans. This comparative analysis, which is now going through a peer review process, provides an indication of whether the role of the Ministry has contributed to an increased understanding and recognition of Cultural Well-being.</p> <p>The Ministry employed an independent contractor (Hexad Consulting Group Ltd) to provide a quality assurance report for its cultural portal project. The final report was received in August 2006.</p>

#### MINISTRY OUTCOMES

##### Outcome 2: Widespread Access to and Understanding of New Zealand Culture and Heritage

Undertakings in 2005 Statement of Intent	Actual performance				
<p><i>Collect and monitor key quantitative data in respect of Ministry projects and services.</i></p> <p>Key data collected and monitored will be:</p> <p>Unique visitors to Ministry websites:</p> <ul style="list-style-type: none"> <li>• www.Anzac.govt.nz</li> <li>• www.NZHistory.net.nz</li> <li>• www.TeAra.govt.nz</li> <li>• www.mch.govt.nz</li> </ul>	<p>The numbers of unique visitors to Ministry websites are as follows:</p> <table> <tbody> <tr> <td>51,896</td> </tr> <tr> <td>639,096</td> </tr> <tr> <td>748,837</td> </tr> <tr> <td>275,436</td> </tr> </tbody> </table>	51,896	639,096	748,837	275,436
51,896					
639,096					
748,837					
275,436					
<p>Visitor numbers to the National War Memorial and the Tomb of the Unknown Warrior.</p>	<p>Official visitors to the National War Memorial were recorded as being 15,573. This does not include an estimated 2,000 visitors to the Tomb of the Unknown Warrior who did not enter the National War Memorial, some of whom would have visited outside of the hours the Memorial is open to the public.</p>				
<p>Applications for historical awards and grants.</p>	<p>There were 132 applications for historical awards and grants.</p>				
<p>Approximate sales of history book publications.</p>	<p><i>Frontier of Dreams</i> – approx 18,000  <i>The Big Show</i> – 1,200  <i>Innovation and Independence</i> – 1,000  <i>New Zealand and the Vietnam War</i> – 700  <i>Hell or High Water</i> – 1,700  <i>More than Law and Order</i> – 1,000</p>				

## MINISTRY OUTCOMES

### Outcome 3: Culture and Heritage Contribute to the Achievement of Other Government Outcomes

Undertakings in 2005 Statement of Intent	Actual performance
<p><i>Monitor the resources committed to contributing to other departments' initiatives.</i></p> <p>Data will be collected and analysed on the number of other departments' Cabinet papers for which the Ministry's input is sought.</p>	<p>The Ministry has contributed to 70 Cabinet papers from other departments during the 2005/06 year.</p>
<p><i>The effectiveness of the Ministry's input and influence will be ascertained from periodic evaluation through interviewing selected government departments. Aspects that would be canvassed include soundness of input, constructiveness of method, and impact on perspectives held.</i></p> <p>Interviews with at least two government departments will be undertaken.</p>	<p>Stakeholder interviews have been deferred for inclusion in the development of a comprehensive stakeholder management strategy. Further interviews may also be conducted as a result of the recommendations of the strategy.</p>

### Measuring The Effectiveness Of Our Key Strategies

#### Improving Connections

Undertakings in 2005 Statement of Intent	Actual performance
<p>Achievement against each key objective will be reported in the Ministry's 2005/06 Annual Report.</p>	<p>Achievement against each key objective is reported on Pages 4-5.</p>
<p><i>The level of confidence of Maori in the Ministry's work will be ascertained through periodic interviewing of key informants.</i></p> <p>Interviews with at least two key informants will be undertaken.</p>	<p>Informal discussions about the work of the Ministry with respect to Maori performance have been carried out with a group of Kaihautu in associated agencies. This work is ongoing.</p>
<p><i>The effectiveness of our input to the Cultural Well-being initiative will be ascertained.</i></p> <p>The number of visitors to the Cultural Well-being website will be monitored.</p>	<p>There were 13,945 page views of the Cultural Well-being website in the financial year.</p>

Undertakings in 2005 Statement of Intent	Actual performance
<p><i>The effectiveness of our communications with other key stakeholders will be ascertained through periodic reviewing of key informants.</i></p> <p>Interviews with at least three key informants will be undertaken.</p>	<p>Stakeholder interviews have been deferred for inclusion in the development of a comprehensive stakeholder management strategy. Further interviews may also be conducted as a result of the recommendations of the strategy.</p>
<h4>Providing Strategic Advice</h4>	
Undertakings in 2005 Statement of Intent	Actual performance
<p>Achievement against each key objective will be reported in the Ministry's 2005/06 Annual Report.</p>	<p>Achievement against each key objective is reported on Pages 6-7.</p>
<p><i>The level of Ministerial satisfaction with advice provided will be ascertained by way of an annual survey questionnaire.</i></p> <p>Feedback will be sought during the year.</p>	<p>Feedback received from Ministers on advice provided was rated very good or good in all cases.</p>

#### Enhancing Cultural Agency Performance

Undertakings in 2005 Statement of Intent	Actual performance
<p>Achievement against each key objective will be reported in the Ministry's 2005/06 Annual Report.</p>	<p>Achievement against each key objective is reported on Page 7.</p>
<p><i>The impact of our work will be ascertained through periodic interviewing of key informants from the boards of funded agencies.</i></p> <p>Interviews with at least three key informants will be undertaken.</p>	<p>In May and June an independent consultant undertook a review with the Chairs of the Broadcasting Standards Authority, NZ Film Archive, and the acting Chair of Creative New Zealand. The respondents were very positive in respect to the programme and made some practical observations that have been taken into account when formulating the 2006/07 Governance programme.</p>

### Improving Services

Undertakings in 2005 Statement of Intent	Actual performance
Achievement against each key objective will be reported in the Ministry's 2005/06 Annual Report.	Achievement against each key objective is reported on Pages 8-9.
<i>Improvements in the services delivered will be ascertained through periodic surveying of recipients.</i> Feedback from funded agencies will be obtained regarding the value of information provided through the Shared Workspace, and public feedback will be obtained regarding the delivery of historical information in digital media.	A survey of users of the <i>Exchange</i> Shared Workspace was carried out at the end of the financial year with respondents giving the site high ratings for relevance of content and above average ratings for navigation and searchability. Some users gave lower ratings for layout and design and we are investigating ways to improve these areas. One outcome of the survey is that several workspace users have agreed to participate in an Advisory Group for the site. Informal data was recorded for <i>NZHistory.net.nz</i> .

### Advancing Key Projects

Undertakings in 2005 Statement of Intent	Actual performance
Achievement against each key objective will be reported in the Ministry's 2005/06 Annual Report.	Achievement against each key objective is reported on Pages 10-12.
<i>The impact of key projects delivered will be ascertained through periodic surveying of recipients.</i> Public feedback will be obtained with regard to the first theme of <i>Te Ara</i> and the Tomb of the Unknown Warrior project.	There were 89 responses to a questionnaire on <i>Te Ara</i> , which was accessible from the home page of the site, and there was a programme of in-depth user-testing. Public feedback has been obtained with regard to the Tomb of the Unknown Warrior both anecdotally and through comments written in the visitors' book.
<i>Major policy projects will be subjected to either internal or external review.</i> At least two projects will be reviewed.	Two projects have been subjected to external review: <ul style="list-style-type: none"> <li>the analysis of 39 Long-Term Council Community Plans in relation to Cultural Well-being; and</li> <li>the Cultural Portal project, <i>NZLive.com</i>.</li> </ul>

### Embedding Understanding Of The Contribution Of Culture

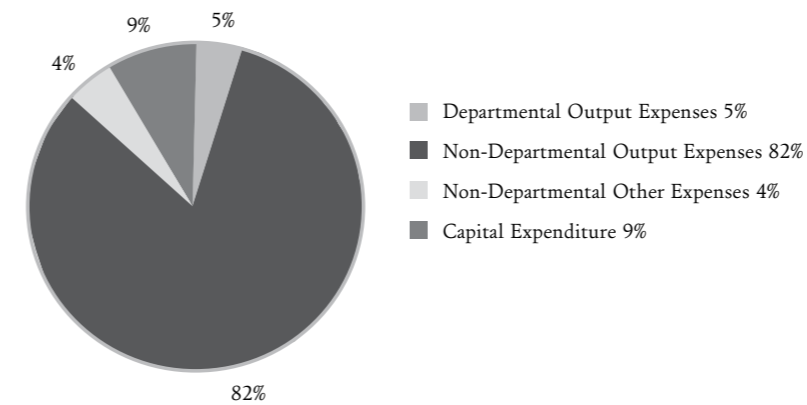
Undertakings in 2005 Statement of Intent	Actual performance
Achievement against each key objective will be reported in the Ministry's 2005/06 Annual Report.	Achievement against each key objective is reported on Pages 13-14.
<i>Improvements in others' understanding of the contribution of culture to the achievement of other government outcomes will be ascertained through periodic interviewing of selected agencies.</i> Interviews with at least two selected agencies will be undertaken.	Stakeholder interviews have been deferred for inclusion in the development of a comprehensive stakeholder management strategy. Further interviews may also be conducted as a result of the recommendations of the strategy.

## Legislation Administered by the Ministry for Culture and Heritage

- Antiquities Act 1975
- Anzac Day Act 1966
- Arts Council of New Zealand Toi Aotearoa Act 1994
- Broadcasting Act 1989 (Parts 1-4 and section 81)
- Flags, Emblems and Names Protection Act 1981 (except for section 20)
- Historic Places Act 1993
- Massey Burial Ground Act 1925
- Museum of New Zealand Te Papa Tongarewa Act 1992
- National War Memorial Act 1992
- New Zealand Film Commission Act 1978
- New Zealand Sports Drug Agency Act 1994
- New Zealand Symphony Orchestra Act 2004
- Radio New Zealand Act 1995
- Seddon Family Burial Ground Act 1924
- Sovereign's Birthday Observance Act 1952
- Sport and Recreation Act 2002
- Television New Zealand Act 2003
- Waitangi Day Act 1976

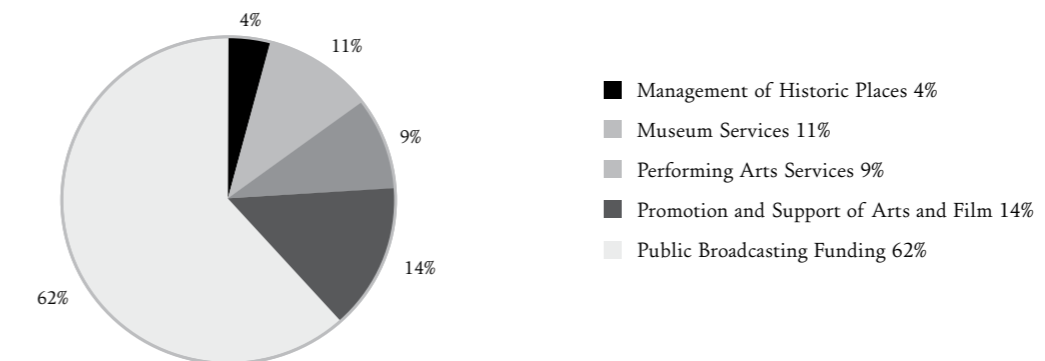
## Expenditure Administered by the Ministry

The chart below displays the Vote structure in terms of appropriation types for 2005/06



Departmental Output Expenses	11,086
Non-Departmental Output Expenses	198,482
Non-Departmental Other Expenses	10,232
Capital Expenditure	21,234
<b>Total</b>	<b>241,034</b>

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



Management of Historic Places	8,309
Museum Services	21,479
Performing Arts Services	17,415
Promotion and Support of Arts and Film	28,159
Public Broadcasting Funding	123,120
<b>Total</b>	<b>198,482</b>

## *Vote Arts, Culture and Heritage*

In 2005/06 the Ministry incurred expenses of \$11.086 million (GST exclusive) in the provision of services under the departmental outputs\* 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:

- five outputs totalling \$198.482 million for services supplied, mainly by arts, heritage and broadcasting Crown entities, comprising: ballet, orchestral, museum, public broadcasting, film archive and Maori performing arts activities, protection for historic places, and the promotion and support of New Zealand films and the arts.
- eight other expenses appropriations totalling \$10.232 million being:
  - \$2.272 million for New Zealand's annual contribution to the Commonwealth War Graves Commission.
  - \$591,000 on the development and maintenance of war graves, historic graves and monuments in New Zealand and overseas.
  - \$691,000 contribution to costs of design, land purchase and construction of the Kerikeri Heritage Bypass to protect nationally significant buildings (Kemp House and the Stone Store).
  - \$105,000 towards the cost of constructing a New Zealand Memorial in Korea.
  - \$1.573 million towards the cost of constructing a New Zealand Memorial in London.
  - \$4.711 million in grants to regional museums for capital construction projects.
  - \$283,000 towards the cost of Treaty commemorations held at Waitangi and within communities elsewhere in New Zealand.
  - \$6,000 to conduct a review of the nature of Government's involvement in the Waitangi National Trust.
- \$788,000 to enable Creative New Zealand to develop online services and upgrade its historic building premises.
- \$12.5 million capital contribution to Te Papa for ongoing capital expenditure for museum operations, exhibition research and development, and acquisition of collection items.
- \$4.953 million to purchase land for the establishment of a National Memorial Park in Wellington.
- \$350,000 to New Zealand Historic Places Trust for an upgrade of information technology systems and regional office vehicles, and urgent deferred maintenance of historic properties.
- \$2.643 million 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.

\*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 2005/06 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:

- two outputs totalling \$45.686 million for services supplied by the New Zealand Sports Drug Agency and Sport and Recreation New Zealand (SPARC).
- \$5 million to Sport Education Scholarships to enable emerging and talented New Zealanders to pursue tertiary study and elite-level sport development concurrently.
- 16 miscellaneous grants totalling \$44,400 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.

## 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 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 that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2006.

Signed

Countersigned



Martin Matthews  
Chief Executive  
29 September 2006



Matthew Archer  
Manager Corporate Services  
29 September 2006

### Statement Of Accounting Policies For Year Ended 30 June 2006

#### Reporting Entity

The Ministry for Culture and Heritage is a government department as defined by section 2 of the Public Finance Act 1989.

These are the financial statements of the Ministry for Culture and Heritage prepared pursuant to sections 35 and 45 of the Public Finance Act 1989.

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

#### Measurement System

These financial statements have been prepared on the basis of historical cost.

#### Accounting Policies

The following particular accounting policies have been adopted in the preparation of these financial statements:

##### Budget Figures

The Budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates (Supp. Estimates) and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

##### Revenue

The Ministry derives revenue through the provision of outputs to the Crown and from services to third parties. 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.

##### Fixed Assets

All fixed assets costing \$1,000 or more are capitalised (except for computing equipment where the threshold has been set at \$2,000 and software licensing and development costs where the threshold has been set at \$5,000) and recorded at historical cost less accumulated depreciation.

The initial cost of a fixed 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. Leasehold improvement costs include significant project management and related fees.

**Depreciation**

Depreciation is provided on a straight-line basis as follows:

Asset Category	Depreciation Rate
Office Furniture	20% per annum
Computer Equipment and Software:	
- Personal Computers	33 1/3% per annum
- Computer Equipment other than Personal Computers	25% per annum
- Software Licensing and Development Costs	33 1/3% per annum
Office Equipment	20% per annum
Works of Art	1% per annum

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

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.

**Debtors**

Debtors are recorded at estimated realisable value, after providing for doubtful and uncollectible debts.

**Leases**

The Ministry leases office premises. As the lessor retains all the risks and rewards of ownership, these leases are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred.

**Provision for Employee Entitlements**

Provision is made in respect of the Ministry's liability for annual, long service and retirement leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay. Long service leave has been calculated on an actuarial basis based on the present value of expected future entitlements. Retirement leave has been calculated on a proportion-of-entitlement basis at current rates of pay. Entitlements expected to be settled within 12 months of reporting date are recognised as current liabilities in the Statement of Financial Position.

**Statement of Cash Flows**

*Cash* means cash balances on hand and held in bank accounts.

*Operating activities* include cash received from all income sources of the Ministry and record the cash payments made for the supply of goods and services.

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

*Financing activities* comprise capital injections by, or repayment of capital to, the Crown.

**Foreign Currency**

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. Where a forward contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the exchange rate on date of settlement is recognised.

**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.

**Cost Allocation**

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

**Cost Allocation Policy**

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

**Criteria for direct and indirect costs**

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 assigned to outputs**

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

For the year ended 30 June 2006, direct costs accounted for 73% of the Ministry's costs (2005: 72%).

**Basis for assigning indirect and corporate costs to outputs**

Indirect costs are assigned to business units based on the proportion of staff in the unit. For the year ended 30 June 2006, indirect costs accounted for 27% of the Ministry's costs (2005: 28%).

**Goods and Services Tax (GST)**

All statements are GST exclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

**Taxation**

Government Departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

**Commitments**

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

**Contingent Liabilities**

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

**Taxpayers' Funds**

This is the Crown's net investment in the Ministry.

**Changes in Accounting Policies**

There have been no material changes to the Ministry's accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with the previous year.

## Statement Of Financial Performance for the year ended 30 June 2006

		2005/06	2005/06	2005/06	2004/05
	Note	Actual	Main	Supp.	Actual
		\$(000)	Estimates	Estimates	\$(000)
			\$(000)	\$(000)	
<b>Revenue</b>					
Crown		12,184	11,917	13,160	9,472
Departments	1	287	101	261	214
Other	1	162	275	167	223
<b>Total revenue</b>		<b>12,633</b>	<b>12,293</b>	<b>13,588</b>	<b>9,909</b>
<b>Expenditure</b>					
Personnel costs	2	6,333	5,852	6,493	5,738
Operating costs	3	4,306	5,884	6,657	3,737
Depreciation	4	367	462	343	339
Capital charge	5	80	95	95	66
<b>Total expenses</b>		<b>11,086</b>	<b>12,293</b>	<b>13,588</b>	<b>9,880</b>
<b>Net surplus</b>		<b>1,547</b>	<b>0</b>	<b>0</b>	<b>29</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 13 in the Notes to the Financial Statements (Page 44).

## Statement Of Movements In Taxpayers' Funds For The Year Ended 30 June 2006

	2005/06	2005/06	2005/06	2004/05
	Actual	Main	Supp.	Actual
	\$(000)	Estimates	Estimates	\$(000)
		\$(000)	\$(000)	
<b>Taxpayers' funds as at 1 July</b>	826	826	826	826
Net surplus	1,547	0	0	29
Total recognised revenues and expenses for the year	1,547	0	0	29
Capital contribution	454	711	711	0
Provision for repayment of surplus to the Crown	(1,547)	0	0	(29)
<b>Taxpayers' funds as at 30 June</b>	<b>1,280</b>	<b>1,537</b>	<b>1,537</b>	<b>826</b>

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

## Statement Of Financial Position As At 30 June 2006

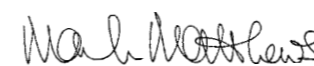
		2005/06	2005/06	2005/06	2004/05
	Note	Actual	Main	Supp.	Actual
		\$(000)	Estimates	Estimates	\$(000)
			\$(000)	\$(000)	
<b>Taxpayers' Funds</b>		1,280	1,537	1,537	826
Represented by:					
<b>Current Assets</b>					
Cash		1,506	1,179	1,628	696
Debtors and receivables	6	1,526	70	102	349
Prepayments		12	0	2	2
<b>Total current assets</b>		<b>3,044</b>	<b>1,249</b>	<b>1,732</b>	<b>1,047</b>
<b>LESS Current Liabilities</b>					
Creditors and payables	8	786	521	697	595
Provision for repayment of surplus to the Crown		1,547	0	0	29
Deferred revenue		0	0	0	4
Provision for employee entitlements	9	275	250	280	282
<b>Total current liabilities</b>		<b>2,608</b>	<b>771</b>	<b>977</b>	<b>910</b>
<b>Working Capital</b>		<b>436</b>	<b>478</b>	<b>755</b>	<b>137</b>
<b>ADD Non-Current Assets</b>					
Fixed assets	7	977	1,139	867	773
<b>LESS Non-Current Liabilities</b>					
Provision for employee entitlements	9	133	80	85	84
<b>Net Assets</b>		<b>1,280</b>	<b>1,537</b>	<b>1,537</b>	<b>826</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 13 in the Notes to the Financial Statements (Page 44).

Signed

Countersigned



Martin Matthews  
Chief Executive  
29 September 2006



Matthew Archer  
Manager Corporate Services  
29 September 2006

## Statement Of Cash Flows For The Year Ended 30 June 2006

	2005/06 Actual \$(000)	2005/06 Main Estimates \$(000)	2005/06 Supp. Estimates \$(000)	2004/05 Actual \$(000)
<b>Cash flows – Operating Activities</b>				
Cash was provided from:				
Supply of outputs to				
- Crown	10,988	11,917	13,257	9,416
- Customers	477	376	574	282
	11,465	12,293	13,831	9,698
Cash was applied to:				
Produce outputs				
- Personnel	(6,295)	(5,782)	(6,494)	(5,751)
- Operating	(4,121)	(5,954)	(6,675)	(3,690)
- Net GST paid	(13)	0	120	(193)
- Capital charge	(80)	(95)	(95)	(66)
	(10,509)	(11,831)	(13,144)	(9,700)
<b>Net cash flows from operating activities</b>	956	462	687	(2)
<b>Cash flows – Investing Activities</b>				
Cash was provided from:				
Sale of fixed assets	0	0	0	0
Cash disbursed for:				
Purchase of fixed assets	(571)	(811)	(437)	(86)
<b>Net cash flows from investing activities</b>	(571)	(811)	(437)	(86)
<b>Cash flows – Financing Activities</b>				
Cash was provided from:				
Capital contribution	454	711	711	0
Cash disbursed for:				
Repayment of surplus	(29)	0	(29)	(90)
<b>Net cash flows from financing activities</b>	425	711	682	(90)
Net increase in cash held	810	362	932	(178)
Add opening cash	696	817	696	874
<b>Closing cash</b>	1,506	1,179	1,628	696

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 13 in the Notes to the Financial Statements (Page 44).

## Reconciliation Of Net Surplus To Net Cash Flow From Operating Activities For The Year Ended 30 June 2006

	2005/06 Actual \$(000)	2005/06 Main Estimates \$(000)	2005/06 Supp. Estimates \$(000)	2004/05 Actual \$(000)
<b>Net surplus</b>	1,547	0	0	29
Add/(less) non-cash items:				
Depreciation	367	462	343	339
Inc/(dec) in non-current employee entitlements	49	0	1	4
<b>Total non-cash items</b>	416	462	344	343
Add/(less) movements in working capital items:				
(Inc)/dec in debtors and receivables	(1,177)	0	247	(226)
(Inc)/dec in prepayments	(10)	0	0	(2)
Inc/(dec) in creditors and payables	191	0	102	(85)
Inc/(dec) in current employee entitlements	(7)	0	(2)	26
Inc/(dec) in deferred income	(4)	0	(4)	(87)
<b>Working capital movement – net</b>	(1,007)	0	343	(374)
Add/(less) investing activity items:				
Net loss/(gain) on sale of fixed assets	0	0	0	0
<b>Net cash flows from operating activities</b>	956	462	687	(2)

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 2006

The Ministry has non-cancellable leases on its office premises in Wellington. The Ministry occupies Level 5 (1,223.3sqm) and part of Level 1 (331.6sqm) in Radio New Zealand (RNZ) House under two separate lease contracts, which run until 2007 and 2006 respectively. A contract for the lease of basement space for storage purposes runs through until 30 June 2007. The accommodation lease for Level 5 includes two car parks. The amounts disclosed below as future commitments are based on the current rental rates.

	2005/06 Actual \$(000)	2004/05 Actual \$(000)
Non-cancellable accommodation leases:		
Less than one year	215	333
One to two years	0	215
Two to five years	0	0
More than five years	0	0
<b>Total non-cancellable operating lease commitments</b>	215	548

The total cost incurred in rental and leasing costs in 2005/06 was \$354,000. 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 17 square metres. The Ministry does not have any non-departmental commitments as at 30 June 2006 (2005: 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 As At 30 June 2006

Quantifiable contingent liabilities are as follows:

	2005/06 Actual \$(000)	2004/05 Actual \$(000)
Departmental	0	0
Non-Departmental	250,000	0

The \$250 million is in regard to a Deed of Indemnification signed by the Minister of Finance for the exhibition *Impressions of Land, Sea and Sky: The Art of John Constable*. The deed is due to be lifted in October 2006.

#### Statement Of Unappropriated Expenditure For The Year Ended 30 June 2006

	2005/06 Actual \$(000)	2005/06 Main Estimates \$(000)	2005/06 Supp. Estimates \$(000)	2005/06 Unappropriated Expenditure \$(000)
<b>Vote Arts, Culture and Heritage</b>				
<b>Other Expenses to be Incurred by the Crown:</b>				
New Zealand Memorial in Korea	105	60	105	45
<b>Capital Expenditure:</b>				
National Memorial Park in Wellington	4,953	0	5,140	4,952

In Budget 2005 the government approved funding of \$60,000 in 2005/06 for the construction of a New Zealand Memorial in Korea. Additional expenditure of \$45,000 was incurred on the installation through the unforeseen necessity to engage a sub-contractor and architect to manage the installation on site. The shortfall was addressed through a fiscally neutral transfer from the non-departmental other expense appropriation 'Development and Maintenance of War Graves, Historic Graves and Monuments' in the 2006 March Baseline Update.

In Budget 2004 the government approved funding of \$6 million in 2004/05 and \$2.5 million in 2006/07 for the acquisition of land on Buckle Street in Wellington opposite the National War Memorial, for the establishment of a National Memorial Park. At the end of 2004/05 negotiations were continuing for the acquisition of the Buckle Street properties from Transit New Zealand. Agreement had not been reached over the extent of the land available or the purchase price. Any agreement was conditional on approval by Cabinet which extended the time it took to

conclude the purchase. An in-principle transfer of \$6 million was agreed as part of the 2004/05 March Baseline Update. The land was transferred to the Ministry from Transit New Zealand on 27 October 2005, and \$5.986 million was confirmed as an expense transfer from 2004/05 to 2005/06 in the 2005/06 October Baseline Update to meet the cost of the transaction.

The Ministry reported \$104,000 non-departmental unappropriated expenditure for 2004/05 in respect of the New Zealand Memorial in London project, which was due to a timing issue.

#### Statement Of Departmental Expenditure And Appropriations For The Year Ended 30 June 2006

	2005/06 Expenditure Actual \$(000)	2005/06 Appropriation Main Estimates \$(000)	2005/06 Appropriation Supp. Estimates \$(000)	2005/06 Section 5 Transfers \$(000)	2005/06 Final Appropriation \$(000)
<b>Vote Arts, Culture and Heritage Appropriations for outputs</b>					
Heritage Services	4,951	4,703	5,545	0	5,545
International Cultural Diplomacy	1,576	2,089	3,102	0	3,102
Policy Advice and Grants Administration	4,461	5,403	4,843	0	4,843
<b>Total Vote Arts, Culture and Heritage</b>	<b>10,988</b>	<b>12,195</b>	<b>13,490</b>	<b>0</b>	<b>13,490</b>
<b>Vote Sport and Recreation Appropriations for outputs</b>					
Purchase Advice and Monitoring of Sport and Recreation Crown Entities	98	98	98	0	98
<b>Total Vote Sport and Recreation</b>	<b>11,086</b>	<b>12,293</b>	<b>13,588</b>	<b>0</b>	<b>13,588</b>

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

#### Changes to Appropriations in 2005/06 Supplementary Estimates

The Ministry's 2005/06 departmental output appropriations were increased by \$1.295 million in the 2005/06 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 increased by \$842,000 due to:

- a fiscally neutral adjustment to align baselines with the 2005/06 output plan (\$551,000);
- an increase in funding for project management and operating costs for the National War Memorial on Buckle Street in Wellington (\$291,000);

*Statement Of Departmental Expenditure And Appropriations (Continued)*

- an increase for recovery of remuneration for staff seconded to Department of Internal Affairs (\$150,000);
- an increase for a fellowship awarded from the Leadership Development Centre (\$45,000);
- a transfer from 2004/05 for the New Zealand Memorial in London (\$13,000);
- an increase for the State Sector Retirement Savings Scheme (\$6,000);
- a transfer from 2004/05 for *Te Ara, the Encyclopedia of New Zealand* (\$3,000); and
- a forecast reduction in contract history activity (-\$217,000).

International Cultural Diplomacy: This appropriation was increased by \$1.013 million due to:

- a transfer from 2004/05 (\$1.011 million); and
- an increase for the State Sector Retirement Savings Scheme (\$2,000).

Policy Advice and Grants Administration: This appropriation was decreased by \$560,000 due to:

- a fiscally neutral adjustment to align baselines with the 2005/06 output plan (-\$551,000);
- a return of savings to the Crown for Cultural Portal project savings in depreciation and capital charge (-\$132,000);
- a transfer from 2004/05 for Cultural Well-being (\$57,000)
- an increase for funding contributions towards the digital television research project (\$55,000); and
- an increase for the State Sector Retirement Savings Scheme (\$11,000).

*Statement Of Trust Money Administered On Behalf Of The Crown  
For The Year Ended 30 June 2006*

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 2005/06 \$(000)	Capital Contributions \$(000)	Capital Distributions (Awards) \$(000)	Revenue \$(000)	Expenses \$(000)	Closing Net Assets 2005/06 \$(000)
New Zealand Encyclopedia	1	0	0	0	0	1
New Zealand Historical Atlas	79	0	0	7	0	86
New Zealand History Research	1,485	0	(90)	95	0	1,490
Australian Trust for Oral History	1,463	0	(80)	96	0	1,479
Dictionary of New Zealand Biography	416	0	0	29	(97)	348
<b>Total</b>	<b>3,444</b>	<b>0</b>	<b>(170)</b>	<b>227</b>	<b>(97)</b>	<b>3,404</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 2005/06 financial year ten awards in history were made totalling \$90,000 and ranging in value from \$3,000 to \$26,000 (2004/05: 13 awards; \$90,000; \$3,000 to \$12,000).

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

This trust was established to hold funds from the Government of the Commonwealth of Australia. The income from these funds is used for the promotion of oral history in New Zealand. During the 2005/06 financial year 14 awards in oral history were made totalling \$79,600 and ranging in value from \$2,000 to \$10,000 (2004/05: 18 awards; \$83,540; \$2,000 to \$6,200).

**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.

## Notes to the Financial Statements for the Year ended 30 June 2006

### Note 1: Third Party Revenue

Third party revenue was derived from the following sources.

	2005/06		2004/05	
	Other Government Departments	Other Sources	Other Government Departments	Other Sources
Contract history projects	62	60	94	219
Seconded staff	101	0	68	0
State Sector Retirement Savings Scheme (SSRSS) funding from State Services Commission	124	0	52	0
Leadership Development Centre Fellowship Award	0	45	0	0
Contribution towards Digital Broadcasting Strategy project	0	55	0	0
Publication sales	0	1	0	3
Antiquities dealers' licences	0	1	0	1
<b>Total third party revenue</b>	<b>287</b>	<b>162</b>	<b>214</b>	<b>223</b>

### Note 2: Personnel Costs

	2005/06	2005/06	2005/06	2004/05
	Actual	Main Estimates	Supp. Estimates	Actual
	\$(000)	\$(000)	\$(000)	\$(000)
Salaries and wages	5,875	5,483	6,061	5,464
Training and development	149	72	146	63
Superannuation	185	155	192	103
Other personnel costs	124	142	94	108
<b>Total personnel costs</b>	<b>6,333</b>	<b>5,852</b>	<b>6,493</b>	<b>5,738</b>

### Note 3: Operating Costs

	2005/06	2005/06	2005/06	2004/05
	Actual	Main Estimates	Supp. Estimates	Actual
	\$(000)	\$(000)	\$(000)	\$(000)
Administration costs	2,368	2,886	2,459	1,729
Rental and leasing costs	354	355	354	353
Other occupancy costs	203	108	279	114
Publicity and research	254	218	235	247
IT and communications	403	301	408	294
Cultural Diplomacy International Programme delivery costs	702	1,995	2,900	979
Audit fees (Audit New Zealand)	22	21	22	21
Fees to auditors for other services provided	0	0	0	0
<b>Total operating costs</b>	<b>4,306</b>	<b>5,884</b>	<b>6,657</b>	<b>3,737</b>

### Note 4: Depreciation

	2005/06	2005/06	2005/06	2004/05
	Actual	Main Estimates	Supp. Estimates	Actual
	\$(000)	\$(000)	\$(000)	\$(000)
Computer equipment	90	112	85	93
Computer software	98	196	100	79
Office equipment	19	17	17	24
Office furniture	37	37	37	42
Leasehold improvements	123	100	104	101
Works of art	0	0	0	0
<b>Total depreciation</b>	<b>367</b>	<b>462</b>	<b>343</b>	<b>339</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 2006 was 8% (2005: 8%)

## Note 6: Debtors and Receivables

	2005/06 Actual \$(000)	2005/06 Main Estimates \$(000)	2005/06 Supp. Estimates \$(000)	2004/05 Actual \$(000)
Debtor Crown	1,293	0	0	97
Trade debtors	10	10	10	105
GST receivables	115	0	0	102
Other receivables	108	60	92	45
<b>Total debtors and receivables</b>	<b>1,526</b>	<b>70</b>	<b>102</b>	<b>349</b>

## Note 7: Fixed Assets

	2005/06 Actual \$(000)	2004/05 Actual \$(000)
<b>Computer Equipment</b>		
At Cost:		
Opening Balance	364	348
Additions	136	16
(Disposals)	0	0
Closing Balance	500	364
Accumulated Depreciation:		
Opening Balance	225	132
Depreciation Charge	90	93
(Disposal)	0	0
Closing Balance	315	225
<b>Computer Equipment – net current value</b>	<b>185</b>	<b>139</b>
<b>Computer Software</b>		
At Cost:		
Opening Balance	228	181
Additions	402	47
(Disposals)	0	0
Closing Balance	630	228
Accumulated Depreciation:		
Opening Balance	116	37
Depreciation Charge	98	79
(Disposal)	0	0
Closing Balance	214	116
<b>Computer Software – net current value</b>	<b>416</b>	<b>112</b>

## Note 7: Fixed Assets (Continued)

	2005/06 Actual \$(000)	2004/05 Actual \$(000)
<b>Office Equipment</b>		
At Cost:		
Opening Balance	118	118
Additions	30	0
(Disposals)	0	0
Closing Balance	148	118
Accumulated Depreciation:		
Opening Balance	80	56
Depreciation Charge	19	24
(Disposal)	0	0
Closing Balance	99	80
<b>Office Equipment – net current value</b>	<b>49</b>	<b>38</b>
<b>Office Furniture</b>		
At Cost:		
Opening Balance	308	296
Additions	3	12
(Disposals)	0	0
Closing Balance	311	308
Accumulated Depreciation:		
Opening Balance	256	214
Depreciation Charge	37	42
(Disposal)	0	0
Closing Balance	293	256
<b>Office Furniture – net current value</b>	<b>18</b>	<b>52</b>
<b>Leasehold Improvements</b>		
At Cost:		
Opening Balance	727	727
Additions	0	0
(Disposals)	0	0
Closing Balance	727	727
Accumulated Depreciation:		
Opening Balance	316	215
Depreciation Charge	123	101
(Disposal)	0	0
Closing Balance	439	316
<b>Leasehold Improvements – net current value</b>	<b>288</b>	<b>411</b>

*Note 7: Fixed Assets (Continued)*

	2005/06 Actual \$(000)	2004/05 Actual \$(000)
At Cost:		
Opening Balance	21	10
Additions	0	11
(Disposals)	0	0
Closing Balance	21	21
Accumulated Depreciation:		
Opening Balance	0	0
Depreciation Charge	0	0
(Disposal)	0	0
Closing Balance	0	0
<b>Works of Art – net current value</b>	<b>21</b>	<b>21</b>
<b>Total Fixed Assets</b>		
At Cost:		
Opening Balance	1,766	1,680
Additions	571	86
(Disposals)	0	0
Closing Balance	2,337	1,766
Accumulated Depreciation:		
Opening Balance	993	654
Depreciation Charge	367	339
(Disposal)	0	0
Closing Balance	1,360	993
<b>Total carrying amount of Fixed Assets – net current value</b>	<b>977</b>	<b>773</b>

*Note 8: Creditors and Payables*

	2005/06 Actual \$(000)	2005/06 Main Estimates \$(000)	2005/06 Supp. Estimates \$(000)	2004/05 Actual \$(000)
Trade creditors	394	151	157	178
PAYE payable	66	70	70	70
GST payable	0	50	120	0
Accrued expenses	326	250	350	347
<b>Total creditors and payables</b>	<b>786</b>	<b>521</b>	<b>697</b>	<b>595</b>

*Note 9: Provision for Employee Entitlements*

	2005/06 Actual \$(000)	2005/06 Main Estimates \$(000)	2005/06 Supp. Estimates \$(000)	2004/05 Actual \$(000)
Current liabilities				
Annual leave	265	240	270	255
Long service leave	10	10	10	27
<b>Total current portion</b>	<b>275</b>	<b>250</b>	<b>280</b>	<b>282</b>
Non-current liabilities				
Long service leave	63	20	25	25
Retirement leave	70	60	60	59
<b>Total non-current portion</b>	<b>133</b>	<b>80</b>	<b>85</b>	<b>84</b>
<b>Total employee entitlements</b>	<b>408</b>	<b>330</b>	<b>365</b>	<b>366</b>

*Note 10: 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 2005: Nil).

*Note 11: 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 and Crown entities. These transactions are not considered to be related party transactions.

*Note 12: Contingencies*

The Ministry has no contingent assets for the year ended 30 June 2006 (2005: Nil).  
Contingent liabilities are separately disclosed in the Statement of Contingent Liabilities.

*Note 13: Variance Explanations***Statement of Financial Performance**

The following factors account for the significant baseline movements between 2004/05 and 2005/06.

In the 2005/06 October Baseline Update, \$1 million was approved to be carried forward from 2004/05 to 2005/06 for the Cultural Diplomacy International Programme. The 2005/06 budget provided new funding for a Cultural Portal project (\$562,000), funding for a Public Broadcasting Programme of Action (\$425,000), increased funding for minor value discretionary bids (\$396,000), an increase in funding for project management and operating costs for the National War Memorial on Buckle Street in Wellington (\$291,000), additional funding for technology and associated costs of key Ministry projects (\$250,000), and funding for the Protected Objects Amendment Bill (\$208,000).

Approval in-principle was obtained to carry forward any unspent operating funding in the 2005/06 financial year to 2006/07 for:

- Cultural Diplomacy International Programme (\$1.6 million);
- New Zealand Memorial in London project (\$339,000);
- Cultural Portal project (\$260,000);
- amendments to the Antiquities Act (\$115,000);
- *Te Ara, the Encyclopedia of New Zealand* project (\$90,000);
- Cultural Well-being project (\$80,000);
- Agency Assistance Programme (\$42,000); and
- Agency Reviews (\$21,000).

The above maximum in-principle expense transfers total \$2.547 million, and account for the variance between the 2005/06 total expenses (actual) and the total revenue Crown (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, and is disclosed as a note under the Statement of Departmental Expenditure and Appropriations.

The \$1.547 million operating surplus was primarily generated from timing differences in the Cultural Diplomacy International Programme. This surplus will be returned to the Crown as required under the Public Finance Act 1989.

**Statements of Financial Position and Cash Flows**

The \$299,000 improvement in the Ministry's working capital position from 2004/05 (\$137,000) to 2005/06 (\$436,000) is mainly due to capital expenditure being less than the depreciation expense incurred in 2005/06. During 2005/06 there was an outlay of \$571,000 on fixed assets (2004/05: \$86,000). However, \$390,000 is attributable to work in progress for the Cultural Portal project, which was not depreciated at 30 June 2006. The outlay on capital expenditure excluding the Cultural Portal amounted to \$181,000, being \$186,000 less than depreciation incurred for 2005/06 (\$367,000).

The working capital was further enhanced by a capital contribution received for the Cultural Portal project (\$454,000) of which only \$390,000 was expended.

*Note 14: Employee Remuneration*

This note sets out the number of employees and former employees who received over \$100,000 in total remuneration during the year. Total remuneration includes the annual cost to the Ministry of all elements of contracted remuneration packages (salaries together with any benefits including motor vehicles, superannuation scheme contributions made by the Ministry and fringe benefit tax). The information below reflects the amount actually paid, or, in the case of benefits, actually provided during the year.

The remuneration package for the Chief Executive is set in accordance with the terms of the contract of employment, which is negotiated by the Ministry in consultation with the State Services Commission. The remuneration of other senior managers is set by the Chief Executive in consultation with the Human Resources Manager of the Ministry. In setting compensation for all senior managers, market information for similar management positions within the New Zealand Public Sector is assessed. The information used for this purpose includes benchmark compensation indicators contained in the results of surveys conducted by remuneration specialists.

Total Remuneration	Number of Employees	
	30 June 2005	30 June 2006
\$100,000 to \$109,999	4	2
\$110,000 to \$119,999	2	4
\$120,000 to \$129,999	-	1
\$130,000 to \$139,999	-	-
\$140,000 to \$149,999	1	1

The current Chief Executive remuneration package was set at an amount not exceeding \$259,999 per annum. At the date these financial statements were approved there was one employee, being the Chief Executive, whose remuneration package exceeded \$200,000 per annum.

*Note 15: Transition to New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)*

The Ministry will be adopting NZ IFRS for the first time in its audited financial statements for the year ended 30 June 2008. This timetable is in line with the adoption of NZ equivalents to IFRS in the consolidated financial statements of the Government reporting entity.

The Ministry will be adopting the accounting policies of the financial statements of the Government. The Ministry is in the process of evaluating the differences, if any, between current policies and the policies of the financial statements of the Government. This will culminate in the production of a provisional NZ IFRS opening balance sheet as at 1 July 2006, by December 2006. This provisional balance sheet will be subject to audit assurance.

Implementation of NZ IFRS will be managed within the finance group of the Ministry. At this stage no material issues have been identified. However, the actual impact of adopting NZ IFRS may vary from this initial assessment, and the variation may be material.

*Note 16: Post Balance Date Events*

There are no post balance sheet date events to report.

*Non-departmental Schedules And Statements:**Vote Arts, Culture And Heritage And Vote Sport And Recreation**For The Year Ended 30 June 2006***Reporting Entity**

The following non-departmental statements and schedules record the revenue and receipts, expenses, expenditure, assets and liabilities that the Ministry administers on behalf of the Crown.

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

Measurement and recognition rules applied in the preparation of these non-departmental financial schedules and statement are consistent with generally accepted accounting practice and Crown accounting policies.

The Crown uses foreign exchange forward contracts to manage foreign exchange exposure. The notional principal amount outstanding at balance date on hedged purchase commitments with respect to the annual payment made to the Commonwealth War Graves Commission to maintain overseas war graves and memorials was \$2.430 million (30 June 2005: \$2.337 million).

Accounting standard FRS-3 Accounting for Property, Plant and Equipment requires all cultural and heritage assets that meet the definition of Property, Plant and Equipment and can be reliably measured, to be recognised in the entity's financial statements. The National War Memorial and Massey Memorial are Crown heritage property assets managed by the Ministry. These assets are carried at fair value and are revalued at least every three years, in accordance with FRS-3. In the intervening period between the scheduled revaluations if it is established that either memorials' carrying value may be materially different from its fair value a revaluation will be sought.

These non-departmental balances are consolidated into the Crown Financial Statements, and therefore readers of these statements and schedules should also refer to the consolidated audited Crown Financial Statements for the year ended 30 June 2006.

*Schedule Of Non-departmental Revenue And Receipts**For The Year Ended 30 June 2006*

(Figures for 2004/05 are GST inclusive where applicable)

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

	2005/06 Actual \$(000)	2005/06 Forecast \$(000)	2004/05 Actual \$(000)
<b>Vote Arts, Culture and Heritage</b>			
Broadcasting Standards Authority – Fines	10	7	11
Commercial Tenancies Income	270	151	0
<b>Total non-departmental revenue and receipts</b>	<b>280</b>	<b>158</b>	<b>11</b>

*Schedule Of Non-departmental Expenses**For The Year Ended 30 June 2006*

(Figures for 2004/05 are GST inclusive where applicable)

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 Pages 48 to 49.

	2005/06 Expenditure Actual \$(000)	2005/06 Appropriation Voted * \$(000)	2004/05 Expenditure Actual \$(000)
<b>Vote Arts, Culture and Heritage</b>			
Non-departmental output expenses	198,482	198,782	215,279
Other expenses to be incurred by the Crown	10,055	19,170	16,136
Depreciation – Buildings	177	177	176
Revaluation losses	0	0	818
<b>Total Vote Arts, Culture and Heritage</b>	<b>208,714</b>	<b>218,129</b>	<b>232,409</b>
<b>Vote Sport and Recreation</b>			
Non-departmental output expenses	45,686	45,686	42,920
Benefits and other unrequited expenses	5,000	5,000	5,000
Other expenses to be incurred by the Crown	44	44	50
<b>Total Vote Sport and Recreation</b>	<b>50,730</b>	<b>50,730</b>	<b>47,970</b>
<b>Total non-departmental expenses</b>	<b>259,444</b>	<b>268,859</b>	<b>280,379</b>

*These schedules are to be read in conjunction with the accompanying Statement of Accounting Policies on Page 46.*

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

*Statement Of Non-departmental Expenditure And Appropriations  
For The Year Ended 30 June 2006*

(Figures for 2004/05 are GST inclusive where applicable)

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

	2005/06 Expenditure Actual \$(000)	2005/06 Appropriation Voted * \$(000)	2004/05 Expenditure Actual \$(000)
<b>Vote Arts, Culture and Heritage</b>			
<b>Appropriations for non-departmental output expenses</b>			
Management of Historic Places	8,309	8,609	7,682
Museum Services	21,479	21,479	21,231
Performing Arts Services	17,415	17,415	16,788
Promotion and Support of the Arts and Film	28,159	28,159	28,960
Public Broadcasting Funding	123,120	123,120	140,618
<b>Sub-total</b>	<b>198,482</b>	<b>198,782</b>	<b>215,279</b>
<b>Appropriations for other expenses to be incurred by the Crown</b>			
Antarctic Heritage Trust	0	0	100
Commonwealth War Graves	2,272	2,272	2,305
Development and Maintenance of War Graves, Historic Graves and Monuments	591	591	478
Gallipoli Memorial Projects	0	402	11
Kerikeri Heritage Bypass	691	2,415	0
New Zealand Memorial in Korea	105	105	0
New Zealand Memorial in London	1,573	2,896	104
Pukaki Trust	0	0	8
Regional Museums	4,711	10,360	10,946
Theatre Royal Christchurch	0	0	1,688
Treaty of Waitangi Commemorations	283	288	316
Waitangi National Trust Board	6	18	180
<b>Sub-total</b>	<b>10,232</b>	<b>19,347</b>	<b>16,136</b>
<b>Appropriations for capital expenditure</b>			
Creative New Zealand	788	788	0
Museum of New Zealand Te Papa Tongarewa	12,500	12,500	10,868
National Memorial Park in Wellington	4,953	5,140	14
New Zealand Historic Places Trust	350	350	0
Radio New Zealand	2,643	2,643	3,849
Tomb of the Unknown Warrior	0	0	1,805
<b>Sub-total</b>	<b>21,234</b>	<b>21,421</b>	<b>16,536</b>
<b>Total Vote Arts, Culture and Heritage</b>	<b>229,948</b>	<b>239,550</b>	<b>247,951</b>

*Statement Of Non-departmental Expenditure And Appropriations  
For The Year Ended 30 June 2006 (Continued)*

	2005/06 Expenditure Actual \$(000)	2005/06 Appropriation Voted * \$(000)	2004/05 Expenditure Actual \$(000)
<b>Vote Sport and Recreation</b>			
<b>Appropriations for non-departmental output expenses</b>			
Drugs Testing of Sports Persons	1,441	1,441	1,531
Sport, Fitness and Leisure Programmes	44,245	44,245	37,389
High Performance Sport	0	0	4,000
<b>Sub-total</b>	<b>45,686</b>	<b>45,686</b>	<b>42,920</b>
<b>Benefits and other unrequited expenses</b>			
Sport Education Scholarships	5,000	5,000	5,000
<b>Appropriations for other expenses to be incurred by the Crown</b>			
Miscellaneous Grants	44	44	50
<b>Sub-total</b>	<b>44</b>	<b>44</b>	<b>50</b>
<b>Total Vote Sport and Recreation</b>	<b>50,730</b>	<b>50,730</b>	<b>47,970</b>

\* This includes adjustments made in the Supplementary Estimates.

*Explanation of major budget variances under Vote Arts, Culture and Heritage*

**Non-departmental output expenses**

Management of Historic Places (underspent by \$300,000) – in February 2006, Cabinet approved funding of \$300,000 to assist with the protection and preservation of three punga structures discovered on a building site on Taranaki Street in Wellington. The parties involved, however, reached a solution to protect and conserve the structures by redesigning the development.

**Other expenses to be incurred by the Crown**

Approval has been obtained in-principle to carry forward the following unspent appropriated amounts to 2006/07:

- the remaining \$400,000 against the Gallipoli Memorial Projects, for the proposed Artist Residency programme and an exhibition at the Gallipoli Visitor Centre;
- the remaining \$1.724 million towards the construction of the Kerikeri Heritage Bypass, to protect the nationally significant heritage buildings Kemp House and the Stone Store;
- the remaining \$1.323 million against the New Zealand Memorial in London project, which will be completed by the end of October 2006; and
- the remaining \$5.649 million against Regional Museums, in order to be able to reconsider applications for funding under the Regional Museums Policy for Capital Construction Projects within the 2006/07 round.

**Capital Expenditure**

Approval in-principle has been obtained to carry forward the remaining capital funding of \$187,000 to 2006/07 towards developing a National Memorial Park in Buckle Street, opposite the National War Memorial in Wellington.

This statement is to be read in conjunction with the accompanying Statement of Accounting Policies on Page 46.

*Schedule of Recipients of Non-departmental Outputs Funding  
For the Year Ended 30 June 2006*

	\$(000)
<b>Management of Historic Places</b>	
Antarctic Heritage Trust	356
New Zealand Historic Places Trust	7,753
New Zealand Archaeological Association	200
	8,309
<b>Museum Services</b>	
Museum of New Zealand Te Papa Tongarewa	20,574
New Zealand Film Archive	886
Regional Museums: Auckland War Memorial Museum, Canterbury Museum, and Otago Museum	19
	21,479
<b>Performing Arts Services</b>	
New Zealand Symphony Orchestra	11,727
Royal New Zealand Ballet	3,284
Aotearoa Traditional Maori Performing Arts Society	1,248
New Zealand Music Industry Commission	1,156
	17,415
<b>Promotion and Support of the Arts and Film</b>	
Arts Council of New Zealand Toi Aotearoa (Creative New Zealand)	17,286
New Zealand Film Commission	10,873
	28,159
<b>Public Broadcasting Funding</b>	
Broadcasting Commission (NZ On Air)	100,838
Television New Zealand	16,773
National Pacific Radio Trust	3,000
Radio New Zealand International	1,900
Broadcasting Standards Authority	609
	123,120
<b>Drugs Testing of Sports Persons</b>	
New Zealand Sports Drug Agency	1,441
<b>Sport, Fitness and Leisure Programmes</b>	
Sport and Recreation New Zealand	44,245

*Schedule Of Non-departmental Assets As At 30 June 2006*

	2005/06 Actual \$(000)	2005/06 Forecast \$(000)	2004/05 Actual \$(000)
<b>Current assets</b>			
Cash and bank balances	1,583	(31,378)	500
Receivables and advances	8	0	2
<b>Total current assets</b>	1,591	(31,378)	502
<b>Non-current assets</b>			
Physical assets:			
Land			
- Massey Memorial (at valuation 30 June 2006)	580	450	450
- National War Memorial (at valuation 30 June 2006)	5,300	4,600	4,600
- National Memorial Park in Wellington	4,967	5,155	14
Buildings			
- Massey Memorial (at valuation 30 June 2006)	980	832	832
Accumulated depreciation	0	(50)	(33)
- National War Memorial (at valuation 30 June 2006)	8,280	8,040	8,040
Accumulated depreciation	0	(161)	0
<b>Total non-current assets</b>	20,107	18,866	13,903
<b>Total assets</b>	21,698	(12,512)	14,405

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

- The investment in Crown entities that the Ministry monitors is recorded within the Crown financial statements on a line-by-line basis.
- The Crown has a security interest in the capital assets owned by the National Pacific Radio Trust.

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 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.

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 on Page 46.*

*Schedule Of Non-departmental Liabilities As At 30 June 2006*

	2005/06 Actual \$(000)	2005/06 Forecast \$(000)	2004/05 Actual \$(000)
<b>Current liabilities</b>			
Creditors and payables	785	100	5,964
<b>Total liabilities</b>	<b>785</b>	<b>100</b>	<b>5,964</b>

The greater-than-forecast liabilities at year-end are primarily due to:

- Late in the 2004/05 financial year, the government agreed to provide \$1.969 million funding from the Regional Museums Policy for Capital Construction Projects to the Dowse Art Gallery as a contribution towards its redevelopment project. A memorandum of understanding between the Associate Minister for Arts, Culture and Heritage and the Hutt City Council was signed on 29 June 2005. The first instalment of \$1 million was made on 11 July 2005 and the second installment of \$500,000 was made on 14 December 2005. The remaining balance of \$469,000 was expected to be paid during 2005/06, but will now be paid during 2006/07.

*This schedule is to be read in conjunction with the accompanying Statement of Accounting Policies on Page 46.*

*Statement of Objectives and Service Performance  
For the Year Ended 30 June 2006*

*Vote Arts, Culture and Heritage*

**OUTPUT: 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 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; and
- the administration of the Antiquities Act 1975.

**Quantity, Quality and Timeliness**

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

*Historical Publications and Administrative Services*

**DICTIONARY OF NEW ZEALAND BIOGRAPHY (DNZB)**

**Performance target in 2005**

**Statement of Intent**

Electronic publication of DNZB volumes I-V to be maintained by two updates.

**Actual performance**

Electronic publication of DNZB Volumes was maintained with one update in July 2005 and a second in April 2006. A total of 171 new images and captions were added to the site.

**TE ARA, THE ENCYCLOPEDIA OF NEW ZEALAND**

**Performance target in 2005**

**Statement of Intent**

Four regional entries of the 'Places' theme of *Te Ara* will be launched by 31 December 2005.

**Actual performance**

Four regional entries, two on the Bay of Plenty and two on Northland were launched in December 2005. Entries on Manawatu and Canterbury were also completed, but not launched.

The 'Earth, Sea and Sky' theme will be launched by 30 June 2006.

The 'Earth, Sea and Sky' theme was launched by the Prime Minister on 12 June 2006.

**NEW ZEALAND HISTORY**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
Undertake at least 20 historical projects (seven projects will be completed during the year).	A total of 20 projects were in the process of being researched and written at the end of the year; 11 projects were completed during the year.
80% of historical projects completed meet time criteria.	95% of projects met time criteria.
100% of historical projects completed meet content criteria.	100% of projects met content criteria.
Publish at least two new features on <i>NZHistory.net.nz</i> .	Nine new features were added to <i>NZHistory.net.nz</i> .
80% of <i>NZHistory.net.nz</i> features completed meet time criteria.	100% of features met time criteria.
100% of <i>NZHistory.net.nz</i> features completed meet content criteria.	100% of features met content criteria.

**HERITAGE PROPERTY MANAGEMENT**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
4,188 war graves, 80 historic graves and 16 national monuments will be maintained in accordance with the agreed programme.	All graves and monuments were maintained in accordance with agreed programme.
The National War Memorial and five overseas war memorials will be managed and maintained in accordance with the agreed programme.	The National War Memorial was managed and maintained in accordance with the agreed programme. Horticultural and structural maintenance was carried out at the five overseas memorials in accordance with the agreement with the Commonwealth War Graves Commission.
All site inspections to determine necessary maintenance will be undertaken in accordance with an agreed schedule.	A full year's cycle of six inspection tours was completed, covering Canterbury, Otago, Hawkes Bay, Nelson/Marlborough/West Coast, Southland and Auckland.

**HERITAGE PROPERTY MANAGEMENT**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
At the conclusion of scheduled maintenance all sites will be in a good state of repair with the inscriptions legible and stonework intact.	The agreed annual maintenance programme was completed within budget, on time and to the required standard of workmanship. All sites were in a good state of repair, with the inscriptions legible and the stonework intact.
90% of all contracts over \$1,000 for capital works and maintenance within New Zealand will comply with agreed criteria as set out in the 2005/06 Output Plan.	All contracts let complied with the agreed criteria.
Special projects will be managed in accordance with the agreed programme.	The design for the New Zealand Memorial in London gained planning approval from authorities in London and the bronze standards were completed and shipped to London. Cabinet approved the transfer of land in order to create a National Memorial Park and work commenced to investigate options for the alignment of the adjacent road. The Korean War Memorial was completed in time to be unveiled by the Prime Minister in November during her visit to Korea for APEC.

**SYMBOLS OF NEW ZEALAND SOVEREIGNTY**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
100% of submissions to Minister in relation to the Flags, Emblems and Names Protection Act 1981 will be accepted.	All five submissions forwarded to the Minister and the Associate Minister for consideration under the Flags, Emblems and Names Protection Act 1981 were accepted. The submissions all dealt with approving the use of the word 'Royal'.

**COMMEMORATING WAITANGI DAY FUND**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
No justified complaints will be received concerning administration of the Fund.	No justified complaints were received concerning the administration of the Fund. 55 grants were made, out of a total of 57 applications received.

**ADMINISTERING THE GOVERNMENT EXHIBITION INDEMNIFICATION SCHEME**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual Performance</b>
An estimated five indemnifications will be established and administered during the year.	One deed of indemnity was completed. This was for an exhibition at Te Papa of works by John Constable.
100% of indemnifications established and administered will meet the timing requirements of the applicant.	Achieved.
100% of indemnifications will comply with the policy guidelines for the scheme.	Achieved. Due to the total value of the Constable works, Cabinet approval was required to extend the limits of the scheme.

**ANTIQUITIES ACT**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
150 (the estimated range is 120 to 180) applications made under the Antiquities Act 1975 completed:	
• an estimated 50 export certificates for antiquities will be issued (estimated range 40 to 60)	43 applications to export antiquities were processed, and 41 were issued with export certificates. Of those, 25 were for permanent export and 16 were for temporary export.
• an estimated 50 determinations on the custody of newly found artefacts will be made (estimated range 40 to 60)	During the year the custody of 18 artefacts was determined after consultation with museums and iwi.
• an estimated 50 collectors of artefacts will be registered (estimated range 40 to 60)	The Ministry registered 170 collectors of artefacts this year.
No decisions will be overturned through the appeal process.	No antiquities decisions were overturned through the appeals process.

**Financial Performance**  
(Figures are GST exclusive)

	<b>2005/06 Actual \$(000)</b>	<b>2005/06 Supp. Estimates \$(000)</b>	<b>Variance \$(000)</b>
Revenue Crown	4,848	5,240	(392)
Other Revenue	246	305	(59)
Total Revenue	5,094	5,545	(451)
Total Expenses	(4,951)	(5,545)	594
<b>Net Surplus/(deficit)</b>	<b>143</b>	<b>0</b>	<b>143</b>

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

**OUTPUT: INTERNATIONAL CULTURAL DIPLOMACY****Description**

- This output involves the management of the Cultural Diplomacy International Programme 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**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual Performance</b>
The approved projects will be funded and completed on time and within the approved budget.	100% of the approved projects were funded and completed on time and within approved budget.
An estimated five briefing reports will be provided to Ministers on the overall programme of activity and allocation of funding for individual cultural diplomacy projects.	Ten briefing reports were provided.
An estimated three briefing reports will be provided to the Minister reporting on progress in implementing the programme and outcomes of funded activity.	Five briefing reports were provided.
The cross-agency steering group will rate the Ministry's management of the programme as good or better.	Achieved.

The second year of the Cultural Diplomacy International Programme has seen funding provided to a range of projects aimed at showcasing our talents in arts and culture to enhance our profile as a country as well as boosting our economic, trade, tourism, diplomatic and cultural 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	173
China Research	4
Initiatives funded	1,407
	1,584
Breakdown of initiatives funded	
• Final costs associated with New Zealand government's gift of photographic artworks to the new Musée du Quai Branly, Paris.	2
• New Zealand Symphony Orchestra performances in the UK, Europe and at the World Expo in Aichi, Japan.	178
• Distribution of a youth-focused music DVD to contribute to developing relations with South East Asian countries.	8
• Final costs of post-Aichi cultural activities in Japan.	8
• Performances at Commonwealth Heads of Government Meeting by Ngati Ranana.	8
• Performances by Kahurangi at New Zealand festivals in Bangkok and Singapore.	49
• Design and production of a series of five documentaries for broadcasting in China in 2006/07.	613
• Design of an exhibition by Te Papa for touring in China in 2006/07.	181
• Film festival in Japan.	162
• Cultural activity to support the opening for the New Zealand Concept Centre in Hong Kong.	70
• Film festival in Korea.	93
• Film festival in Taiwan.	35
	1,407

### Financial Performance

(Figures are GST exclusive)

	2005/06	2005/06	Variance
	Actual	Supp. Estimates	
	\$(000)	\$(000)	\$(000)
Revenue Crown	2,869	3,100	(231)
Other Revenue	0	2	(2)
Total Revenue	2,869	3,102	(233)
Total Expenses	1,576	3,102	1,526
<b>Net Surplus/(deficit)</b>	1,293	0	1,293

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

## OUTPUT: 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; and
- the provision of negotiated services to Ministers, including the preparation of replies to ministerial correspondence, and general services which assist Ministers in discharging their portfolio obligations to Parliament.

### Quantity, Quality and Timeliness

#### Policy Advice

#### BRIEFING REPORTS

##### Performance target in 2005

##### Statement of Intent

An estimated 280 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.

100% of briefing reports will meet the deadlines set by the Ministers' offices.

Ministers will rate, on an annual basis, the Ministry's performance in regard to briefing reports provided as good or better.

##### Actual performance

299 briefing reports were provided

100% met the required deadlines

The Minister for Arts, Culture and Heritage and Associate Minister Okeroa rated the quality and timeliness of briefing reports and policy advice received during the year as 'very good'. While a specific rating was not attributed by the Minister of Broadcasting or the Associate Minister Tizard, no concerns were expressed regarding the services received.

**SUBMISSIONS TO CABINET/CABINET COMMITTEES**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
An estimated 35 Cabinet or Cabinet Committee submissions will be provided during the year to Ministers.	40 Cabinet or Cabinet Committee submissions were provided
100% of submissions will meet Cabinet Office deadlines.	74% of submissions met Cabinet office deadlines
An estimated 75 Cabinet or Cabinet Committee submissions of other government departments will be contributed to.	70 Cabinet submissions of other government departments were contributed to.
Ministers will rate, on an annual basis, the Ministry's performance in regard to submissions to Cabinet/Cabinet Committees provided as good or better.	The Minister for Arts, Culture and Heritage rated the quality and timeliness of Cabinet and Cabinet Committee submissions received during the year as 'very good'. While a specific rating was not attributed by the Minister of Broadcasting or the Associate Ministers for Arts, Culture and Heritage, no concerns were expressed regarding the services received.

**SETS OF SPEECH NOTES**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
An estimated 90 sets of speech notes will be provided during the year to Ministers.	120 sets of speech notes were provided.
100% of sets of speech notes will meet the deadlines set by the Ministers' offices.	100% of sets of speech notes met the required deadlines.
Ministers will rate, on an annual basis, the Ministry's performance in regard to sets of speech notes provided as good or better.	The Minister for Arts, Culture and Heritage and Associate Minister Okeroa rated the quality and timeliness of sets of speech notes received during the year as either 'very good' or 'good'. While a specific rating was not attributed by the Minister of Broadcasting or the Associate Minister Tizard, no concerns were expressed regarding the services received.

**Grants Administration**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
Crown payments for Non-Departmental Output Expenses, Other Expenses, and Capital Contributions will be disbursed to at least 20 organisations during the year.	Payments made to 22 organisations by the Ministry on behalf of the Crown to arts, culture, heritage and broadcasting sector agencies during 2005/06 matched the respective annual appropriations.
All payments will be made in accordance with instructions and conditions governing payment.	All payments were made in accordance with instructions and conditions governing payment. Refer to the Statement of Non-Departmental Expenditure and Appropriations for a summary of disbursements made during the year.
The performance of recipients of Crown payments will be specified in memoranda of understanding or other funding arrangements agreed to by the responsible Ministers. All agreements will be completed by 31 July 2005, unless a formal extension is agreed to by the Minister.	Monitoring of recipients of Crown funding through Vote Arts, Culture and Heritage during 2005/06 was carried out in accordance with the monitoring regimes agreed with the Minister for Arts, Culture and Heritage and the Minister of Broadcasting. All memoranda of understanding were completed to agreed standard and timeframe.
An estimated 140 briefing reports on agency performance and issues related to agency operations will be provided during the year to Ministers.	218 briefing reports were provided to Ministers on agency performance and issues relating to agency operations 100% of briefing reports provided met the required deadlines.
Advice and assistance to recipients of Crown payments will be provided as required.	The Ministry had frequent contact with each of the recipients of Vote funding during the course of the year. Ministry personnel were active in assisting agencies in the preparation of 2006/07 Estimates documentation and 2006/07 memoranda of understanding with Ministers. Advice in response to other requests for information from funding recipients was provided as required.
Advice provided will be rated as satisfactory or better by 90% of respondents.	A letter was sent to each organisation at the end of the year requesting feedback regarding dissatisfaction, if any, with the advice or assistance received from the Ministry during the year. No significant concerns about the quality of advice or assistance provided by the Ministry during the year, or the Ministry's monitoring performance were raised in the responses received.

## Ministerial Servicing

### MINISTERIAL CORRESPONDENCE

Performance target in 2005 Statement of Intent	Actual performance
An estimated 500 draft replies to ministerial correspondence will be provided during the year.	626 draft letters were provided
Unless otherwise agreed with Ministers, 90% of draft replies will be provided within 15 working days of receipt.	64% of draft responses were provided within 15 working days of receipt
Unless otherwise agreed with Ministers, 100% of draft replies will be provided within 20 working days of receipt.	80% of draft responses were provided within 20 working days of receipt
Ministers will rate, on an annual basis, the Ministry's performance in regard to draft replies to Ministerial correspondence provided as good or better.	The Minister for Arts, Culture and Heritage rated the quality and timeliness of items of draft Ministerial correspondence received during the year as 'very good'. While a specific rating was not attributed by the Minister of Broadcasting or the Associate Ministers for Arts, Culture and Heritage, no concerns were expressed regarding the services received.

### QUESTIONS IN THE HOUSE

Performance target in 2005 Statement of Intent	Actual performance
An estimated 150 draft responses to questions in the House will be provided during the year.	97 draft answers were provided.
100% of draft responses will meet the deadlines set by the Ministers' offices.	100% of replies met the deadlines set by Ministers' offices.
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.	The Minister for Arts, Culture and Heritage rated the quality and timeliness of draft responses to questions in the House received during the year as 'very good'. While a specific rating was not attributed by the Minister of Broadcasting or the Associate Ministers for Arts, Culture and Heritage, no concerns were expressed regarding the services received.

## Financial Performance

(Figures are GST exclusive)

	2005/06 Actual \$(000)	2005/06 Supp. Estimates \$(000)	Variance \$(000)
Revenue Crown	4,369	4,722	(353)
Other Revenue	203	121	82
Total Revenue	4,572	4,843	(271)
Total Expenses	(4,461)	(4,843)	382
<b>Net Surplus/(deficit)</b>	111	0	111

Explanations of major variances are provided in Note 13 of 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**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
An estimated ten briefing reports will be provided during the year.	23 briefing reports were provided to the Minister during the year.
Crown payments 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.	Payments made by the Ministry on behalf of the Crown to the two sport and recreation sector agencies (Sport and Recreation New Zealand (SPARC) and New Zealand Sports Drug Agency (NZSDA) during 2005/06 matched the respective appropriations.
All payments will be made in accordance with instructions and conditions governing payment.	Payments were made in accordance with instructions and conditions governing payment. Refer to the Statement of Non-Departmental Expenditure and Appropriations for a summary of disbursements made during the year.
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 2005, unless a formal extension is agreed to by the Minister.	Monitoring of recipients of Crown funding through Vote Sport and Recreation during 2005/06 was carried out in accordance with the monitoring regime agreed with the Minister for Sport and Recreation. SPARC and NZSDA met all the reporting requirements of the regime. Memoranda of understanding for SPARC and NZSDA were completed to agreed standard and timeframe.
Advice and assistance to recipients of Crown payments will be provided as required.	Ministry personnel were active in assisting agencies in the preparation of 2006/07 Estimates documentation and 2006/07 memoranda of understanding with the Minister. Advice in response to other requests for information from funding recipients was provided as required.
Advice provided will be rated as satisfactory or better by all respondents.	A letter was sent to each organisation at the end of the year requesting feedback regarding dissatisfaction, if any, with the advice or assistance received from the Ministry during the year. No concerns about the quality of advice provided by the Ministry during the year or the Ministry's monitoring performance were raised in the responses received.

**Quantity, Quality And Timeliness (Continued)**

<b>Performance target in 2005 Statement of Intent</b>	<b>Actual performance</b>
The Minister will rate, on an annual basis, the Ministry's performance in regard to purchase advice and monitoring provided as good or better.	Feedback from the Minister by way of survey questionnaire was not sought during the year. Six-monthly reports against the purchase agreement were provided, however, and no concerns were expressed about the Ministry's performance in response to them.

*Financial Performance*

(Figures are GST exclusive)

	<b>2005/06 Actual \$(000)</b>	<b>2005/06 Supp. Estimates \$(000)</b>	<b>Variance \$(000)</b>
Revenue Crown	98	98	0
Other Revenue	0	0	0
Total Revenue	98	98	0
Total Expenses	(98)	(98)	0
<b>Net Surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Audit Report

### To the readers of The Ministry for Culture and Heritage's Financial Statements For the year ended 30 June 2006

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 of the financial statements of the Ministry, on his behalf, for the year ended 30 June 2006.

#### Unqualified opinion

In our opinion the financial statements of the Ministry on pages 26 to 65:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Ministry's financial position as at 30 June 2006;
  - the results of its operations and cash flows for the year ended on that date;
  - 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 46 to 52 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2006.

The audit was completed on 29 September 2006, 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 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. 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. 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 disclosures are adequate. We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements or statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements. 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 financial statements in accordance with generally accepted accounting practice in New Zealand.

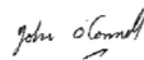
The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2006 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. [In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2006. The Chief Executive's responsibilities arise from sections 45A, 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements 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

**Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of the Ministry for Culture and Heritage for the year ended 30 June 2006 included on the Ministry for Culture and Heritage's web site. The Ministry for Culture and Heritage's Chief Executive is responsible for the maintenance and integrity of the Ministry for Culture and Heritage's web site. We have not been engaged to report on the integrity of the Ministry for Culture and Heritage's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 29 September 2006 to confirm the information included in the audited financial statements presented on this web site.

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