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Museum of New Zealand Te Papa Tongarewa Statement of Performance Expectations 2017/18

Directory *Te rārangi ingoa*

Museum of New Zealand Te Papa Tongarewa

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Museum of New Zealand Te Papa Tongarewa Statement of Performance Expectations 2017/18

This *Statement of Performance Expectations* of the Museum of New Zealand Te Papa Tongarewa (Te Papa) for the year ending 30 June 2018 is presented to the House of Representatives.

The purpose of this *Statement of Performance Expectations* is to promote public accountability. It reflects Te Papa's proposed performance targets and forecast financial information, and it is produced in accordance with section 149E of the Crown Entities Act 2004.

The *Statement of Performance Expectations* is a partner document to the *Statement of Intent 2017–2021*, which provides more information about the context of the Museum's work and its long-term strategic intentions.

The Board acknowledges responsibility for the preparation of this *Statement of Performance Expectations* which reflects the forecast performance and financial position of Te Papa for the 2017/18 financial year.



Evan Williams
Chairman
28 June 2017



Abby Foote
Chair of Assurance and Risk Committee
28 June 2017

Introduction

Te Papa's role reaches far beyond the museum walls to include supporting the sector, digital presence, and being a player in New Zealand's education ecosystem. Collaboration and co-creation with iwi, New Zealand and global institutions and individuals are key features of our work programme and are vital to achieving our aims.

This year is a game changer for Te Papa as we begin fully implementing a comprehensive programme of Museum Renewal – a once in a generation opportunity. The new art gallery opening later this year will set the scene for the evolution of New Zealand's national museum.

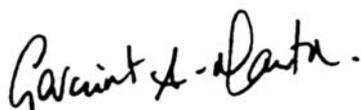
The experience, expertise, perspective and knowledge, both within Te Papa and across the sector, nationally and internationally, has a significant impact on society. Working closely with Te Papa's Board we will harness these skills to honour New Zealand's taonga.

Achieving strong visitor numbers during the renewal programme while large parts of the museum are closed is one of the greatest challenges facing Te Papa. Unlike many institutions internationally that undertake major renewals, Te Papa will remain open throughout. Ensuring we can continue to provide a rich and diverse visitor experience both on-site and online is our priority.

2016/17 was a strong year for Te Papa, enabling us to build on a solid foundation and world-renowned reputation, while expanding and diversifying our offerings. Hīnātore | Learning Lab provides an exciting and innovative new access point for students around New Zealand to Te Papa's collections and expertise. It is also a testing ground for Te Papa's approach to education, and will enable us to gain important insights for future programmes. A second cohort of companies will be part of the Mahuki Innovation Hub this year, following on from the successful inaugural programme in 2016/17. This programme provides opportunities for entrepreneurs to work with Te Papa experts and collections to address real-world cultural sector challenges.

We are excited about Te Papa's future and opportunities ahead.

The following pages demonstrate how Te Papa's work contributes to New Zealand's aims in the Arts, Culture and Heritage sector and how we will measure our success during the 2017/18 year.



Geraint Martin
Chief Executive
28 June 2017



Arapata Hakiwai
Kaihautū
28 June 2017

Part 1: What Te Papa will deliver in 2017/18

Figure 1 provides a system overview of how Te Papa's achievements contribute to the Government's goal for the culture sector of enriching lives and how it intends to fulfil its legislative mandate and role as defined under the Museum of New Zealand Te Papa Tongarewa Act 1992. The key service measures we will use to monitor our effectiveness are on pages 7 to 11. How Te Papa is funded and its financial performance measures are found on pages 12 to 22.

Te Papa's Performance Framework

MISSION

To understand the past, enrich the present and meet the challenges of the future

FUNCTIONS

- Control and maintain the museum
- Collect works of art and items relating to history and the natural environment
- Act as an accessible national depository for collections
- Develop, conserve and house securely the collections
- Exhibit or make available for exhibition by other public art galleries, museums and allied organisations, material from collections
- Conduct research into any matter relating to collections or associated areas of interest and assist others in such research
- Provide an education service in connection with collections
- Disseminate information relating to collections and any other matters relating to the museum and its functions
- Co-operate with and assist other NZ museums in establishing a national service and in providing appropriate support to other institutions and organisations holding objects or collections of national importance
- Co-operate with other institutions and organisations that have similar objectives
- Endeavour to make the best use of the collections in the national interest
- Design, construct and commission any building or structure required by the museum

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Museum of New Zealand Te Papa Tongarewa Act 1992

VISION

Changing hearts, changing minds, changing lives

ASPIRATIONS

- Audiences**
Inspire a sense of wonder and excitement in audiences of all ages
Connect with new audiences across New Zealand and around the world
- The Role of Museums**
Revitalise and extend our core museum work
Be a centre of innovation for museums and galleries
- Sustainable Business**
Invest in developing our people and assets for the future
Create a sustainable financial model
Nurture innovation across the organisation
- Learning**
Activate lifelong learning everywhere
Connect and communicate with new audiences and partners
- Māori Peoples & Identity**
Support Māori development
Enable Māori cultural contributions to wider New Zealand society
- Aotearoa New Zealand in the Pacific**
Be one of the leading Pacific cultural institutions in the world
- Society & the Wider World**
Be a safe place for challenging conversations

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Te Papa's Strategic Narrative

STRATEGIC PRIORITIES 2017-2021

- Business Growth**
Providing robust and sustainable financial foundations for Te Papa's future
- Exhibition Renewal**
Revitalising our physical spaces, our exhibitions, our systems and capabilities
- Digital**
Creating powerful digital experiences, relevant to and connected with our audiences, wherever they are
- Core Business**
Caring for & providing access to our national collections
Learning programmes
Research
Supporting museums, galleries & iwi across New Zealand
- Iwi Engagement**
Contributing to Māori development and enabling Māori contributions to New Zealand society and culture
- Take a Lead in Important National Conversations**
Taking a lead in creating safe places for difficult conversations
- Te Papa Manukau**
Creating a Te Papa presence and innovative learning hub in Auckland

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Te Papa's Statement of Intent

PERFORMANCE MEASURES 2017-2018

- Refer to Part 5: Prospective Financial Statements
- The number of visits to Te Papa
- The percentage of adult visitors surveyed reporting a satisfaction rating of "satisfied" to "extremely satisfied" for overall museum experience during their visit
- Art exhibition space renewed and reopened by 30 June 2018
- Total reach of learning programmes and products
- The number of visits to Te Papa's websites
- The number of unique users per month on Facebook who have seen content from, or associated with, Te Papa
- The total number of collections made available through Collections Online
- Total activity stimulating national conversations realised
- The number of iwi supported by Te Papa
- The number of partnerships and workshops with museums and galleries including iwi
- The percentage of museums, galleries and iwi that would recommend engagement with Te Papa to others
- The number of visits to collections not on exhibition
- The number of museums and galleries supported by Te Papa
- The percentage of new collection items acquired in accordance with Te Papa's Collection Policy
- The number of international institutions from which repatriations are completed each year
- The number of regions where Te Papa's collections are shared through touring and loans
- Number of articles published in *Tuhinga: Records of the Museum of New Zealand Te Papa Tongarewa*

VALUES

Hiranga
Excellence

Manaakitanga
Community Responsibility

Mātauranga
Knowledge & Learning

Kaitiakitanga
Guardianship

Whanaungatanga
Relationships

PHILOSOPHIES

Mana Taonga

Museology

Learning

Part 2: How Te Papa is funded

Te Papa is funded from both Crown and non-Crown sources.

Crown Funding

Te Papa is funded through *Vote: Arts, Culture and Heritage* under the *Museum Services* output class. Te Papa's monitoring department is the Ministry for Culture and Heritage.

Te Papa is funded for controlling and maintaining New Zealand's national museum, developing collections and making those collections accessible, caring for the collections, creating exhibitions, conducting research into matters relating to collections, providing education and information services, and providing national services in partnership with other museums.

In 2017/18 Te Papa will earn:

- \$29.574m for the provision of national museum and associated services;
- \$3.0m of capital expenditure for the acquisition of collection items; and
- \$10.0m capital expenditure for the renewal and improvement of Te Papa's assets to support the delivery of services.

The primary services (outputs) Te Papa provides are exhibitions, events, research, and learning programmes. People all over New Zealand and the world can enjoy and benefit from these services, whether they are at Te Papa in Wellington, visiting a touring exhibition in a regional or international centre, or tapping into online resources.

A \$3m Government Capital Grant for collection development is provided by Government each year. Te Papa uses this grant, in addition to a number of special purpose funds, to collect items that have, or might grow to have, iconic value for New Zealand and which document, illustrate and explore the natural and cultural heritage of New Zealand and those parts of the world that have contributed to our identity.

Ongoing investment is required to maintain Te Papa's buildings and exhibitions to continue to provide a compelling visitor experience and protect the collections. The \$10m capital funding received this year will help address this issue. Te Papa's 15 year Capital Asset Management Plan was presented to Government in 2015, and Te Papa considers this a major achievement to enable ongoing maintenance of our infrastructure.

Te Papa does not propose to supply any class of outputs in the financial year that is not a reportable class of outputs.

Non Crown Revenue

Te Papa earns 50% of its total revenue from non-Crown sources.

- \$17.3m from Commercial
- \$6.7m from Exhibition revenue, Grants, Investments & Other
- \$6.1m from Donations & Sponsors

As Te Papa continues its intensive period of renewal, it is imperative that our commercial revenue streams continue to grow to support this development. By doing this, Te Papa will be able to invest in more activities to help deliver towards our strategic priorities.

Our largest non-Crown revenue category is commercial, which includes corporate functions, food and retail outlets, car parking and tours at the museum, along with national and international touring products.

The hospitality and retail operations generate a significant proportion of Te Papa's revenue, contributing 26% of total revenue. Their success are integral to our continued financial sustainability.

We are also looking to diversify our revenue streams by entering into collaborative relationships and partnerships to explore further fundraising opportunities.

Part 3: Assessing Te Papa’s Service Performance

This section sets out Te Papa’s non-financial performance measures for the 2017/18 year. These define Te Papa’s service level commitments to its stakeholders and how it will measure its performance against these. The cost of delivering these measures is contained in Part 4.

Te Papa’s non-financial performance measures and targets 2017/18

Te Papa’s Capital Expenditure and Museum Renewal Programme				
Performance measure	Te Papa’s investment of Crown funding for improving and maintaining the infrastructure of the national museum and for the renewal of exhibitions.			
Reporting on how Te Papa has invested Crown expenditure	November 2017	February 2018	May 2018	As required with a cumulative summary in the 2017/18 Annual Report

Mahuki – Te Papa’s Innovation Hub				
Performance measure	Te Papa’s Mahuki programme enables entrepreneurs to work with sector experts and New Zealand collections on real-world cultural sector challenges.			
Reporting on Te Papa’s innovation events and impact across New Zealand’s creative and technology sectors	November 2017	February 2018	May 2018	As required with a cumulative summary in the 2017/18 Annual Report

Performance measure	2015/16 Actual	2016/17 Target	2017/18 Target	Notes
Te Papa will focus on achieving physical and virtual visitation and visitor satisfaction targets during the Museum Renewal programme				
The number of visits to Te Papa	1,784,939	1.45 million	1.45 million	
The percentage of adult visitors surveyed reporting a satisfaction rating of “satisfied” to “extremely satisfied” for overall museum experience during their visit	98%	95%	95%	
The number of visits to Te Papa’s websites	3,080,984	2.8 million	2.1 million	The accessibility of Te Papa’s website is measured in accordance with Web Content Accessibility Guidelines 2.0. This target has been reduced in response to www.squid.tepapa.govt.nz nearing the end of its life and corresponding reduction in visits.
The number of unique users per month on Facebook who have seen content from, or associated with, Te Papa	New measure	400,000	400,000	
The total number of collections made available through <i>Collections Online</i>	New measure	775,000	820,000	
Total reach of learning programmes and products	New measure	New measure	40,000	Total reach includes:

Performance measure	2015/16 Actual	2016/17 Target	2017/18 Target	Notes
				<ul style="list-style-type: none"> Number of people engaged through programmes on site, outreach and remote learning programmes (including public, education, professional development, and curatorial programmes) Number of people engaged through Te Papa produced learning resources
Caring for and protecting Te Papa's collections				
The percentage of new collection items acquired in accordance with Te Papa's Collection Policy	New measure	100%	100%	Te Papa's Collection Policy was recently updated to ensure it is in-line with international standards and is fit for purpose during the exhibition renewal process. This policy covers acquisition, care, management, use, borrowing and de-accessioning.
Te Papa will continue to collaborate nationally and internationally, in the private and public sectors to produce transformative experiences for people.				
The number of regions where Te Papa's collections are shared through touring and loans	13	8	10	New Zealand regions are as defined in the Local Government Act 2002.
The number of museums and galleries supported by Te Papa	New measure	250-275	225 – 240	

Performance measure	2015/16 Actual	2016/17 Target	2017/18 Target	Notes
The number of iwi supported by Te Papa	New measure		25 –35	These measures were combined in 2016/17 and have now been separated to provide further clarity
The number of partnerships and workshops with museums and galleries including iwi	New measure	New measure	50	
The number of visits to collections not on exhibition	New measure	New measure	100 – 200 visits	'Visits' are calculated by number of groups
The number of international institutions from which repatriations are completed each year	5	2	2	All repatriations are carried out in accordance with the <i>International Council of Museums Code of Ethics 2004</i>
Te Papa maintains and further grows its reputation for high quality research and creativity that attracts people, partners, communities and philanthropists.				
Total activity stimulating national conversations realised	New measure	New measure	Three campaigns	National conversation activity to encompass exhibitions, learning and public programmes, events, social media and digital products, through which Te Papa is a forum for multiple audiences to engage with relevant and pressing issues facing New Zealand and the world. This thematic approach to programming is a new

Performance measure	2015/16 Actual	2016/17 Target	2017/18 Target	Notes
				initiative, and 2017/18 will provide a baseline of total reach. This measure articulates our commitment to realising at least three campaigns across the financial year.
The percentage of museums, galleries and iwi that would recommend engagement with Te Papa to others	New measure	90%	90%	
Art exhibition space renewed and reopened by 30 June 2018	New measure	New measure	By 30 June 2018	
The number of articles published in <i>Tuhinga: Records of the Museum of New Zealand Te Papa Tongarewa</i>	New measure	New measure	8	<i>Tuhinga: Records of the Museum of New Zealand Te Papa Tongarewa</i> is Te Papa's freely available, annual peer-reviewed academic journal. It publishes original and scientific research by Te Papa staff.

Part 4: Prospective Financial Statements

Prospective Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2018

	\$000's
Revenue	
Crown funding	29,574
Investment income	883
Commercial revenue	17,292
Sponsorship revenue	5,586
Other exhibition revenue	2,876
Other revenue	3,412
Total revenue	59,623
Cost of Commercial Goods Sold	5,603
Gross margin	54,020
Expenses	
Salaries and wages	27,235
Building operating expenses	7,079
Exhibition operating expenses	1,036
Advertising and general office expenses	4,193
Consultant expenses	1,670
Travel expenses	1,537
IT Maintenance and support expenses	3,386
Other expenses	1,826
Total expenses	47,962
Earnings before depreciation and amortisation	6,058
Depreciation and amortisation	14,831
Total comprehensive revenue and expenses	(8,773)

Prospective Statement of Changes in Equity

for the year ended 30 June 2018

	\$000's
Balance at 1 July	1,334,885
Total comprehensive revenue and expense for the year	(8,773)
Capital contribution	13,000
Balance at 30 June 2017	<u>1,339,112</u>

Prospective Statement of Financial Position

as at 30 June 2018

\$000's

Assets

Current assets

Cash and cash equivalents	712
Debtors and other receivables	1,638
Prepayments	1,598
Inventories	1,058
Publications WIP	90

Total current assets 5,096

Non-current assets

Financial assets	16,056
Property, plant and equipment	396,168
Collections	929,406
Intangible assets	4,276

Total non-current assets 1,345,906

Total Assets 1,351,002

Liabilities

Current liabilities

Creditors and other payables	5,595
Revenue in advance	3,274
Employee entitlements	2,787

Total current liabilities 11,656

Non-current liabilities

Employee entitlements	234
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Total non-current liabilities 234

Total liabilities 11,890

Net assets 1,339,112

Equity

General funds	506,898
Other reserves	832,214

Total Equity 1,339,112

Prospective Statement of Cash Flows

for the year ended 30 June 2018

	\$000's
Cash flows from operating activities	
Receipts from crown revenue	29,574
Interest received	883
Receipts from other revenue	29,188
Payments to suppliers	(29,355)
Payments to employees	(25,497)
Net cash from operating activities	<u>4,793</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(17,973)
Purchase of intangibles	(2,549)
Purchase of collections	(3,000)
Movements in investments	5,500
Net cash from investing activities	<u>(18,022)</u>
Cash flows from financing activities	
Capital contribution from Crown	13,000
Net cash from financing activities	<u>13,000</u>
Net increase in cash and cash equivalents	<u>(229)</u>
Cash and cash equivalents at the beginning of the year	941
Cash and cash equivalents at the end of the year	<u><u>712</u></u>

Statement of Accounting Policies

Reporting entity

The Museum of New Zealand Te Papa Tongarewa (“Te Papa”) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing Te Papa’s operations includes the Crown Entities Act 2004 and the Museum of New Zealand Te Papa Tongarewa Act 1992. Te Papa’s ultimate parent is the New Zealand Crown.

The Museum of New Zealand Te Papa Tongarewa Act 1992 sets out the principal functions of Te Papa’s Board. These functions include controlling and maintaining a museum, developing collections and making those collections accessible, caring for the collections, creating exhibitions, conducting research into matters relating to the collections, providing education and information services and providing national services in partnership with other museums.

In performing these functions, Te Papa must have regard to the ethnic and cultural diversity of the people of New Zealand, and the contributions they have made and continue to make to New Zealand’s cultural life and the fabric of New Zealand society. Te Papa must also endeavour to ensure that the Museum is a source of pride for all New Zealanders.

Te Papa’s mission states that “the Museum of New Zealand Te Papa Tongarewa is a forum for the nation to present, explore, and preserve the heritage of its cultures and knowledge of the natural environment in order to better understand and treasure the past, enrich the present, and meet the challenges of the future.”

Te Papa seeks to achieve successful financial outcomes and does this by offering experiences and products that contribute to the sustainability of the Museum, but Te Papa does not operate to make a financial return.

Accordingly, Te Papa has designated itself as a public benefit entity (PBE) for financial reporting purposes

These prospective financial statements are for the Museum of New Zealand Te Papa Tongarewa. They are for the year ending 30 June 2018 and were approved by the Board on 4 May 2017.

Basis of preparation

These prospective financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

These prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (“NZ GAAP”).

These prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These prospective financial statements comply with PBE accounting standards.

Presentation currency and rounding

These prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Critical accounting estimates and assumptions

In preparing these prospective financial statements, Te Papa has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting policies

Revenue

The specific accounting policies for significant revenue items are explained below:

Funding from the Crown

Te Papa is partially funded by the Crown. This funding is restricted in its uses for the purpose of Te Papa meeting the objectives specified in the Statement of Intent.

Te Papa considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Other grants received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Te Papa must exercise judgement when recognising grant revenue to determine if the conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

Donated assets

Where a physical asset is gifted to or acquired by Te Papa for nil consideration or at a subsidised cost, the asset is recognised at fair value. The difference between the consideration provided and fair value of the asset is recognised as revenue.

Provision of goods and services

Revenue from the supply of goods and services is measured at the fair value of the consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Services provided to third parties on commercial terms are recognised as revenue in proportion to the stage of completion at balance date.

Interest revenue

Interest revenue is recognised by accruing, on a time proportion basis, the interest due for the investment.

Sponsorship in kind

Sponsorship in kind is where an asset or service is provided by a third party in exchange for branding association or other non-cash benefits provided by Te Papa. This occurs through open market negotiations, and the fair market value of the asset/service provided is recognised as revenue to Te Papa, with an equal value recognised as the expense incurred in providing the associated benefits.

Restricted reserves

Te Papa receives bequests and donations from private individuals for collection acquisitions. Where they are discretionary they are recognised as revenue once received. Where the funds are subject to restrictions on use, such funds are identified as restricted reserves.

Foreign currency transactions

Foreign currency transactions (including those subject to forward exchange contracts) are translated into NZ dollars (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with domestic banks and other short-term, highly liquid investments, with original maturities of three months or less and which are subject to an insignificant risk in changes in value.

Derivative financial instruments

In accordance with its foreign exchange management policy, Te Papa does not hold or issue derivative financial instruments for trading purposes. Te Papa has not adopted hedge accounting.

Leases***Operating leases***

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the statement of comprehensive revenue and expenses as a reduction of rental expense over the lease term.

Investments

Investments in bank deposits are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method.

Funds under management are initially measured at the amount invested. They are subsequently measured at fair value with gains and losses recognised in comprehensive revenue and expense. Interest is subsequently accrued and added to the investment balance.

Property, plant and equipment

Property, plant and equipment consists of the following asset classes: land, non-residential buildings, land improvements, furniture and fittings, plant and equipment, motor vehicles, computer hardware and exhibitions.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluations

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every 3 years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the fair value.

Land and building revaluation movements are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to an asset revaluation reserve in equity. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

Property, plant, and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are reported net in the statement of comprehensive revenue and expenses. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the statement of comprehensive revenue and expenses as they are incurred.

Depreciation

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

- | | |
|--|--------------------------------|
| • Non-residential buildings (including components) | 5 to 150 years (0.67% to 20%) |
| • Land improvements | 5 to 50 years (2% to 20%) |
| • Furniture and fittings | 3 to 30 years (3.33% to 33%) |
| • Plant and equipment | 3 to 25 years (4% to 33%) |
| • Computer hardware | 3 to 10 years (10% to 33%) |
| • Exhibitions | 1.5 to 15 years (6.67% to 66%) |
| • Motor vehicles | 5 to 10 years (10% to 20%) |

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

Impairment of property, plant and equipment

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

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate

approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of comprehensive revenue and expense.

The reversal of an impairment loss is recognised in the statement of comprehensive revenue and expenses.

Where an impairment loss is recognised against an asset that has previously been revalued, the loss will be recognised first against the revaluation reserve with any excess being recognised in comprehensive income and expense.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Te Papa are recognised as an intangible asset. Direct costs include the software development and employee costs.

Staff training, costs associated with maintaining computer software and costs associated with the maintenance of Te Papa's website are recognised as an expense when incurred.

Amortisation

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

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

- Acquired computer software 2-10 years (10% to 50%)

Collections

Te Papa's collections are recorded at cost or valuation, with the exception of the Natural Environment collections, which are shown at replacement cost. Collection valuations are programmed annually to ensure that each class of collections is valued once every three years. Acquisitions to collections between revaluations are recorded at cost.

The net revaluation results are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised through the statement of comprehensive revenue and expenses will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

In the Board's opinion, as the collections tend to have an indefinite life and are generally not of a depreciable nature, depreciation is not applicable.

Refer to the policy for impairment of property, plant and equipment. The same approach applies to the impairment of intangible assets.

Payables

Short-term payables are recorded at their face value.

Provisions

Te Papa recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in the 'finance costs.'

Revenue received in advance

Te Papa receives grants from organisations for specific research projects and specific exhibitions. Under PBE IPSAS funds are recognised as revenue when the conditions of the contracts have been met. A liability reflects funds that are subject to conditions that, if unfulfilled, are repayable until the condition is fulfilled.

Te Papa also receives operational revenue in advance. This is included as a liability in the statement of financial position.

Employee entitlements

Short-term employee entitlements

Employee entitlements that Te Papa expects to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, and sick leave.

Te Papa recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent Te Papa anticipates it will be used by staff to cover those future absences. A liability and expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

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

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive revenue and expenses as incurred.

Goods and services tax (GST)

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

Income tax

Te Papa is exempt from the payment of income tax in terms of section 20 of the Museum of New Zealand Te Papa Tongarewa Act 1992. Accordingly, no charge for income tax has been provided for.

Equity

Equity is measured as the difference between total assets and liabilities. Equity is disaggregated and classified into the following components:

- Contributed capital;
- Restricted reserves;
- Property, plant and equipment revaluation reserve;
- Collection revaluation reserve; and
- Accumulated losses
- Restricted reserves

Te Papa receives bequests and donations from private individuals for collection acquisitions and organisations for scientific research projects. Where they are discretionary, they are recognised as revenue once received.

Where the funds are subject to restrictions on use, such funds are identified as restricted reserves.

Property, plant and equipment revaluation reserve

The result of revaluations are credited or debited to an asset revaluation reserve for each class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of comprehensive revenue and expenses. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of comprehensive revenue and expenses is recognised first in the statement of comprehensive revenue and expenses up to the amount previously expensed, and then credited to the revaluation reserve for the class of asset.

Collections revaluation reserve

The result of revaluations are credited or debited to an asset revaluation reserve for collections. Where this results in a debit balance in the collections revaluation reserve, this balance is expensed in the statement of comprehensive revenue and expenses. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of comprehensive revenue and expenses is recognised first in the statement of comprehensive revenue and expenses up to the amount previously expensed, and then credited to the collections revaluation reserve.

Glossary

Hiranga Excellence. Te Papa aspires to be first-class, professional, innovative, groundbreaking, relevant, engaging, and commercially successful.

Iwi An iwi is a Māori tribe descended from a common named ancestor or ancestors, and is usually comprised of a number of hapū.

Kaitiaki Guardian or custodian. One who looks after something of value.

Kaitiakitanga To care for, look after, guard and protect. This encompasses wise management, spiritual and cultural care and protection. Te Papa acknowledges that it holds collections in trust for the people of Aotearoa New Zealand and the responsibility to protect and care for them for present and future generations. Te Papa acknowledges and respects the whakapapa (genealogical) relationships between taonga and their communities and the knowledge that arises from them.

Learning One of Te Papa's three philosophies. People learn in different ways, and Te Papa provides a range of experiences to meet visitors' different learning needs and styles. For staff, Te Papa will provide a supportive learning environment. The ability of staff to meet visitor needs will be developed through an appreciation of differences and openness to new ideas and providing time for reflection on events, outcomes, practices, and processes.

Mana Authority, power and prestige. Mana refers to an extraordinary power, essence or presence that may be inherited through genealogical connections, or acquired through actions. Te Papa should show leadership and act with integrity at all times.

Manaakitanga Manaakitanga is looking after and caring for others including their physical, psychological and mental well-being. Te Papa recognises that manaakitanga is an important value and whether they are hosts or guests will show our respect in every possible way.

Mana taonga One of Te Papa's three philosophies, Mana taonga recognises that taonga, which includes objects, narratives, languages, as well as all forms of cultural expression have mana; that taonga have whakapapa relationships with their source communities, as well as connections to the environment, people and places. Mana taonga recognises the authority derived from these relationships and the innate spiritual values associated with them. Respecting and expressing knowledge, worldviews and learning systems including matauranga Māori - the views, explanations and perspectives of the nature of the world, as known and informed by Māori, is an important dimension of mana taonga. The principle is an empowering one that enables Te Papa to acknowledge the richness of cultural diversity and to design and disseminate models of cooperation, collaboration and co-creation that shares authority and control with iwi and communities, whilst recognising, embracing and representing the changing demographics of Aotearoa New Zealand.

Mātauranga Māori is a dynamic and evolving system of knowledge used by Tangata Whenua to explain, interpret and understand the world in which they live. It is framed by whakapapa (genealogy) and whanaungatanga (relationships) between all things and is evidenced through kōrero-ā-whānau, āhapū, ā-iwi (narratives and history of whānau, hapū and iwi), karakia (prayer/incantation), waiata (songs) and knowledge arising from interaction with Te Ao Tū Tonu (the universe) and Te Ao Tūroa (the natural environment/world). Te Papa works closely with Māori to share knowledge and experiences.

Museology Best practice in museum development and implementation. Te Papa's unique and world-leading museology recognises the role of communities in enhancing the care and

understanding of the collections and taonga, which in turn drives our approach and access to research. Collections are seen as part of living cultures that provide a gateway to understanding how other people live and uniquely view their world. Te Papa works in collaboration with communities and individuals to deliver exhibitions and experiences that are current, meaningful and relevant nationally and globally. Museology is one of Te Papa's three philosophies.

Tangata whenua The indigenous or first people of the land. Māori are regarded as the tangata whenua of Aotearoa, New Zealand.

Taonga Treasure or property that holds value. Taonga embraces any cultural items of significance or value and can include a diverse range of material, from the most highly prized tribal taonga - such as ancestral carvings, personal ornaments, garments, and weaponry - to 'worked' material such as fragments of flaked stone from archaeological excavations, bird bone, mammal bones, and shell. Language, waiata (songs) and karakia (incantations, prayers) are also regarded as important taonga.

Whānau Family or extended family.

Whanaungatanga Relationships. Whanaungatanga embraces whakapapa (genealogy) and focuses on relationships, and support people give to each other. Te Papa works collaboratively with colleagues and communities, internally and externally, respecting and honouring others' mana (integrity), expertise and perspectives.



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