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**Museum of New Zealand Te Papa Tongarewa
Statement of Performance Expectations 2018/19**

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 2018/19

This *Statement of Performance Expectations* of the Museum of New Zealand Te Papa Tongarewa (Te Papa) for the year ending 30 June 2019 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 2018/19 financial year.



Evan Williams
Chairman
29 June 2018



Abby Foote
Chair of Assurance and Risk Committee
29 June 2018

Introduction

In February 2018, Te Papa celebrated its 20 year anniversary. Since opening in 1998, Te Papa has introduced new approaches to storytelling and led the world in implementing a bicultural museum, incorporating art, culture, history and the natural environment.

In 2017/18, Te Papa made landmark achievements in its renewal programme with the opening of *Ko Rongowhakaata: The Story of Light and Shadow*, the eighth exhibition presented in collaboration with iwi in residence, and the launch of Toi Art, Te Papa's significantly expanded art gallery. 2018/19 will see the construction of a new nature and environment zone, opening in early 2019.

Te Papa continues to invest in technologies to expand access to the collections beyond the museum walls. In 2017, more than 600 paintings from the national art collection were made available for digital projection via Art Wall, enabling visitors to choose an art work to display. Over 800,000 collection items are accessible through Collections Online.

In-depth engagement with collections is also a priority. Hīnāture | Learning Lab delivers bicultural education programmes to engage school children with taonga, heritage and technology. Planning will continue throughout 2018/19 to establish Te Papa Manukau, an educational museum jointly developed with the communities of South Auckland. Te Papa Manukau will assist in progressing a number of strategic goals, including managing seismic risk.

A revitalised approach to programming will deliver a diverse range of exciting exhibitions and events. Te Papa will continue to develop its expertise and capability to lead national conversations on challenging issues to inspire and empower people to have a positive impact on our shared future.



Geraint Martin
Chief Executive
29 June 2018



Arapata Hakiwai
Kaihautū
29 June 2018

Part 1: What Te Papa will deliver in 2018/19

The following diagrams provide the outcomes and performance frameworks indicating how Te Papa intends to fulfil its legislative mandate and role as defined under the Museum of New Zealand Te Papa Tongarewa Act 1992, and achieve its vision of changing hearts, minds and lives. The key service measures we will use to monitor our effectiveness are on pages 9 to 24. How Te Papa is funded and its financial performance measures are found on pages 25 to 37.



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

READ MORE
Museum of New Zealand Te Papa Tongarewa Act 1992

1

Contributing to Cultural Sector Strategic Framework medium-term sector shifts:

Fostering inclusive New Zealand identity

Supporting Māori cultural aspirations

Front footing transformative technology

Improving cultural asset sustainability

Measuring and maximising public value

Sector outcomes

Create

Preserve

Engage

Excel

VALUES

Hiranga

Excellence

Manaakitanga

Community Responsibility

Mātauranga

Knowledge & Learning

Kaitiakitanga

Guardianship

Whanaungatanga

Relationships

PHILOSOPHIES

Mana Taonga

Museology

Learning

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

READ MORE
Te Papa's Strategic Narrative

2

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

THE OUTCOMES WE ARE SEEKING TO ACHIEVE

- Expanded offerings and experiences
- Boosted capacity for innovation
- Access to new revenue streams
- Infrastructure is sound and fit for purpose
- Te Papa attracts and retains creative and talented staff

- More people come to Te Papa
- Exhibitions and experiences reflect New Zealand's cultural traditions and history and New Zealand's place in the world
- Increased debate and discussion on challenging issues, led by Te Papa

- Increased access to the national collections, regardless of visitors' location
- More meaningful engagement with the national collections for visitors

- Improved resilience to natural hazards
- Continued care and safe storage of the national collections
- Greater access to learning experiences
- Ongoing research and leadership in academic forums
- Ongoing assistance and collaboration with museums, galleries and iwi

- Enhanced enactment of Mana Taonga
- Support provided for post-settlement activity
- Continued partnerships with iwi in relation to exhibition delivery and experiences

- More debate and engagement on challenging issues
- People are empowered and inspired to have a positive impact on New Zealand's future
- People have a deepening understanding and insight into complex issues facing New Zealand and the world

- Expanded reach and access to the national collections
- Diverse communities are actively engaged and empowered

WHAT SUCCESS LOOKS LIKE

BY THE NUMBERS:

- Increased visitation to Te Papa and touring exhibitions
- More events/initiatives are led by Te Papa to encourage debate
- Increased social media presence
- Digital metrics show more people are viewing collection items and accessing research led by Te Papa
- Increased requests for access to the national collections and Te Papa's knowledge and expertise for research purposes and to build capability across New Zealand's museums and galleries
- Greater demand for experiences behind the scenes
- More people participate in learning programmes
- Sustained financial position

BY IMPACT:

- Visitors report an increased sense of inclusiveness, identity, satisfaction, fun and transformative learning
- Te Papa is recognised internationally as a world-leader in innovative museology and digital initiatives
- Partnerships with iwi generate trust and demonstrable improved outcomes for Māori
- Te Papa is recognised internationally as an active agent in shaping the world's understanding of the Pacific
- The national collections are safe when in storage and on display
- Active steps are taken to mitigate risks posed by natural hazards
- Growth in partnerships and collaboration to improve access and quality of experiences on offer at Te Papa and museums and galleries supported by Te Papa
- An enlivened cultural sector, led by Te Papa

READ MORE
Te Papa's Statement of Performance Expectations (12 month view)

3

MISSION

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

FUNCTIONS

<p><i>Performance of legislative functions – commitment to audience and stakeholders</i> Te Papa will: 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 Endeavour to ensure both that the museum expresses and recognises the mana and significance of Māori, European and other major traditions and cultural heritages, and provides the means for every such culture to contribute to the museum as a statement of New Zealand's identity Endeavour to ensure that the museum is a source of pride for all New Zealanders</p>	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	Endeavour to make the best use of the collections in the national interest	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	Control and maintain the museum	Design, construct and commission any building or structure required by the museum
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[READ MORE](#)
Museum of New Zealand Te Papa Tongarewa Act 1992

VISION

Changing hearts, changing minds, changing lives

ASPIRATIONS

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

STRATEGIC PRIORITIES 2017-2021

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

PERFORMANCE MEASURES 2018-2019

Commitment to cultural wellbeing Whakarauora						Refer to Part 5: Prospective Financial Statements		
Total reach of Te Papa exhibitions, experiences and content				Investment plan and business case completed for Te Papa Manukau		Total CO ₂ by sources: electricity, gas, waste and water		
Total reach of collection items				The number of conversations initiated by Te Papa to encourage kōrero on difficult issues of national importance		Completion of seismic strengthening/bracing in the Natural History exhibition space		
Total reach of learning programmes and products	The number of iwi supported by Te Papa	Total reach of learning programmes and products	The percentage of adult visitors surveyed reporting a satisfaction rating of "satisfied" to "extremely satisfied" for overall museum experience during their visit	Natural history exhibition space renewed and reopened by 30 June 2019		Completion of seismic strengthening required to deliver the chillers and cooling towers replacement project		
	The number of international institutions from which repatriations are completed	The number of museums and galleries supported by Te Papa				Completion of an ongoing sustainable funding model for Te Papa, in collaboration with the Ministry for Culture and Heritage		
The number of community projects and workshops run by National Services Te Paerangi in partnership with museums, galleries and iwi			The percentage of museums, galleries and iwi that recommend engagement with Te Papa to others					
			The percentage of collection items acquired in accordance with Te Papa's Collections Policy					
			The number of peer reviewed research outputs and conference presentations					
			Collections preserved by minimal cases of irreparable damage occurring as a result of public access and handling by staff					
			Completion of a plan to create a more focused collection in line with Te Papa's Collection Strategy (including deaccession), by 30 June 2019					
			Completion of seismic strengthening/bracing in the Natural History exhibition space					
			Completion of seismic strengthening required to deliver the chillers and cooling towers replacement project					
			Completion of an ongoing sustainable funding model for Te Papa, in collaboration with the Ministry for Culture and Heritage					
			Total CO ₂ by sources: electricity, gas, waste and water					

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 2018/19 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 does not propose to supply any class of outputs in the financial year that is not a reportable class of outputs.

Funding risk

Te Papa's 15-year Capital Asset Management Plan was presented to Government in 2015, and \$40 million funding over four years to the end of 2018/19 was approved to start to address the renewal of core infrastructure (facilities and technology) that had not been adequately maintained for the first 15 years of its life.

Te Papa does not have financial capacity to fund outstanding core infrastructure upgrades or future renewal of core infrastructure to expected levels without further capital contribution from the Government. Funding beyond 2018/19 for this purpose was not approved in Budget 2019. Without this funding Te Papa cannot commit to continuing to progress the renewal of core infrastructure assets. This creates the following risks:

- Physical risk to public, staff and collections from failure of key services within fire systems, security systems, heating, ventilation and air conditioning and water-tightness, which are near end of life or requiring repair. Failure of these services could force building closure.
- Limiting operation of the facilities, for example failure to meet seismic requirements.
- Compromising the visitor experience, or creating risk to visitors, for example elevators, lighting, bathrooms.
- Falling behind on the capital asset management plan, and in doing so, creating more of an issue later.

Te Papa has disclosed this risk to the Ministry for Culture and Heritage and the Minister.

Non Crown Revenue

Te Papa earns 52% of its total revenue from non-Crown sources.

- \$19m from Commercial
- \$8.7m from Exhibition revenue, Grants, Investments & Other
- \$4.3m 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 28% 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 2018/19 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 in Part 4.

Te Papa's non-financial performance measures and targets 2018/19

Commitment to cultural wellbeing | Whakarauora

Access to culture is critical to individual and community health and well-being. One of the overriding purposes of the museum is to connect people with their culture, having regard to the ethnic and cultural diversity of the people of New Zealand and ensuring the museum is a source of pride for all New Zealanders. One of the ways this is expressed in practice is through the concept of mana taonga.

Te Papa's ongoing commitment to mana taonga will be realised through ongoing engagement with iwi and communities in respect of care for taonga.

Performance expectations

Cultural wellbeing | Whakarauora is nurtured through:

- provision of tours and learning programmes in te reo Māori
- staff participation in te reo and tikanga learning experiences
- community input and engagement sought through outreach activity, development of exhibitions and experiences, research activity and care of collections
- facilitation of iwi and community access to taonga and knowledge
- te reo visible across the museum
- involving communities in curatorial practice and collecting, by acting with their informed consent and endorsement
- co-collecting initiatives, such as the Pacific co-collecting project initiated in 2017
- assisting iwi claimant groups to realise cultural redress provisions of Treaty settlements

How will we know?

- Visitors tell us about the positive impact participation in exhibitions, experiences and programmes have had on them
- Exhibitions and programmes seek opportunities for co-curation and participatory knowledge development
- Iwi and communities have access to taonga for loan and through back of house visits
- Iwi and communities are consulted and informed consent and endorsement is sought when developing proposals for collecting taonga
- Exhibition labels and resources include te reo Māori
- Collection items are acquired in accordance with Te Papa's Collection Policy and guided by co-collecting projects
- Community capability enhanced through outreach activity, including through Te Papa's innovation hub Mahuki, shared work plans with iwi, workshops and knowledge exchange

Te Papa's performance will be reported quarterly and in the Annual Report for 2018/19.

Te Papa's Performance Framework for 2018-19 (page 6) demonstrates how the following measures contribute to the medium and long term strategic priorities and aspirations set out in Te Papa's Strategic Narrative and *Statement of Intent 2017-2021*.

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
Total reach of Te Papa exhibitions, experiences and content¹ <i>Includes:</i> <i>The number of visits to Te Papa</i> <i>The number of visits to Te Papa's websites</i> <i>Reach and impressions through social media platforms</i> <i>The number of visits to collections not on exhibition</i> <i>The number of visitors attending guided tours</i>					Contributes to strategic priorities: <ul style="list-style-type: none"> • Digital • Iwi Engagement • Exhibition Renewal • Take a Lead in Important National Conversations Provides indicators for outcomes: <ul style="list-style-type: none"> • Increased access to the national collections, regardless of visitors' location • More people come to Te Papa • Greater access to learning experiences
	1,578,292	1,450,000	1,450,000		
	2,973,745	2,100,000	2,800,000		
	No SPE measure in 2016/17	No SPE measure in 2017/18	540,000	Includes Facebook and Twitter. A user is 'reached', or a tweet has made an 'impression' when a post or tweet generates on a user's newsfeed and it appears on their screen.	
	No SPE measure in 2016/17	100-200 visits	300	'Visits' are calculated by number of groups. This measure includes planned visits for purposes including research, study, community engagement and tours.	
No SPE measure in 2016/17	No SPE measure in 2017/18	20,000	Includes paid guided tours only.		

¹ This is a new measure that combines a range of metrics across physical and digital visitation. Actual and target figures from previous years have been provided where relevant for context.

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
Total reach of collection items <i>Includes:</i> <i>The number of New Zealand regions where Te Papa's collections are shared through touring and loans</i> <i>The number of collection items that are accessible to the public²</i>					Contributes to strategic priorities: <ul style="list-style-type: none"> • Digital • Iwi Engagement • Exhibition Renewal Provides indicators for outcomes: <ul style="list-style-type: none"> • Increased access to the national collections, regardless of visitors' location • Greater access to learning experiences • Ongoing assistance and collaboration with museums, galleries and iwi • Enhanced enactment of mana taonga
	13	10	10	<i>New Zealand regions are as defined in the Local Government Act 2002.</i>	
	No SPE measure in 2016/17	No SPE measure in 2017/18	840,000		

² The total size of collections cared for by Te Papa is approximately 2.2 million, not all of which are intended for display. The collection includes approximately 1.1 million natural history specimens, which are used primarily for research, 700,000 stamps used primarily for reference, and 200,000 film negatives in the photography collection, which are used primarily for their images.

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
Total reach of learning programmes and products	No SPE measure in 2016/17	40,000	95,000	Total reach includes: <ul style="list-style-type: none"> • Learning programmes delivered at Hīnātore Learning Lab • 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. • Learners engaged at our museum partner sites as part of Te Papa's Raranga Matihiko contract with the Ministry of Education. 	Delivering learning programmes is an ongoing aspect of Te Papa's core business. Also contributes to strategic priorities: <ul style="list-style-type: none"> • Digital Provides indicators for outcomes: <ul style="list-style-type: none"> • Increased access to the national collections, regardless of visitors' location • More meaningful engagement with the national collections for visitors • Greater access to learning experiences
The percentage of adult visitors surveyed reporting a satisfaction rating of "satisfied" to "extremely satisfied" for overall museum experience during their visit	97.8%	95%	95%		Contributes to strategic priorities:

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					<ul style="list-style-type: none"> • Exhibition Renewal Provides indicators for outcomes: <ul style="list-style-type: none"> • More meaningful engagement with the national collections for visitors
The number of iwi supported by Te Papa	308 ³	25-35	40		Contributes to strategic priorities: <ul style="list-style-type: none"> • Iwi engagement Provides indicators for outcomes: <ul style="list-style-type: none"> • Enhanced enactment of mana taonga • Support provided for post-settlement activity • Continued partnerships with iwi in relation to exhibition

³ Measure previously combined as 'The number of museums, galleries and iwi supported by National Services Te Paerangi'.

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					delivery and experiences <ul style="list-style-type: none"> Ongoing assistance and collaboration with museums, galleries and iwi
The number of museums and galleries supported by Te Papa		225-240	235		Sector support is an ongoing aspect of Te Papa's core business. Provides indicators for outcomes: <ul style="list-style-type: none"> Ongoing assistance and collaboration with museums, galleries and iwi
The number of community projects and workshops run by National Services Te Paerangi in partnership with museums, galleries and iwi	75	50	50		Sector support is an ongoing aspect of Te Papa's core business. Also contributes to strategic priorities: <ul style="list-style-type: none"> Iwi engagement Provides indicators for outcomes:

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					<ul style="list-style-type: none"> • Enhanced enactment of mana taonga • Support provided for post-settlement activity • Continued partnerships with iwi in relation to exhibition delivery and experiences • Ongoing assistance and collaboration with museums, galleries and iwi
The percentage of museums, galleries and iwi that recommend engagement with Te Papa to others	92%	90%	90%		Sector support is an ongoing aspect of Te Papa's core business. Also contributes to strategic priorities: <ul style="list-style-type: none"> • Iwi engagement Provides indicators for outcomes:

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					<ul style="list-style-type: none"> • Enhanced enactment of mana taonga • Support provided for post-settlement activity • Continued partnerships with iwi in relation to exhibition delivery and experiences • Ongoing assistance and collaboration with museums, galleries and iwi
The number of international institutions from which repatriations are completed	4	2	2	All repatriations are carried out in accordance with the <i>International Council of Museums Code of Ethics 2004</i>	Contributes to strategic priorities: <ul style="list-style-type: none"> • Iwi engagement Provides indicators for outcomes: <ul style="list-style-type: none"> • Enhanced enactment of mana taonga • Ongoing assistance and

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					collaboration with museums, galleries and iwi
The number of conversations initiated by Te Papa to encourage kōrero on difficult issues of national importance	No SPE measure in 2016/17	3	3	Refined from the 2017/18 measure 'Total activity stimulating national conversations realised'	Contributes to strategic priorities: <ul style="list-style-type: none"> • Take a lead in important national conversations Provides indicators for outcomes: <ul style="list-style-type: none"> • More debate and engagement on challenging issues
The percentage of collection items acquired in accordance with Te Papa's Collections Policy	No SPE measure in 2016/17	100%	100%	Te Papa's Collections Policy covers acquisition, care, management, use, borrowing and de-accessioning, and was based on a review and benchmark of collection policies from international museums.	Care and management of collections is an ongoing aspect of Te Papa's core business. Provides indicators for outcomes: <ul style="list-style-type: none"> • Continued care and safe storage of the national collections

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
Collections preserved by minimal cases of irreparable damage occurring as a result of public access and handling by staff	0	No SPE measure in 2017/18	< 4		Care and management of collections is an ongoing aspect of Te Papa's core business. Provides indicators for outcomes: <ul style="list-style-type: none"> • Continued care and safe storage of the national collections
Completion of a plan to create a more focused collection in line with Te Papa's Collection Strategy (including deaccession) by 30 June 2019	No SPE measure in 2016/17	No SPE measure in 2017/18	By 30 June 2019		Care and management of collections is an ongoing aspect of Te Papa's core business. Also contributes to strategic priorities: <ul style="list-style-type: none"> • Exhibition Renewal Provides indicators for outcomes: <ul style="list-style-type: none"> • Continued care and safe storage

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					<p>of the national collections</p> <ul style="list-style-type: none"> Exhibitions and experiences reflect New Zealand's cultural traditions and history and New Zealand's place in the world
<p>The number of peer reviewed research outputs and conference presentations</p>	<p>No SPE measure in 2016/17</p>	<p>No SPE measure in 2017/18</p>	<p>75</p>		<p>Research is an ongoing aspect of Te Papa's core business.</p> <p>Provides indicators for outcomes:</p> <ul style="list-style-type: none"> Ongoing research and leadership in academic forums
<p>Completion of an ongoing sustainable funding model for Te Papa, in collaboration with the Ministry for Culture and Heritage</p>	<p>No SPE measure in 2016/17</p>	<p>No SPE measure in 2017/18</p>	<p>By 30 June 2019</p>		<p>Collection management, maintenance and improved performance of infrastructure is an ongoing aspect of Te Papa's core</p>

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					business. Also contributes to strategic priorities: <ul style="list-style-type: none"> • Exhibition Renewal • Business Growth Provides indicators for outcomes: <ul style="list-style-type: none"> • Infrastructure is sound and fit for purpose • Improved resilience to natural hazards • Continued care and safe storage of the national collections
Investment plan and business case completed for Te Papa Manukau	No SPE measure in 2016/17	No SPE measure in 2017/18	By 31 December 2018		Contributes to strategic priorities: <ul style="list-style-type: none"> • Te Papa Manukau Provides indicators for outcomes: <ul style="list-style-type: none"> • Expanded reach and access to the

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					national collections <ul style="list-style-type: none"> • Diverse communities are actively engaged and empowered
Total CO₂ by sources: electricity, gas, waste and water	No SPE measure in 2016/17	No SPE measure in 2017/18	8% reduction		Maintenance and improved performance of infrastructure is an ongoing aspect of Te Papa's core business. Also contributes to strategic priorities: <ul style="list-style-type: none"> • Exhibition Renewal • Business Growth Provides indicators for outcomes: <ul style="list-style-type: none"> • Infrastructure is sound and fit for purpose • Continued care and safe storage of the national collections

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
Completion of seismic strengthening/bracing in the Natural History exhibition space	No SPE measure in 2016/17	No SPE measure in 2017/18	By 31 January 2019	Te Papa's commitment to maintaining and improving infrastructure where necessary to protect the national collections is ongoing. These measures indicate work planned for completion within the 2018/19 year.	<p>Maintenance and improved performance of infrastructure is an ongoing aspect of Te Papa's core business. Also contributes to strategic priorities:</p> <ul style="list-style-type: none"> • Exhibition Renewal • Business Growth <p>Provides indicators for outcomes:</p> <ul style="list-style-type: none"> • Infrastructure is sound and fit for purpose • Improved resilience to natural hazards • Continued care and safe storage of the national collections
Completion of seismic strengthening required to deliver the chillers and cooling towers replacement project	No SPE measure in 2016/17	No SPE measure in 2017/18	By 30 November 2018		
Natural history exhibition space renewed and reopened by 30 June 2019	No SPE measure in 2016/17	No SPE measure in 2017/18	By 30 June 2019		Contributes to strategic priorities:

Performance measure	2016/17 Actual	2017/18 Target	2018/19 Target	Notes	Link to strategic priorities and outcomes in the <i>Statement of Intent 2017-2021</i>
					<ul style="list-style-type: none"> • Exhibition Renewal Provides indicators for outcomes: <ul style="list-style-type: none"> • Exhibitions and experiences reflect New Zealand's cultural traditions and history and New Zealand's place in the world

Part 4: Prospective Financial Statements

Consolidated Prospective Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2019

	Consolidated \$000's	Museum \$000's
Revenue		
Crown funding	29,574	29,574
Investment income	864	864
Commercial revenue	18,438	18,438
Sponsorship revenue	6,178	6,178
Other exhibition revenue	3,059	3,059
Other revenue	3,936	3,836
Total revenue	62,049	61,949
Cost of Commercial Goods Sold	5,924	5,924
Gross margin	56,125	56,025
Expenses		
Salaries and wages	28,129	28,129
Building operating expenses	7,914	7,914
Exhibition operating expenses	1,276	1,276
Advertising and general office expenses	4,459	4,459
Consultant expenses	1,670	1,670
Travel expenses	1,530	1,530
IT Maintenance and support expenses	3,378	3,378
Other expenses	2,148	2,148
Total expenses	50,504	50,504
Earnings before depreciation and amortisation	5,621	5,521
Depreciation and amortisation	15,739	15,739
Total comprehensive revenue and expenses	(10,118)	(10,218)

Consolidated Prospective Statement of Changes in Equity

for the year ended 30 June 2019

	Consolidated \$000's	Museum \$000's
Balance at 1 July	1,407,831	1,407,214
Total comprehensive revenue and expense for the year	(10,118)	(10,218)
Capital contribution	13,000	13,000
Balance at 30 June 2019	1,410,713	1,409,996

Note that Earnings Before Depreciation and Amortisation is impacted in 2018/19 by \$500k as we develop a budget bid for Te Papa Manukau.

Consolidated Prospective Statement of Financial Position
as at 30 June 2019

	Consolidated \$000's	Museum \$000's
Assets		
Current assets		
Cash and cash equivalents	752	344
Debtors and other receivables	3,131	3,131
Prepayments	1,038	1,038
Inventories	1,235	1,235
Publications WIP	77	77
Total current assets	<u>6,233</u>	<u>5,825</u>
Non-current assets		
Financial assets	13,972	13,972
Property, plant and equipment	441,694	441,694
Collections	955,602	955,293
Intangible assets	2,194	2,194
Total non-current assets	<u>1,413,462</u>	<u>1,413,153</u>
Total Assets	<u>1,419,695</u>	<u>1,418,978</u>
Liabilities		
Current liabilities		
Creditors and other payables	2,951	2,951
Revenue in advance	2,732	2,732
Employee entitlements	3,144	3,144
Total current liabilities	<u>8,827</u>	<u>8,827</u>
Non-current liabilities		
Employee entitlements	155	155
Total non-current liabilities	<u>155</u>	<u>155</u>
Total liabilities	<u>8,982</u>	<u>8,982</u>
Net assets	<u>1,410,713</u>	<u>1,409,996</u>
Equity		
General funds	509,680	509,680
Other reserves	901,033	900,316
Total Equity	<u>1,410,713</u>	<u>1,409,996</u>

Consolidated Prospective Statement of Cash Flows
for the year ended 30 June 2019

	Consolidated \$000's	Museum \$000's
Cash flows from operating activities		
Receipts from crown revenue	29,574	29,574
Interest received	75	75
Receipts from other revenue	30,781	30,681
Payments to suppliers	(27,594)	(27,594)
Payments to employees	(30,670)	(30,670)
Other operating revenue	-	-
Net cash from operating activities	<u>2,166</u>	<u>2,066</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,713)	(13,713)
Purchase of intangibles	(898)	(898)
Purchase of collections	(3,000)	(3,000)
Movements in investments	2,000	2,000
Net cash from investing activities	<u>(15,611)</u>	<u>(15,611)</u>
Cash flows from financing activities		
Capital contribution from Crown	13,000	13,000
Net cash from financing activities	<u>13,000</u>	<u>13,000</u>
Net increase in cash and cash equivalents	<u>(445)</u>	<u>(545)</u>
Cash and cash equivalents at the beginning of the year	1,197	889
Cash and cash equivalents at the end of the year	<u>752</u>	<u>344</u>

Statement of Accounting Policies

The prospective financial statements have been prepared on the basis of the significant accounting policies, which are expected to be used in the future for reporting historical financial statements. The significant accounting policies used in the preparation of these forecast financial statements are summarised below.

Reporting entity

The Group consists of The Museum of New Zealand Te Papa Tongarewa (Te Papa), The Te Papa Foundation (the Foundation), Mahuki Tahi Limited and Mahuki Limited. Te Papa's ultimate parent is the New Zealand Crown.

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.

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 2019 and were approved by the Board on 3 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, for the purpose of providing information on Te Papa’s operating intentions and financial position, against which it must report and be formally audited at the end of the financial year. This includes the requirement to comply with New Zealand generally accepted accounting practice (“NZ GAAP”).

The information in these prospective financial statements may not be appropriate for purposes other than those described.

These prospective financial statements have been prepared in accordance with PBE-FRS 42: Prospective Financial Statements. These forecast financial statements comply with Public Sector PBE accounting standards. The forecast financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

Te Papa does not intend to update the prospective financial statements subsequent to the publication of these statements.

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. The most significant of these are outlined below:

Revenue – Crown	Funding from Crown is as per the current funding agreement.
Revenue - Commercial	Forecast revenue is based on estimated fee paying functions held in the museum which is consistent with prior years.
Personnel costs	The forecast takes into account current establishment levels and incorporates expected personnel changes over the 12 month period.
Building operating costs	Forecasted costs reflect the expected costs taking into consideration current and expected incremental costs to maintain the museum and the storage facility to ensure that the collection items are housed under the appropriate environmental conditions and that museum visitation is enjoyed in a comfortable and safe environment.
Depreciation	The depreciation charge for the period is based on the current asset base and additions capitalised during the year without any significant changes in useful lives of assets. Residual values of building assets are estimated at 20%, whilst all other assets have a residual value of 0%. The depreciation charge shows an increasing trend as fully depreciated exhibition assets are replaced with depreciable exhibition assets and as the museums increases it’s footprint in digital assets. Building assets are revalued on a three year cycle, the last three cycles have resulted in a significant increase in the value of these assets and hence the corresponding depreciation charge.

Asset revaluations – Building assets and the collections	Te Papa assets are revalued on a three year cycle by independent valuers. The assets are stated at their most recent valuation plus additions since the valuation. The latest valuation dates are: <ul style="list-style-type: none"> • June 2017 – Building assets, Library, History, Natural History and Photography, • June 2016 – Matarauanga Maori, Pacific & International, • June 2015 – Art and Philatelic.
Financial assets	Consists of a low risk investment portfolio managed by a reputable and professional investment fund management organisation.
Capital	Te Papa is undertaking a programme of capital spending aimed at replacing the existing exhibitions and core building infrastructure assets. The forecast includes a Crown funding grant to the valued of \$10 million for the core building infrastructure replacement programme.

Standards issued and not yet effective

In January 2017, the External Reporting Board issued 2016 Omnibus amendments to PBE standards, pursuant to section 12(a) of the Financial Reporting Act 2013. The amendments apply to PBE's with reporting periods beginning on or after 1 January 2017. Te Papa has applied these amendments in preparing these prospective financial statements. Two of the standards issued that have had an impact on Te Papa are listed below:

Financial instruments

In January 2017 the External Reporting Board issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in early recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Impairment of revalued assets

In April 2017, the External Reporting Board issued Impairment of Revalued Assets Standard, which now clearly scopes in revalued property, plant and equipment into the impairment accounting standards. Previously only property, plant and equipment measured at cost were scoped into the impairment accounting standards.

Under the amendment, a revalued asset can be impaired without having to revalue the entire class-of asset to which the asset belongs. Te Papa has applied this accounting standard in the prospective financial statements.

Significant accounting policies

Consolidation of the Foundation

The Group financial statements include the Te Papa Foundation as a controlled entity. The foundation is a controlled entity under PBE IPSAS 35 for financial reporting purposes but is an independent charitable trust, with the majority of the trustees independent of Te Papa.

Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the group, being Te Papa and its controlled entities. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

In preparing the consolidated financial statements all material intercompany balances and transactions, and unrealised profits arising within the group are eliminated in full.

The subsidiary companies have the same reporting period as Te Papa.

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 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.

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 available for sale financial assets recognised in other comprehensive revenue and expenses. 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.

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 residual value for Non-residential buildings is set at 20%, whilst the residual value for all other asset classes is set at 0%. 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.

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

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

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
- financial assets at fair value 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.

Financial assets at fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change of financial assets classified as fair value through other comprehensive revenue and expense. Currently this comprises funds under management with Milford Asset Management Group.

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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