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**Museum of New Zealand Te Papa Tongarewa  
Statement of Performance Expectations  
2021/22**

**Directory Te rārangī ingoa**

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# Museum of New Zealand Te Papa Tongarewa

## Statement of Performance Expectations 2021/22

This *Statement of Performance Expectations* of the Museum of New Zealand Te Papa Tongarewa (Te Papa) for the year ending 30 June 2022 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 2020-2024*, 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 2021/22 financial year.



Dame Fran Wilde  
**Chair**  
10 June 2021



Caren Rangi  
**Chair, Tikanga Haumarū**  
**(Assurance and Risk Committee)**  
10 June 2021

## Introduction

*Ko te mana taonga, ko te mana tangata, ko te mana tiaki i ngā kura tongarewa, waiho i te āhuru mowai, waiho i te toka tū moana*

*Our stewardship and connection to our prized treasures, to our people, it is our safe haven, it is our foundation in uncertain times.*

Through challenge comes change and growth. 2020/21 was a difficult year for Te Papa, with the loss of our international visitors due to the COVID-19 pandemic. Income from international touring exhibitions and commercial activity dramatically reduced, and we pivoted to new ways of working, focusing on serving our national audiences both online and in person. The \$18 million support package from Government in 2020 enabled us to stabilise our financial position. We will be working hard throughout 2021/22 to maintain and develop the collections, continue providing exceptional experiences at the museum and to wider digital audiences, and ensure our whare and our people remain strong, vibrant and sustainable.

As well as encouraging New Zealanders to visit us in Wellington, this year we will continue with a range of outreach activity to maximise access to collections and research in the regions. We will continue to reconnect communities with their taonga in accordance with our principle of Mana Taonga, and progress discussions about repatriation with our sector colleagues. Supporting the recovery of cultural sector organisations will be a core part of our work, through our sector support function, the administration of the second year of the Museum Hardship Fund, and participation in the Mātauranga Māori Te Awe Kōtuku programme.

Within our whare, we will broaden and deepen our commitment to Te Tiriti o Waitangi, strengthening our bicultural capability and ability to meaningfully support iwi, hapū and whānau in their aspirations. In addition, we will examine our practice in corporate social responsibility, including environmental sustainability practice and ensuring our visitor environments are supportive of all visitor needs.

This *Statement of Performance Expectations* sets out our overall outcomes framework and how we will measure progress towards our longer term goals over the next year.



Courtney Johnston  
**Tumu Whakarae | Chief Executive**  
10 June 2021



Arapata Hakiwai  
**Kaihautū**  
10 June 2021

## Part 1: What Te Papa will deliver in 2021/22 and how performance will be assessed

Te Papa’s performance context includes:

- the functions set out in the Museum of New Zealand Te Papa Tongarewa Act 1992
- strategic objectives set out in Te Papa’s *Statement of Intent 2020-2024*
- the Living Standards Framework developed by Treasury, particularly the capital stocks for future wellbeing, which provide the framework for Te Papa’s assessment of value delivered to New Zealanders in terms of wellbeing
- the Minister’s letter of expectations, outlining the priorities and how Te Papa is expected to contribute.

### Legislative context

Te Papa is New Zealand’s national museum, entrusted with the acquisition, care and management of collections across art, history, culture and the natural environment. The collections are a reflection of New Zealanders’ shared history and national identity, and as such, provide the unique point of difference from which Te Papa delivers all other functions – from maximising opportunities for access to collections, education, research and sector support as well as operational and infrastructural work to support the delivery of these functions.

Te Papa’s core legislative functions can be grouped into five broad areas:

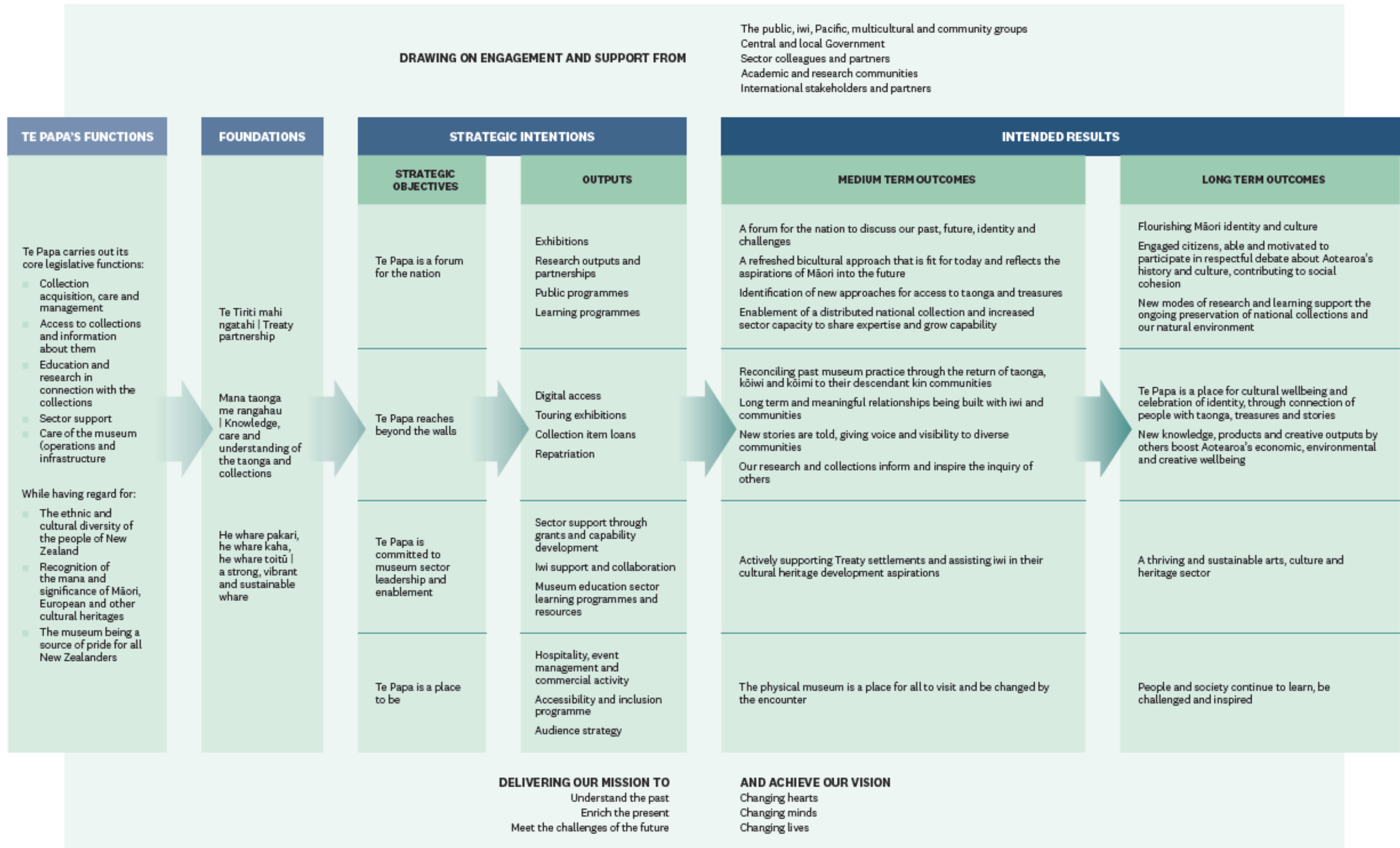
- collection acquisition, care and management
- access to collections and information about them
- education and research in connection with the collections
- sector support
- operations and infrastructure

### Strategic context

Te Papa has updated the *Statement of Intent* to focus on four strategic objectives and three foundations:

Strategic objectives			
Te Papa is a forum for the nation	Te Papa reaches beyond the walls	Te Papa is committed to museum sector leadership and enablement	Te Papa is a place to be
Foundations			
Te Tiriti o Waitangi   Treaty partnership			
Mana taonga me rangahau   Knowledge, care and understanding of the taonga and collections			
He whare pakari, he whare kaha, he whare toitū   a strong, vibrant and sustainable whare			

# Te Papa's outcomes framework



## Part 2: Te Papa’s non-financial performance measures and targets 2021/22

<b>Strategic objective</b>	<b>Measure – how performance will be assessed</b>	<b>2019/20 Actual</b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>
Te Papa is a forum for the nation	Collections are developed in accordance with policy and strategy <sup>1</sup>	100%	100%	100%
	Collections <sup>2</sup> preserved by minimal cases of irreparable damage occurring as a result of public access and handling by staff	0	< 4	< 4
	The number of collection assessments completed <sup>3</sup>	New measure	New measure	300
	The number of physical collection access requests supported by the practice of Mana Taonga.	New measure	100	70
	The number of peer reviewed research outputs and conference presentations	118	75	90
	The number of Natural History research collaborations	23	15	25
	The number of Humanities research collaborations	New measure	4	4
	Total learning hours delivered <sup>4</sup>	87,539	35,000	40,000
Te Papa reaches beyond the walls	The number of visits to Te Papa’s websites	3,418,156	2.8 million	3.3 million
	The number of images downloaded from Collections Online	New measure	25,000	25,000
	The number of New Zealand regions where Te Papa’s collections are shared through touring and loans	11	10	10

<sup>1</sup> Te Papa’s Collections Policy and Collections Strategy can be accessed online: <https://www.tepapa.govt.nz/about/collections/our-collections-policy>

<sup>2</sup> Collection care and management is governed by Te Papa’s *Ngā Tikanga Whakahaere Kohinga Taonga a Te Papa | Collection Care and Practice Framework 2018-2023*. The framework defines Te Papa’s approach to, and expectations of, collection care across all five disciplines: Art, History, Pacific Cultures, Natural History and Mātauranga Māori. This set of measures has been drafted following the introduction and monitoring of the framework during 2019/20, and covers acquisition, care (including mana taonga practice), registration and storage to ensure coverage of the fundamental areas required when managing museum collections.

<sup>3</sup> Te Papa’s Collection Services team undertake assessments for a range of purposes. They may involve humanities and natural history collection items/taonga, or items that have been borrowed from an external lender. Assessments are undertaken for the purpose of applying expert judgement to optimise care. Assessments can involve conservation condition reporting, or scoping of display, storage and transit requirements for collections items/taonga. Assessments support and enable museum activities like loans, acquisitions, deaccessions, collection care projects, exhibitions, and research.

<sup>4</sup> This measure is inclusive of onsite, and offsite delivery (where our learning team travel into communities). It includes also remote delivery such as Virtual Excursions and direct to teacher Webinars. The measure excludes digital delivery that is not a direct contact between Museum educator and learner/Akonga (such as use of and engagement with online resources).



<b>Strategic objective</b>	<b>Measure – how performance will be assessed</b>	<b>2019/20 Actual</b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>
	The number of collection items that are accessible to the public <sup>5</sup>	861,143	867,000	902,540
	The number of international institutions from which repatriations are completed	0	2	2
Te Papa is committed to museum sector leadership and enablement	The number of museums, galleries and cultural organisations supported by Te Papa	221	250	300
	The percentage of museums, galleries and iwi that recommend engagement with Te Papa to others	91.4%	90%	90%
	The number of iwi organisations <sup>6</sup> supported by Te Papa	46	30	40
	The number of Museum Hardship Fund grants awarded	New measure	New measure	40
	The number of regions where museums, galleries, iwi, hapū and cultural organisations have successfully applied for funding from the Museum Hardship Fund	New measure	New measure	10
Te Papa is a place to be	The number of visits to Te Papa	1,108,283	780,000	900,000
	The percentage of adult visitors surveyed reporting a satisfaction rating of “satisfied” to “extremely satisfied” for overall museum experience during their visit	97%	95%	95%
	The percentage of exhibitions that meet or exceed their impact objectives based on Te Papa’s Audience Impact Model <sup>7</sup>	New measure	70%	70%
	Total carbon emissions by sources: electricity, gas, waste and water <sup>8</sup>	13.57% reduction (average)	5% reduction	5% reduction

<sup>5</sup> 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.

<sup>6</sup> ‘Iwi organisations’ include hapū and whānau.

<sup>7</sup> Te Papa’s Audience Impact Model provides a qualitative performance lens to allow better understanding of how exhibitions and experiences on offer have impacted visitors. This measure assesses how exhibitions performed in terms of depth of impact, and whether the expected impact outcome was reached.

<sup>8</sup> This is a baseline measure for progress on sustainability. Sustainable practice assists Te Papa in operating more efficiently as well as reducing impact on the environment.

## Part 3: 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 2021/22 Te Papa will earn:

- \$46.141m for the provision of national museum and associated services; and
- \$3.0m of capital expenditure for the acquisition of collection items;

Te Papa's baseline funding for the provision of national museum and associated services is \$42.074m per annum. As a response to COVID-19, Te Papa has been allocated \$4.6m over two years to administer

- a museum hardship fund (\$2.0m) and
- the Mātauranga Māori Te Awe Kōtuku initiative (\$2.6m).

\$18m of funding provided in 2020/21 as part of the COVID-19 response has not continued into 2021/22 while \$1.4m has been allocated in Budget 2021 for the delivery of a business case for the replacement of the Spirit Collection Area.

The primary services (outputs) Te Papa provides are collection care and management, collection access through multiple channels, research, sector leadership, iwi support, commercial services and events, and provision of learning and public 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.

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**

In 2021/22 it is estimated that Te Papa will earn 34% of its total revenue from non-Crown sources.

- \$14.9m from Commercial
- \$4.8m from Exhibition revenue, Investments & Other
- \$3.1m from Sponsorship

Te Papa's Non-Crown Revenue is recovering as visitation and conferencing activity returns towards pre COVID-19 levels. Full recovery is still some way off and dependent upon the return of our international visitors. 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.

## Part 4: Prospective financial statements

The Museum of New Zealand Te Papa Tongarewa  
**Prospective Statement of Comprehensive Revenue and Expenses**  
 for the years ended 30 June

	Consolidated Budget 2022 \$000's	Consolidated Budget 2021 \$000's	Consolidated Actual 2020 \$000's	Museum Budget 2022 \$000's
<b>Revenue</b>				
Crown funding	46,141	61,074	41,929	46,141
Investment income	350	150	561	350
Commercial revenue	14,895	9,874	16,351	14,895
Sponsorship revenue	3,135	2,900	3,367	3,135
Other exhibition revenue	1,753	565	1,832	1,753
Other revenue	2,823	2,466	5,715	2,723
<b>Total revenue</b>	<b>69,097</b>	<b>77,029</b>	<b>69,755</b>	<b>68,997</b>
Cost of Commercial Goods Sold	4,712	3,093	5,695	4,712
<b>Gross margin</b>	<b>64,385</b>	<b>73,936</b>	<b>64,060</b>	<b>64,285</b>
<b>Expenses</b>				
Salaries and wages	37,303	33,365	33,390	37,303
Building operating expenses	10,820	7,405	7,303	10,820
Exhibition operating expenses	4,523	4,355	3,053	4,523
Advertising and general office expenses	3,199	2,012	2,159	3,199
Consultant expenses	711	365	480	711
Training and Travel expenses	1,390	1,791	938	1,390
IT Maintenance and support expenses	3,778	2,931	2,550	3,778
Other expenses	3,506	2,267	2,366	3,506
<b>Total expenses</b>	<b>65,230</b>	<b>54,491</b>	<b>52,239</b>	<b>65,230</b>
<b>Earnings before depreciation and amortisation</b>	<b>(845)</b>	<b>19,446</b>	<b>11,821</b>	<b>(945)</b>
Depreciation and amortisation	17,500	17,961	17,665	17,500
<b>Net deficit</b>	<b>(18,345)</b>	<b>1,484</b>	<b>(5,844)</b>	<b>(18,445)</b>
Gain on collection revaluation	-	-	2,578	-
Gain on property, plant and equipment revaluation	-	-	36,340	-
Financial assets at fair value	-	-	120	-
<b>Total other comprehensive revenue and expenses</b>	<b>-</b>	<b>-</b>	<b>39,038</b>	<b>-</b>
<b>Total comprehensive revenue and expenses</b>	<b>(18,345)</b>	<b>1,484</b>	<b>33,194</b>	<b>(18,445)</b>

**The Museum of New Zealand Te Papa Tongarewa**  
**Prospective Statement of Changes in Equity**  
for the years ended 30 June

	<b>Consolidated Budget 2022 \$000's</b>	<b>Consolidated Budget 2021 \$000's</b>	<b>Consolidated Actual 2020 \$000's</b>	<b>Museum Budget 2022 \$000's</b>
<b>Balance at 1 July</b>	<b>1,536,821</b>	<b>1,444,853</b>	<b>1,394,222</b>	<b>1,534,159</b>
Total comprehensive revenue and expense for the year	(18,345)	1,484	33,194	(18,445)
Other reserve movements	-	-	(2)	-
Capital contribution	3,000	3,000	3,000	3,000
<b>Balance at 30 June</b>	<b>1,521,477</b>	<b>1,449,338</b>	<b>1,430,414</b>	<b>1,518,714</b>

The Museum of New Zealand Te Papa Tongarewa  
**Prospective Statement of Financial Position**  
as at 30 June

	Consolidated Budget 2022 \$000's	Consolidated Budget 2021 \$000's	Consolidated Actual 2020 \$000's	Museum Budget 2022 \$000's
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,554	12,755	8,315	3,235
Debtors and other receivables	1,485	1,574	1,215	1,485
Investments	16,500	-	-	16,500
Prepayments	1,513	990	1,119	1,513
Inventories	1,614	1,742	1,530	1,614
Publications WIP	46	26	27	46
<b>Total current assets</b>	<b>24,712</b>	<b>17,087</b>	<b>12,206</b>	<b>24,393</b>
<b>Non-current assets</b>				
Investments	11,830	12,472	11,878	9,629
Property, plant and equipment	445,166	470,219	460,974	445,166
Collections	1,048,130	955,307	952,466	1,047,888
Intangible assets	1,281	2,678	2,689	1,281
<b>Total non-current assets</b>	<b>1,506,407</b>	<b>1,440,677</b>	<b>1,428,007</b>	<b>1,503,964</b>
<b>Total Assets</b>	<b>1,531,119</b>	<b>1,457,764</b>	<b>1,440,213</b>	<b>1,528,357</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	2,948	1,727	2,635	2,948
Provisions	-	-	416	-
Revenue in advance	3,949	3,374	3,265	3,949
Employee entitlements	2,508	3,190	3,245	2,508
<b>Total current liabilities</b>	<b>9,405</b>	<b>8,291</b>	<b>9,561</b>	<b>9,405</b>
<b>Non-current liabilities</b>				
Employee entitlements	238	135	238	238
<b>Total non-current liabilities</b>	<b>238</b>	<b>135</b>	<b>238</b>	<b>238</b>
<b>Total liabilities</b>	<b>9,643</b>	<b>8,426</b>	<b>9,799</b>	<b>9,643</b>
<b>Net assets</b>	<b>1,521,476</b>	<b>1,449,338</b>	<b>1,430,414</b>	<b>1,518,714</b>
<b>Equity</b>				
General funds	528,898	525,898	522,898	528,898
Other reserves	992,578	923,440	907,516	989,816
<b>Total Equity</b>	<b>1,521,476</b>	<b>1,449,338</b>	<b>1,430,414</b>	<b>1,518,714</b>

The Museum of New Zealand Te Papa Tongarewa  
**Prospective Statement of Cash Flows**  
for the year ended 30 June

	Consolidated Budget 2022 \$000's	Consolidated Budget 2021 \$000's	Consolidated Actual 2020 \$000's	Museum Budget 2022 \$000's
<b>Cash flows from operating activities</b>				
Receipts from crown revenue	46,279	61,074	42,074	46,279
Interest received	350	150	149	350
Receipts from other revenue	22,468	15,805	25,483	22,368
Payments to suppliers	(32,639)	(25,586)	(24,280)	(32,639)
Payments to employees	(37,303)	(33,640)	(32,900)	(37,303)
Goods and services tax (net)	-	-	29	-
<b>Net cash from operating activities</b>	<b>(845)</b>	<b>17,803</b>	<b>10,555</b>	<b>(945)</b>
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment	-	-	3	-
Purchase of property, plant and equipment	(10,019)	(11,040)	(4,751)	(10,019)
Purchase of intangibles	(160)	(150)	(3,174)	(160)
Purchase of collections	(3,000)	(3,000)	(261)	(3,000)
Movements in investments	9,500	-	40	9,500
<b>Net cash from investing activities</b>	<b>(3,679)</b>	<b>(14,190)</b>	<b>(8,143)</b>	<b>(3,679)</b>
<b>Cash flows from financing activities</b>				
Capital contribution from Crown	3,000	3,000	3,000	3,000
<b>Net cash from financing activities</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,524)</b>	<b>6,613</b>	<b>5,412</b>	<b>(1,624)</b>
Cash and cash equivalents at the beginning of the year	5,078	6,142	2,903	4,859
<b>Cash and cash equivalents at the end of the year</b>	<b>3,554</b>	<b>12,755</b>	<b>8,315</b>	<b>3,235</b>

## 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 Tahī Limited and Mahuki Limited. Te Papa's ultimate parent is the New Zealand Crown. Mahuki Tahī Ltd and Mahuki Ltd are Crown subsidiary companies wholly owned by Te Papa. Te Papa and its subsidiary companies comprise the "Museum" entity in this report. The Foundation is a Charitable Trust, which is required to be consolidated with the Museum entity for financial reporting purposes only. The Foundation and the Museum are operated independently.

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 2021 and were approved by the Board on 10 June 2021.

### 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 potential impact of COVID-19 has been factored into these estimates and assumptions. The most significant of these are outlined below:

Revenue – Crown	Funding from Crown is as per the current funding agreement. Crown Funding has been increased for 2020/21 following a \$19m increase in Crown Funding through Budget 2020, including \$1m for administering a museum hardship fund.
Revenue - Commercial	Forecast revenue is based on estimated fee paying functions held in the museum, based on a reduced level of functions in comparison to prior years. Retail sales and café turnover is estimated based on historical spend patterns, but with reduced levels of visitation to the museum.
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.
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"> <li>• June 2020 – Building assets, Library, History, Natural History and Photography</li> <li>• June 2019 – Mataraunga Maori, Pacific &amp; International</li> <li>• June 2018 – Art and Philatelic</li> </ul>
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 existing exhibitions and core building infrastructure assets. This capital spend is funded from internally generated surpluses.



## **Standards issued and not yet effective**

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

### *Amendment to PBE IPSAS 2 Statement of Cash Flows*

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Te Papa does not intend to early adopt the amendment.

### *PBE IPSAS 41 Financial Instruments*

The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Te Papa has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

### *PBE FRS 48 Service Performance Reporting*

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. Te Papa has not yet determined how application of PBE FRS 48 will affect its statement of performance.

## **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.

### ***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 and any gains or losses are 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 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 revenue and expenses.

## **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%)

### ***Impairment of intangible assets***

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

## **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.

## **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 “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***

Employer contributions to Kiwi Saver and the Government Superannuation Fund (GSF) 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 offsets 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 offsets 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.

### **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.

Te Papa adopted the application of this new standard for the 2018/19 financial year and has applied this standard for these financial statements. For financial asset classification there is no change and Te

Papa will continue to measure financial assets at fair value. As such, there is no need to restate prior year comparators for this adoption. For impairment of financial assets (receivables), Te Papa has applied the Treasury recommended age categories to determine the impairment of our trade receivables balances.

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

## Glossary

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

**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.

**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.

**Mana taonga** One of Te Papa's 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 mātauranga 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.

**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.

**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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