

Ngā Tauākī Pūtea - kore-Tari – Financial Statements – Non-Departmental

Non-Departmental statements and schedules

for the year ended 30 June 2020

The following non-Departmental statements and schedules record the revenue, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets, and trust accounts that the Department manages on behalf of the Crown.

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Schedule of non-Departmental revenue

for the year ended 30 June 2020

Revenue

Actual 2019 \$000		Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000
	Operating revenue			
14	Crown revenue	3	-	-
3,672	Donations received	2,306	1,000	1,000
368	Fines and penalties	7	-	-
30	Refunds of unspent grants	78	-	-
257	Dividends received	231	-	-
975	Interest received	1,090	-	1,093
5,316	Total operating revenue	3,715	1,000	2,093
	Other revenue			
(2)	Revaluation gain / (loss)	-	-	-
1,972	Unrealised gain on the remeasurement of shares	1,893	-	-
1,970	Total other revenue	1,893	-	-
7,286	Total revenue	5,608	1,000	2,093

Explanations of significant variances against budget are detailed in [Note 10](#).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Schedule of non-Departmental expenditure

for the year ended 30 June 2020

Expenditure

Actual 2019 \$000		Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000
	Operating expenses			
24,140	Personnel and travel expenses - members of the Executive Council, former Governors-General and Prime Ministers	25,276	24,851	24,851
93,398	Grants and subsidies	147,693	105,068	160,788
11,346	Other expenses	6,617	9,418	17,117
2,631	Depreciation	2,582	838	2,632
131,515	Total operating expenses	182,168	140,175	205,388

Explanations of significant variances against budget are detailed in [Note 10](#).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Schedule of non-Departmental assets

as at 30 June 2020

This schedule summarises the assets which the Department administers on behalf of the Crown.

Actual 2019 \$000		Note	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000
Current assets					
21,388	Cash and cash equivalents		66,291	22,151	11,753
154	Debtors and other receivables	2	173	-	-
12,439	Receivable – repayable equity	9	12,330	-	-
33,981	Total current assets		78,794	22,151	11,753
Non-current assets					
133	Debtors and other receivables	2	180	206	204
14,830	Shares	3	16,723	12,858	14,830
81,746	Property, plant and equipment	4	77,597	79,281	79,739
1,687,337	Heritage collections	4	1,510,691	1,687,994	1,690,741
56,051	Receivable – repayable equity	9	44,249	73,438	74,359
1,840,097	Total non-current assets		1,649,440	1,853,777	1,859,873
1,874,078	Total non-Departmental assets		1,728,234	1,875,928	1,871,626

Explanations of significant variances against budget are detailed in [Note 10](#).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Schedule of non-Departmental liabilities

as at 30 June 2020

This schedule summarises the liabilities and revaluation reserves which the Department administers on behalf of the Crown.

Actual 2019 \$000		Note	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Supp EST 2020 \$000
Current liabilities					
10,496	Creditors and other payables	6	9,230	4,715	8,214
1,135	Provisions	7	1,182	979	1,135
11,631	Total current liabilities		10,412	5,694	9,349
Non-current liabilities					
15,068	Provisions	7	18,175	14,465	16,098
15,068	Total non-current liabilities		18,175	14,465	16,098
26,699	Total non-Departmental liabilities		28,587	20,159	25,447

Explanations of significant variances against budget are detailed in [Note 10](#).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Schedule of non-Departmental commitments

as at 30 June 2020

The Department, on behalf of the Crown, had no capital and operating commitments that had not been paid for or not recognised as a liability, as at 30 June 2020.

Schedule of non-Departmental contingent assets and liabilities

as at 30 June 2020

Quantifiable contingent assets

As at 30 June 2020, there were no quantifiable contingent assets (2018/19: nil).

Unquantifiable contingent assets

As at 30 June 2020, there were no unquantifiable contingent assets (2018/19: nil).

Quantifiable contingent liabilities

As at 30 June 2020, there were no quantifiable contingent liabilities (2018/19: \$0.956 million).

Unquantifiable contingent liabilities

As at 30 June 2020, there were no unquantifiable contingent liabilities (2018/19: nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Statement of trust money administered on behalf of the Crown

for the year ended 30 June 2020

The following trust money is administered on behalf of the Crown under Part 7 of the Public Finance Act 1989.

Trusts

Christchurch Earthquake Appeal Trust

This trust was established by Government because of the Canterbury earthquake of 22 February 2011. It is a registered charity and administers donations and grants made to affected people in Canterbury.

Macklin Bequest Fund

The Macklin Bequest Fund was used to fund special projects relating to the National Library including collaborative projects between the National Library and other institutions in the galleries, libraries, archives and museum sector or between the National Library and other libraries that supplemented and furthered the work of other libraries in New Zealand. The Trust was wound up during 2019/20.

Inter-Loan Billing System Fund

The Inter-Loan Billing System Fund is administered by the National Library. The fund manages the on-charging of fees for national and trans-Tasman inter-lending between participating New Zealand libraries and participating New Zealand and Australian libraries respectively.

Market Place Trust Account

The Market Place Trust Account is administered by the Department. The Trust Account is used to manage financial transactions initiated through the Digital Government Market Place that facilitates Government agencies to purchase digital services in a flexible and secure space.

Schedule of trust money

The schedule shows the opening and closing trust balances including bank and investments at cost, and the movements during the year.

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

The Trusts are audited annually.

2020	Opening Balance July 2019 \$000	Contributions \$000	Distributions \$000	Revenue \$000	Expenses \$000	Closing Balance June 2020 \$000
Christchurch Earthquake Appeal Trust	32	1,226	(600)	-	-	658
Macklin Bequest Fund	-	-	-	-	-	-
Inter-Loan Billing System Fund	42	-	-	212	(216)	38
Market Place Trust Account	-	-	-	79	(79)	-
Total trusts	74	1,226	(600)	291	(295)	696

2019	Opening Balance July 2018 \$000	Contributions \$000	Distributions \$000	Revenue \$000	Expenses \$000	Closing Balance June 2019 \$000
Christchurch Earthquake Appeal Trust	2,383	2,876	(4,188)	811	(1,850)	32
Macklin Bequest Fund	299	-	-	9	(308)	-
Inter-Loan Billing System Fund	42	-	-	453	(453)	42
Total trusts	2,724	2,876	(4,188)	1,273	(2,611)	74

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the Consolidated financial statements of the Government for year ended 30 June 2020.

Basis of reporting

1. Statement of accounting policies

Reporting entity

These non-Departmental statements and schedules present financial information on public funds managed by the Department of Internal Affairs (the Department) on behalf of the Crown.

These non-Departmental balances are consolidated into the financial statements of the Government for the year ended 30 June 2020 with comparative figures for the year ended 30 June 2019. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, refer to the financial statements of the Government for the year ended 30 June 2020.

Basis of preparation

The non-Departmental statements and schedules have been prepared in accordance with the accounting policies as set out in the consolidated financial statements of the Government, Treasury instructions and Treasury circulars.

Measurement and recognition rules applied in the preparation of these non-Departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Benefit Entity Accounting Standards) as appropriate for public benefit entities (PBE).

Budget figures

The 2020 budget figures (Unaudited Budget 2020) are for the year ended 30 June 2020, which are consistent with the Department's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 30 June 2020. In addition, the financial statements also present the updated budget information from the Supplementary Estimates (Unaudited Supp EST 2020).

The budget figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

Comparatives

When presentation or classifications of items in the financial schedules are amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than payments to or in respect of benefits and privileges of former Governors-General and Prime Ministers disclosures in [Note 11](#). The payments to or in respect of benefits and privileges of former Governors-General and Prime Ministers disclosures are rounded to the nearest dollar.

Critical accounting judgements and estimates

The preparation of financial statements in conformity with PBE accounting standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate and the ones that do not relate to a specific note are outlined below.

Revenue

Revenues from the supply of services are recognised when earned in the Schedule of non-Departmental revenue.

Donations received

When a heritage collection asset is acquired by donation or legal deposit for nil or nominal consideration, the fair value of the asset received is recognised as revenue in the Schedule of non-Departmental revenue.

Expenses

Grants

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received. The Department's non-discretionary grants have no substantive conditions (i.e. use for restricted purposes or repay).

Discretionary grants are those grants where the Department has no obligation to award on receipt of the grant application.

For discretionary grants without substantive conditions, the total committed funding over the life of the funding agreement is recognised as expenditure when the grant is approved by the grants approvals committee and the approval has been communicated to the applicant.

Grants with substantive conditions are recognised as an expense at the earlier of the grant payment date or when grant conditions have been satisfied.

If a grant is refunded, either in part or in full, where the original payment was made in the same financial year the refund will be netted off against the relevant grants expenditure in the Schedule of non-Departmental expenditure. If a refunded grant relates to a payment made in a previous financial year the refund will be treated as revenue in the Schedule of non-Departmental revenue as refunds of unspent grants.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in transit, and funds on deposit with banks with an original maturity of no more than three months.

Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered or prior to balance date. Operating and capital commitments arising from non-cancellable contractual or statutory obligations are disclosed within the Schedule of non-Departmental commitments to the extent that both parties have not performed their obligations.

Contingent assets and liabilities

Contingent assets and contingent liabilities are recorded in the Schedule of non-Departmental contingent assets and contingent liabilities at the point at which the contingency is evident. Contingent assets are disclosed if it is possible that the benefits will be realised. Contingent liabilities are disclosed when there is a possibility that they will crystallise.

Goods and services tax (GST)

Amounts in the financial statements, including appropriation schedules, are reported exclusive of GST except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown where applicable. However, an input tax deduction is not claimed on non-Departmental expenditure. Instead, the amount of GST applicable to non-Departmental expenditure is recognised as a separate expense and eliminated against GST revenue on Consolidation of the financial statements of the Government.

Operating assets and liabilities

2. Debtors and other receivables

Accounting policy

Debtors and other receivables are recorded at face value, less any provision for impairment. Debtors and other receivables are impaired when there is evidence that the Department will not be able to collect the amount due. The amount of impairment is the difference between the carrying amount and the present value of the amount expected to be collected. At each balance date, the Department, on behalf of the Crown, assesses whether there is any objective evidence that any loans or receivables are impaired. Any impairment losses are recognised in the Schedule of non-Departmental expenditure.

Breakdown of receivables and further information

Actual 2019 \$000		Actual 2020 \$000
154	Debtors and other receivables (current)	173
133	Debtors and other receivables (non-current)	180
287	Total debtors and other receivables	353

The carrying value of receivables approximates their fair value.

3. Shares

Accounting policy

Where the Department, on behalf of the Crown, holds a non-controlling minority interest, the shares are valued at cost in the financial statements. Associates are entities in which the Crown has significant influence, but not control over their operating and financial policies. In the financial statements, the Crown investment in associates has been valued by the equity method.

Further information

Local government funding agency

The Crown holds \$5 million of the \$25 million paid-up capital of the Local Government Funding Agency (LGFA). The shares have been valued by the equity method as, although the Crown does not have direct representation on the LGFA board of directors, it may solely appoint, remove and replace one member of the Shareholders' Council. The Shareholders' Council makes recommendations to shareholders as to the appointment, removal, re-election, replacement and remuneration of directors. The share value has therefore been adjusted to reflect the Crown's share of any changes in the net assets of the LGFA.

LGFA net assets at 30 June 2020 were \$83.616 million (2018/19: \$74.149 million). The Crown's share of the net assets is \$16.723 million (2018/19: \$14.830 million).

The summarised financial information of LGFA is:

Actual 2019 \$000		Actual 2020 \$000
361,078	Revenue	370,220
10,382,332	Assets	13,174,365
10,308,183	Liabilities	13,090,748
11,201	Surplus/(deficit)	10,623

The above figures are audited. The Crown is not a guarantor of the LGFA and has no share of any contingent liabilities of the LGFA.

4. Property, plant and equipment and collections

Accounting policies

Recognition and measurement

Items of property, plant and equipment and collections are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

All the Crown's property, plant and equipment are subsequently measured in accordance with the fair value model.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour,
- costs directly attributable to bringing the assets to a working condition for their intended use, and
- when the Crown has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs

Subsequent costs are capitalised when it is probable that future economic benefits or service potential associated with the item will flow to the Department 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 non-Departmental Schedule of expenditure as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised in the non-Departmental Schedule of revenue and expenditure in the period in which the transaction occurs. Any associated gains or losses on a revalued asset are transferred from the revaluation reserve.

Impairments

The carrying amounts of land, buildings, boating facilities and heritage collections are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impaired asset's carrying amount is written down to its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the Schedule of non-Departmental expenditure, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

Revaluations

Revaluations are carried out for land, buildings, boating facilities and heritage collections to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset with changes reported by class of asset.

Classes of land, buildings, boating facilities and heritage collections that are revalued at least once every three years to whenever the carrying amount differs materially to fair value which is assessed every year by an independent registered valuer. Unrealised gains and losses arising from changes in the value are recognised as at balance date.

A gain is credited to the Schedule of non-Departmental revenue to the extent that it reverses a loss previously charged to the Schedule of non-Departmental expenditure for the asset class. Otherwise, gains are credited to an asset revaluation reserve for that class of asset. Gains and losses between asset classes are not offset. Any loss is debited to the reserve to the extent that there is a balance in the asset revaluation reserve for that asset class. Otherwise, losses are reported in the Schedule of non-Departmental expenditure.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount. The useful life of an asset is assessed following revaluation.

Specific asset class policies

The asset class specific policies are described below:

Land and residential buildings

Land and buildings are recorded at fair value less impairment losses and, for buildings, less depreciation accumulated since the assets were last revalued. Valuations are undertaken in accordance with the standards issued by the New Zealand Property Institute.

Depreciation on buildings is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, less any estimated residual value, over its estimated useful life. The estimated useful lives for buildings range from 10 to 50 years. Depreciation is not charged on land. Assets under construction are not subject to depreciation. Depreciation method, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

Boating facilities

Boating facilities are recorded at fair value less impairment losses and less depreciation accumulated since the assets were last revalued.

Depreciation on boating facilities is charged on a straight-line basis to allocate the cost or valuation to the estimated residual value over the asset estimated useful life. The estimated useful life for boating facilities ranges from 4 to 80 years.

Alexander Turnbull Library heritage collections

Section 11 of the National Library of New Zealand (Te Puna Mātauranga o Aotearoa) Act 2003 requires the Crown to own the collections held in the Alexander Turnbull Library in perpetuity.

The Alexander Turnbull Library heritage collections are measured at fair value. The methodology used to value the heritage collections was to take a sample of each category in the collection to analyse the variety and quality of each category to determine a benchmark market value to be extrapolated over the entire category. The market values are obtained from an independent valuer through market assessments and from other collections of a similar nature to Government collections.

The carrying value includes the value of purchases for the collections since the last revaluation and the value of material received through donations and legal deposits. The collections are not depreciated.

Archives New Zealand heritage collections

Non-exceptional Archives New Zealand Heritage Collection items are measured at fair value. The methodology used was to divide the collection into categories by format and age, to associate records that together could be said to have a broad commonality of value. Benchmark valuations were obtained from an independent valuer through market assessments and from other collections of a similar nature to government archives. Accessions since the date of valuation are valued based on these benchmarks.

Independent valuations of other exceptional items, including the Treaty of Waitangi are measured at fair value, and are based on market assessments from collections of a similar nature.

The valuation of the Archives New Zealand Heritage Collection includes only public archives in the possession of Archives New Zealand. Public archives held in other approved repositories do not form part of the valuation. The collection is not depreciated.

The Archives New Zealand Heritage Collection receives a large volume of records that are not clearly distinguished as public archives when received by the Chief Archivist. Significant resources are required to assess these records to determine if the records are accepted as public archives. Given the volumes involved, there is generally a volume of records held at year-end awaiting assessment and classification as public archives. These unclassified records are not included in the valuation reported for the Archives New Zealand Heritage Collection as the Department is unable to accurately categorise and appraise the archival value for reporting purposes. The Department plans to process, describe and make accessible the Archives unclassified records. The work will start in 2020/21 and continue over the next four years.

Breakdown of property, plant and equipment and collections and further information

2020

Cost or valuation

Asset class	Balance at 1 July \$000	Additions \$000	Revaluation/ Impairments \$000	Disposals \$000	Transfers/ re-classification \$000	Balance at 30 June \$000
Property, plant and equipment						
Buildings - residential	5,603	202	(1,002)	(270)	-	4,533
Boating facilities	65,479	86	-	(483)	302	65,384
Land	13,050	-	-	(480)	-	12,570
Total cost property, plant and equipment	84,132	288	(1,002)	(1,233)	302	82,487
Heritage collections						
Archives New Zealand heritage collection	628,200	954	(33,978)	-	(1,145)	594,031
Total value Archives New Zealand heritage collection	628,200	954	(33,978)	-	(1,145)	594,031
Alexander Turnbull Library heritage collections						
Archive of New Zealand music	171	-	1,172	-	-	1,343
Cartographic	86,660	13	(12,776)	-	8	73,905
Cartoon	5	1	(6)	-	-	-
Children's historical	104	-	-	-	-	104
Digital	8,303	874	(613)	-	844	9,408
Drawings and prints	369,548	75	(128,831)	-	14	240,806
Ephemera	12,006	12	2,868	-	3	14,889
Formed	1,194	-	175	-	-	1,369
General	7,421	3	15	-	1	7,440
Manuscripts/archives	146,340	391	36,402	-	4	183,137
Multi-format	427	294	(54)	-	-	667
Music	2,293	87	(1,216)	-	13	1,177
New Zealand and Pacific	17,404	404	(4,678)	-	(157)	12,973
Newspapers	77,996	207	(77,224)	-	8	987
Oral history	17,592	141	11,176	-	23	28,932
Photographic	48,763	86	(5,452)	-	1	43,398
Rare books and fine prints	230,277	133	22,427	-	60	252,897
Serials	25,939	239	(14,430)	-	21	11,769
Short title	6,696	-	24,763	-	-	31,459
Total value Alexander Turnbull Library heritage collections	1,059,139	2,960	(146,282)	-	843	916,660
Total value heritage collections	1,687,339	3,914	(180,260)	-	(302)	1,510,691
Total cost/value	1,771,471	4,202	(181,262)	(1,233)	-	1,593,178

2020

Accumulated depreciation

Asset class	Balance at 1 July \$000	Depreciation \$000	Revaluation/ Impairments \$000	Disposals \$000	Transfers/ re-classification \$000	Balance at 30 June \$000
Property, plant and equipment						
Buildings - residential	-	178	-	-	-	178
Boating facilities	2,386	2,406	-	(80)	-	4,712
Land	-	-	-	-	-	-
Total accumulated depreciation property, plant and equipment	2,386	2,584	-	(80)	-	4,890

Asset class	Balance at 1 July \$000	Depreciation \$000	Revaluation/ Impairments \$000	Disposals \$000	Transfers/ re-classification \$000	Balance at 30 June \$000
Net book value						
Buildings - residential	5,603	24	(1,002)	(270)	-	4,355
Boating facilities	63,093	(2,320)	-	(403)	302	60,672
Land	13,050	-	-	(480)	-	12,570
Heritage collections	1,687,337	3,914	(180,260)	-	(302)	1,510,691
Total net book value	1,769,083	1,618	(181,262)	(1,153)	-	1,588,288

2019

Cost or valuation

Asset class	Balance at 1 July \$000	Additions \$000	Revaluation/ Impairments \$000	Disposals \$000	Transfers/ re-classification \$000	Balance at 30 June \$000
Property, plant and equipment						
Buildings - residential	6,123	700	(1,220)	-	-	5,603
Boating facilities	65,718	132	(69)	-	(302)	65,479
Land	12,500	-	550	-	-	13,050
Total cost property, plant and equipment	84,341	832	(739)	-	(302)	84,132

Heritage collections

Archives New Zealand heritage collection	624,966	2,932	-	-	302	628,200
Total value Archives New Zealand heritage collection	624,966	2,932	-	-	302	628,200

Alexander Turnbull Library heritage collections

Archive of New Zealand music	171	-	-	-	-	171
Cartographic	86,611	49	-	-	-	86,660
Cartoon	4	1	-	-	-	5
Children's historical	104	-	-	-	-	104
Digital	8,298	5	-	-	-	8,303
Drawings and prints	369,281	264	-	-	3	369,548
Ephemera	11,965	39	-	-	2	12,006
Formed	1,194	-	-	-	-	1,194
General	7,418	3	-	-	-	7,421
Manuscripts/archives	145,494	845	-	-	1	146,340
Multi-format	285	133	-	-	9	427
Music	1,952	339	-	-	2	2,293
New Zealand and Pacific	16,996	465	-	-	(57)	17,404
Newspapers	77,933	60	-	-	3	77,996
Oral history	17,484	91	-	-	17	17,592
Photographic	48,654	109	-	-	-	48,763
Rare books and fine prints	230,057	212	-	-	8	230,277
Serials	25,659	268	-	-	12	25,939
Short title	6,696	-	-	-	-	6,696
Total value Alexander Turnbull Library heritage collections	1,056,256	2,883	-	-	-	1,059,139
Total value heritage collections	1,681,222	5,815	-	-	302	1,687,339
Total cost/value	1,765,563	6,647	(739)	-	-	1,771,471

2019

Accumulated depreciation

Asset class	Balance at 1 July \$000	Depreciation \$000	Revaluation/ Impairments \$000	Disposals \$000	Transfers/ re-classification \$000	Balance at 30 June \$000
Property, plant and equipment						
Buildings - residential	491	246	(737)	-	-	-
Boating facilities	-	2,386	-	-	-	2,386
Land	-	-	-	-	-	-
Total accumulated depreciation property, plant and equipment	491	2,632	(737)	-	-	2,386
Net book value						
Buildings - residential	5,632	454	(483)	-	-	5,603
Boating facilities	65,718	(2,254)	(69)	-	(302)	63,093
Land	12,500	-	550	-	-	13,050
Heritage collections	1,681,222	5,813	-	-	302	1,687,337
Total net book value	1,765,072	4,013	(2)	-	-	1,769,083

Capital work in progress

The total amount of property, plant and equipment under construction is \$0.052 million (2018/19: \$0.825 million).

Revaluation movements

Details of the valuations and revaluation movements are contained in [Note 8](#).

Restrictions of title

The ministerial properties comprising Premier House and Bolton Street are restricted for Government use. The carrying value of the restricted use land and buildings is \$16.925 million (2018/19: \$18.653 million).

5. Financial instruments

The carrying amounts of financial assets and financial liabilities are as follows:

Actual 2019 \$000		Note	Actual 2020 \$000
Financial assets at fair value through profit or loss			
14,830	Shares	3	16,723
14,830	Total financial assets at fair value through profit or loss		16,723
Loans and receivables			
21,388	Cash and cash equivalents		66,291
287	Debtors and other receivables	2	353
68,490	Receivable – repayable equity	9	56,579
90,165	Total loans and receivables		123,223
Financial liabilities measured at amortised cost			
10,496	Creditors and other payables	6	9,230
10,496	Total financial liabilities measured at amortised cost		9,230

The Department, on behalf of the Crown, is party to financial instrument arrangements as part of its daily operations. These include cash and cash equivalents, accounts receivable, repayable equity, accounts payable and foreign currency forward contracts.

The Department's activities, on behalf of the Crown, expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. There is a series of policies to manage the risks associated with financial instruments and the policies seek to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered.

Credit Risk

Credit risk is the risk that a third party will default on its obligations, causing a loss to be incurred. Credit risk arises from debtors and deposits with banks. Funds must be deposited with Westpac, a registered bank.

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables, and shares. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank, there are no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Department, acting on behalf of the Crown, will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the forecast cash requirements are closely monitored against the expected drawdowns from the New Zealand Debt Management Office. The Department, on behalf of the Crown, maintains a target level of available cash to meet liquidity requirements.

The table below analyses the financial liabilities that will be settled based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Note	Total \$000	Less than 6 months \$000	Between 6 months and 1 year \$000	Between 1 year and 5 years \$000	Over 5 years \$000
2020						
Creditors and other payables	6	9,230	9,230	-	-	-
2019						
Creditors and other payables		10,496	10,496	-	-	-

6. Creditors and other payables

Actual 2019 \$000		Actual 2020 \$000
Creditors and other payables under exchange transactions		
9,866	Accrued expenses	9,091
630	Accrued heritage collection purchases	139
10,496	Total creditors and other payables	9,230

The carrying value of creditors and other payables approximates their fair value. Other payables and accrued heritage collection purchases are non-interest bearing and are normally settled on 30-day terms.

7. Provisions

The balance of the provisions account represents the estimated value of future benefits payable to former Governors-General and Prime Ministers over their expected lives payable under the Members of Parliament (Remuneration and Services) Act 2013 and the Governor-General Act 2010 as at balance date.

Actuarial services were provided by Mercer (N.Z.) Ltd, fellow of the New Zealand Society of Actuaries.

The measurement of the estimated future benefits depends on several factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the consumer price index. Any changes in these assumptions will affect the carrying value of the liability.

	2019	2020
Discount rate	1.94%	0.95%
Consumer price index	2.00%	1.75%

8. Revaluation of property, plant and equipment and collections

2020	Balance at 1 July \$000	Revaluation Movement \$000	Balance at 30 June \$000
Land and buildings	11,776	(1,002)	10,774
Boating Facilities	3,717	-	3,717
Archives New Zealand heritage collection	46,185	(33,978)	12,207
Alexander Turnbull Library heritage collections	479,484	(146,282)	333,202
Total revaluation reserves	541,162	(181,262)	359,900

2019	Balance at 1 July \$000	Revaluation Movement \$000	Balance at 30 June \$000
Land and buildings	11,709	67	11,776
Boating Facilities	3,786	(69)	3,717
Archives New Zealand heritage collection	46,185	-	46,185
Alexander Turnbull Library heritage collections	479,484	-	479,484
Total revaluation reserves	541,164	(2)	541,162

Critical accounting estimates and assumptions

Land and residential buildings – Ministerial properties

The land and buildings were revalued in June 2019, with the valuation being effective from 30 June 2019, by CBRE Ltd a Licensed Real Estate Agent (REAA 2008) and registered independent valuer. The next valuation will be effective from 30 June 2022, in line with the Department's accounting policy. The independent valuer confirmed that the previous 12-month residential property market increase has likely dissipated due to COVID-19 and therefore limited value change is expected in terms of revaluing land and buildings as at 30 June 2020. Therefore the 2019 valuation is deemed to be fair and reasonable.

Boating facilities – Lake Taupō and Waitangi Wharf (Chatham Island)

The most recent valuation of boating facilities was performed by Darroch Ltd, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer, in June 2018. The valuation was effective from 30 June 2018. In line with the Department's accounting policy, the next valuation will be effective from 30 June 2021. The independent valuer confirmed that there is no material market movement in terms of revaluing boating facilities as at 30 June 2020, and the 2018 valuation is deemed to be fair and reasonable.

Archives New Zealand heritage collection

The Archives New Zealand heritage collection was revalued in June 2020, with the valuation being effective from 30 June 2020, by independent valuer Dunbar Sloane, through market assessments and from other collections of a similar nature to government archives.

The Treaty of Waitangi and other exceptional items were revalued in June 2020, with the valuation being effective from 30 June 2020 by an independent valuer, Dunbar Sloane. These valuations were based on market assessments and from other collections of a similar nature. In line with the Department's accounting policy, the next valuation will be effective from 30 June 2023.

Alexander Turnbull Library heritage collections

The Alexander Turnbull Library Heritage Collections were revalued in June 2020, with the valuation being effective from 30 June 2020, by independent valuer Dunbar Sloane. These valuations were based on market assessments and from other collections of a similar nature to the government collection. In line with the Department's accounting policy, the next valuation will be effective from 30 June 2023.

9. Receivable – repayable equity

Accounting policy

Repayable Equity has been designated as loan receivables. Loans at nil, or below-market, interest rates are initially recognised at the present value of their expected future cash flows, discounted using a rate for loans of a similar term and credit risk. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised as an equity investment.

Breakdown of receivable – repayable equity and further information

Actual 2019 \$000		Actual 2020 \$000
52,663	Balance at 1 July	68,490
28,569	Face value of repayable equity movement	-
(12,000)	Repayment of repayable equity	(13,000)
(1,711)	Less: fair value write-down at initial recognition	-
969	Interest unwind	1,089
68,490	Carrying value at 30 June	56,579
	Current and non-current apportionment	
12,439	Repayable equity – current	12,330
56,051	Repayable equity – non-current	44,249
68,490	Carrying value repayable equity	56,579

Further information

There was no capital injection in 2019/20 (2018/19: \$28.569 million) for the transition project costs to amalgamate rural and urban fire services into a new unified organisation, Fire and Emergency New Zealand (FENZ). \$13 million was paid back to the Department in 2019/20 (2018/19: \$12 million). The fair value of the repayable equity is \$56.579 million (2018/19: \$68.490 million). The fair value of the repayable equity is based on cash flows discounted using the spot discount rate.

Other disclosures

10. Explanation of significant variances against budget

Non-Departmental appropriations

Variations between the Main Estimates and the Supplementary Estimates

Explanations for significant variances between the Main Estimates and the Supplementary Estimates are detailed below:

Classification of Films, Videos and Publications

The increase in the budget between the Mains Estimates and the Supplementary Estimates of \$674,000 was due to funding to meet the costs associated with countering online violent extremist content and supporting the Christchurch Call.

Community Funding Schemes MCA

Community Development Scheme

The decrease in the expense budget between the Main Estimates and the Supplementary Estimates of \$943,000 is due to an expense transfer from 2019/20 to 2021/22 to maximise community outcomes of resilience and sustainability and enable the Community-led Development Programme to settle into a regular cycle of new and existing partnerships (decrease of \$1.800 million). This decrease was partially offset by an expense transfer from 2018/19 to 2019/20 to enable funding to be available at the appropriate time for communities participating in the Community-led Development Programme to maximise community outcomes of resilience and sustainability (increase of \$857,000).

Safer Communities Fund

The increase in the expense budget between the Main Estimates and the Supplementary Estimates of \$6.825 million is due to funding for the establishment of a contestable fund for at-risk communities to upgrade their security arrangements (increase of \$7.000 million). This increase was partially offset by a transfer of funding to a departmental appropriation for the administration costs associated with the Fund (decrease of \$175,000).

Ethnic Communities Grants

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$3.856 million was due to an increase in funding for the Ethnic Communities Development Fund.

Miscellaneous Grants - Internal Affairs

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$7.968 million was due to the following:

- funding to support the Whakatane District Council in cooperation with the Bay of Plenty Regional Council to affect a managed retreat of houses and vacant sections at Matata (increase of \$5.019 million);
- funding to meet the costs associated with delivering digital skills programmes to address digital skills gaps (increase of \$2.454 million);
- funding to meet the costs associated with supporting the Hawke's Bay, Manawatu and Otago-Southland regions to investigate voluntary changes to the regions' three waters service delivery and related funding arrangements (increase of \$945,000); and
- a transfer of funding from the Policy Advice Multi-Category Appropriation to reflect the workplan for workstream 3 (supporting local authorities working toward their town or city embracing bilingualism, focusing on self-identified 'fast-movers' and champions) of the 'Enhancing relationships between local government and iwi/Maori' funding (increase of \$250,000).

These increases were partially offset by:

- a reprioritisation of funding to 2020/21 to contribute towards the costs associated with local government reform programmes and to support the development and implementation of a Local Government Recovery Plan (decrease of \$700,000).

Public Inquiries

The increase in the budget between the Main Estimates and the Supplementary Estimates of \$758,000 was due to the following:

- funding to meet the costs associated with the extension of the report back date for the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (increase of \$480,000);
- a transfer of funding from the Support for Statutory and Other Bodies Multi-Category Appropriation to reflect the non-departmental expenditure associated with the Government Inquiry into Operation Burnham and Related Matters (increase of \$200,000); and
- expense transfers from 2018/19 to 2019/20 to enable the successful completion of the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (increase of \$56,000), the Government Inquiry into the Auckland Fuel Supply Disruption (increase of \$54,000) and the Government Inquiry into Operation Burnham and Related Matters (increase of \$22,000).

These increases were partially offset by:

- a transfer of funding to the Support for Statutory and Other Bodies Multi-Category Appropriation to reflect the departmental expenditure associated with the Royal Commission of Inquiry into the Attack on Christchurch Mosques on 15 March 2019 (decrease of \$54,000).

Racing Industry – Grants and Subsidies

This appropriation was established in 2019/20 to provide funding to achieve financial stability of the New Zealand racing industry and associated organisations (increase of \$41.000 million).

Royal Commission into Historical Abuse in State Care and in the Care of Faith-based Institutions – Legal Assistance Costs

This multi-year appropriation was established in 2019/20 to provide funding for the legal assistance costs for individuals or their representatives to participate in the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions public hearings process (increase of \$4.395 million).

Transfer of Crown Assets at Taupō Landing Recreation Reserve

This appropriation was re-established in 2019/20 due to an expense transfer from 2018/19 to 2019/20 to enable Crown-owned assets at the Taupo Landing Recreation Reserve, which are not associated with the harbourmaster function, to be transferred to the Taupo District Council at nil consideration (increase of \$484,000).

Capital Injection to the Office of Film and Literature Classification

This appropriation was established in 2019/20 to provide funding to the Office of Film and Literature Classification to meet the costs associated with the development and delivery of a self-classification online tool (increase of \$600,000).

Capital Investments – Chatham Islands Wharves

This appropriation was established in 2019/20 due to an operating to capital swap to provide funding for the capital costs associated with the completion of the construction and upgrade of Chatham Islands wharves (increase of \$300,000). This increase was partially offset by a capital transfer from 2019/20 to 2020/21 to enable the completion of the construction and upgrade of the Chatham Islands wharves (decrease of \$50,000).

Non-Departmental schedule of revenue and expenditure

Variations between 2019/20 actuals and the Supplementary Estimates

The following major budget variances occurred between the 2019/20 Actuals and the 2019/20 Supplementary Estimates.

	Actual 2020 \$000	Unaudited Supp EST 2020 \$000	Variance \$000	Variance %
Schedule of non-Departmental revenue				
Total operating revenue	3,715	2,093	1,622	77%
Total other revenue	1,893	-	1,893	100%
Schedule of non-Departmental expenditure				
Total operating expenses	182,168	205,388	(23,220)	(11%)

Explanations for significant variances between the 2019/20 actuals and the Supplementary Estimates are detailed below:

Operating revenue

Operating revenue was higher than budget by \$1.622 million mainly due to higher value of accession of documents received by Archives New Zealand during 2019/20.

Other revenue

Other revenue was higher than budget by \$1.893 million mainly due to the re-measurement of the Crown investment in the LGFA as at 30 June 2020.

Operating expenses

Operating expenses were lower than budget by \$23.220 million mainly due to the following:

- lower demand for the Rates Rebate Scheme,
- lower expenditure for the Community Development Scheme due to flexible payable cycle for Community-led grants for which an in-principle expense transfer was approved,
- lower expenditure on Counselling Costs and Legal Assistance, for individuals participating in the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions, due to the stage of the Inquiry and the impact of COVID-19 lockdown on the activities of the Inquiry.

Schedule of non-Departmental assets and liabilities

Variations between 2019/20 actuals and the Supplementary Estimates

The following major budget variances occurred between the 2019/20 actuals and the 2019/20 Supplementary Estimates.

	Actual 2020 \$000	Unaudited Supp EST 2020 \$000	Variance \$000	Variance %
Schedule of non-Departmental assets				
Cash and cash equivalents	66,291	11,753	54,538	464%
Receivable – repayable equity	56,579	74,259	(17,780)	(24%)
Heritage Collections	1,510,691	1,690,741	(180,050)	(11%)

Explanations for significant variances between the 2019/20 actuals and the Supplementary Estimates are detailed below:

Cash and cash equivalents

Cash and cash equivalents were higher than budget by \$54.538 million mainly due to funding expected to be paid out or payable at year end but was not, mainly for:

- budgeted loan drawdown of \$19 million for Fire and Emergency New Zealand that was not drawn down;
- grant funding that was budgeted but that was not paid or payable at year end, for Community Grants, Digital Skills Grants, and other Grant funds; and
- Royal Commissions of Inquiry multi-year appropriations (MYA) budgeted expenditure that was not required by year end, in part due to COVID-19 Alert Level impacts on the activities of the Royal Commissions. The funding will be used in future years as permitted for an MYA.

Receivable – repayable equity

The actual value of receivable – repayable equity was lower than budget by \$17.780 million mainly due to a budgeted loan drawdown of \$19 million for Fire and Emergency New Zealand that was not drawn down.

Heritage Collections

The Heritage Collections actual value was \$180.050 million lower than budget due to a value adjustment at revaluation effective from 30 June 2020. The valuation was completed after the Supplementary Estimates budget was finalised and therefore the revaluation assumptions could not be included in the budget.

11. Payments to or in respect of benefits and privileges of former Governors-General and Prime Ministers

The terms of the appointment of a person as Governor-General or Prime Minister may include an agreement for that person and his or her spouse or partner to be provided with specified benefits or privileges by way of payments in respect of domestic travel and the use of chauffeured cars when he or she no longer holds office as Governor-General or Prime Minister.

This statement sets out the details of any benefits or privileges paid to or in respect of any former Governor-General under an agreement made under section 11(1) or section 28(1)(d) of the Governor-General Act 2010, and former Prime Ministers under an agreement made under section 17 and 32 (4) of the Member of Parliament (Remuneration and Services) Act 2013.

Former Governors-General

2020	FBT	Airfares	Surface Travel	Total
	\$	\$	\$	\$
Lady Beverley Reeves	-	-	6,543	6,543
Dame Catherine Tizard	-	-	5,900	5,900
The Rt Hon Sir Michael Hardie-Boys	-	-	5,900	5,900
Dame Sylvia Cartwright	2,138	2,752	9,114	14,004
The Rt Hon Sir Anand Satyanand	2,324	2,950	6,019	11,293
Lt Gen the Rt Hon Sir Jerry Mateparae	465	2,483	5,900	8,848
Total	4,927	8,184	39,376	52,487

2019	FBT	Airfares	Surface Travel	Total
	\$	\$	\$	\$
Lady Beverley Reeves	619	574	6,148	7,341
Dame Catherine Tizard	-	-	6,317	6,317
The Rt Hon Sir Michael Hardie-Boys	-	-	5,708	5,708
Dame Sylvia Cartwright	4,962	4,962	10,361	20,285
The Rt Hon Sir Anand Satyanand	4,151	5,619	5,636	15,406
Lt Gen the Rt Hon Sir Jerry Mateparae	280	585	5,243	6,108
Total	10,012	11,740	39,413	61,165

Former Prime Ministers

2020	FBT \$	Airfares \$	Surface Travel \$	Total \$
Lady Glen Rowling	368	572	8,723	9,663
Margaret Pope	-	-	8,812	8,812
The Rt Hon Sir Geoffrey Palmer	3,505	4,522	9,220	17,247
The Rt Hon Mike Moore	-	-	10,879	10,879
The Rt Hon Jim Bolger	3,268	4,001	12,826	20,095
The Rt Hon Dame Jenny Shipley	8,344	11,619	9,265	29,227
The Rt Hon Helen Clark	4,317	6,716	12,914	23,947
The Rt Hon Sir John Key	-	-	10,108	10,108
The Rt Hon Sir Bill English	-	-	10,022	10,022
Total	19,802	27,430	92,769	140,001

2019	FBT \$	Airfares \$	Surface Travel \$	Total \$
Lady Glen Rowling	750	670	7,043	8,463
Margaret Pope	-	-	7,355	7,355
The Rt Hon Sir Geoffrey Palmer	2,659	4,687	7,659	15,005
The Rt Hon Mike Moore	290	-	8,912	9,202
The Rt Hon Jim Bolger	6,054	7,453	13,213	26,720
The Rt Hon Dame Jenny Shipley	9,051	14,693	9,121	32,865
The Rt Hon Helen Clark	1,064	704	11,149	12,917
The Rt Hon Sir John Key	1,518	-	7,784	9,302
The Rt Hon Sir Bill English	333	-	9,003	9,336
Total	21,719	28,207	81,239	131,165