

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

Non-Departmental statements and schedules

for the year ended 30 June 2021

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 2021

Revenue

Actual 2020 \$000		Actual 2021 \$000	Unaudited Budget 2021 \$000
	Operating revenue		
3	Crown revenue	-	-
2,306	Donations received	1,885	1,000
7	Fines and penalties	1	-
78	Refunds of unspent grants	223	-
231	Dividends received	176	-
1,090	Interest received	870	-
3,715	Total operating revenue	3,155	1,000

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 the year ended 30 June 2021.

Schedule of non-Departmental expenditure

for the year ended 30 June 2021

Expenditure

Actual 2020 \$000		Actual 2021 \$000	Unaudited Budget 2021 \$000
	Operating expenses		
25,276	Personnel and travel expenses - members of the Executive Council, former Governors-General and Prime Ministers	16,376	24,851
147,693	Grants and subsidies	422,883	426,787
6,617	Other expenses	6,853	12,982
2,582	Depreciation	2,511	2,684
182,168	Total operating expenses	448,623	467,304

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 the year ended 30 June 2021.

Schedule of non-Departmental assets

as at 30 June 2021

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

Actual 2020 \$000		Note	Actual 2021 \$000	Unaudited Budget 2021 \$000
Current assets				
66,291	Cash and cash equivalents		115,362	46,898
173	Debtors and other receivables	2	77	-
12,330	Receivable – repayable equity	9	12,114	-
78,794	Total current assets		127,553	46,898
Non-current assets				
180	Debtors and other receivables	2	105	182
16,723	Shares	3	18,949	14,830
77,597	Property, plant and equipment	4	81,325	74,954
1,510,691	Heritage collections	4	1,502,380	1,695,075
44,249	Receivable – repayable equity	9	51,084	62,452
1,649,440	Total non-current assets		1,653,843	1,847,493
1,728,234	Total non-Departmental assets		1,781,396	1,894,391

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 the year ended 30 June 2021.

Schedule of non-Departmental liabilities

as at 30 June 2021

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

Actual 2020 \$000		Note	Actual 2021 \$000	Unaudited Budget 2021 \$000
Current liabilities				
9,230	Creditors and other payables	5	15,697	8,823
1,182	Provisions	7	1,035	1,159
10,412	Total current liabilities		16,732	9,982
Non-current liabilities				
18,175	Provisions	7	15,791	18,175
18,175	Total non-current liabilities		15,791	18,175
28,587	Total non-Departmental liabilities		32,523	28,157

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 the year ended 30 June 2021.

Schedule of non-Departmental commitments

as at 30 June 2021

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 2021.

Schedule of non-Departmental contingent assets and liabilities

as at 30 June 2021

Quantifiable contingent assets

As at 30 June 2021, there were no quantifiable contingent assets (2019/20: nil).

Unquantifiable contingent assets

As at 30 June 2021, there were no unquantifiable contingent assets (2019/20: nil).

Quantifiable contingent liabilities

As at 30 June 2021, there were no quantifiable contingent liabilities (2019/20: nil).

Unquantifiable contingent liabilities

As at 30 June 2021, there were no unquantifiable contingent liabilities (2019/20: 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 the year ended 30 June 2021.

Statement of trust money administered on behalf of the Crown

for the year ended 30 June 2021

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.

Inter-Loan Billing System Fund

The Inter-Loan Billing System Fund is administered by the National Library. It 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.

Market Place Trust Account

The Market Place Trust Account is administered by the Department. It was 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. The Department has discontinued the use of the Trust account Digital Government Market Place during 2020/21 and is in the process of winding up the trust.

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.

2021	Opening Balance July \$000	Contributions \$000	Distributions \$000	Revenue \$000	Expenses \$000	Closing Balance June \$000
Christchurch Earthquake Appeal Trust	658	-	-	318	-	976
Inter-Loan Billing System Fund	38	-	-	194	(195)	37
Market Place Trust Account	-	-	-	-	-	-
Total trusts	696	-	-	512	(195)	1,013

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

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 the year ended 30 June 2021.

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 2021 with comparative figures for the year ended 30 June 2020. 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 2021.

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 2021 budget figures (Unaudited Budget 2021) are for the year ended 30 June 2021, which are consistent with the Department's best estimate financial forecast information submitted to the Treasury for the Pre-election Economic and Fiscal Update (PREFU) for the year ending 30 June 2021.

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 in the Schedule of non-Departmental revenue when earned.

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 once 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), the refund will be netted off against the relevant grants expenditure in the Schedule of non-Departmental expenditure, if the original payment was recognised in the same financial year. If a refunded grant relates to a payment recognised in a previous financial year, the refund will be treated as revenue (refunds of unspent grants) in the Schedule of non-Departmental revenue.

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 into 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 in the 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, on behalf of the Crown, 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 2020 \$000		Actual 2021 \$000
173	Debtors and other receivables (current)	77
180	Debtors and other receivables (non-current)	105
353	Total debtors and other receivables	182

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

New Zealand Local Government Funding Agency

The Crown holds \$5 million of the \$25 million paid-up share capital of the New Zealand 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 2021 were \$94.745 million (2019/20: \$83.616 million). The Crown's share of the net assets is \$18.949 million (2019/20: \$16.723 million).

The summarised financial information of LGFA is:

Actual 2020 \$000		Actual 2021 \$000
370,220	Revenue	377,406
13,174,365	Assets	14,485,167
13,090,748	Liabilities	14,390,422
10,623	Surplus/(deficit)	12,007

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 being 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
- an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, if the Crown has an obligation to remove the asset or restore the site.

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 are revalued every three years, or more frequently, if the carrying amount differs materially to fair value. The latter 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.

Any loss is debited to the revaluation 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.

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.

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's 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 in perpetuity the collections held in the Alexander Turnbull Library.

The Alexander Turnbull Library heritage collections are measured at fair value. The methodology used to value the heritage collections is 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 the 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 the 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 Collections receive 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, because 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 has started in 2020/21 and continue over the next three years.

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

2021

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	4,533	123	-	-	-	4,656
Boating facilities	65,384	196	(1,116)	-	-	64,464
Land	12,570	-	-	-	-	12,570
Total cost property, plant and equipment	82,487	319	(1,116)	-	-	81,690
Heritage collections						
Archives New Zealand heritage collection	594,031	297	-	-	-	594,328
Total value Archives New Zealand heritage collection	594,031	297	-	-	-	594,328
Alexander Turnbull Library heritage collections						
Archive of New Zealand music	1,343	-	-	-	-	1,343
Cartographic	73,905	4	-	-	1	73,910
Cartoon	-	1	-	-	-	1
Children's historical	104	-	-	-	-	104
Digital	9,408	886	-	-	1	10,295
Drawings and prints	240,806	103	-	-	18	240,927
Ephemera	14,889	7	-	-	-	14,896
Formed	1,369	-	-	-	-	1,369
General	7,440	4	-	-	1	7,445
Manuscripts/archives	183,137	414	-	-	15	183,566
Multi-format	667	22	-	-	-	689
Music	1,177	299	-	-	31	1,507
New Zealand and Pacific	12,973	495	-	-	(157)	13,311
Newspapers	987	61	-	-	1	1,049
Oral history	28,932	218	-	-	39	29,189
Photographic	43,398	398	(12,511)	-	1	31,286
Rare books and fine prints	252,897	363	-	-	34	253,294
Serials	11,769	628	-	-	15	12,412
Short title	31,459	-	-	-	-	31,459
Total value Alexander Turnbull Library heritage collections	916,660	3,903	(12,511)	-	-	908,052
Total value heritage collections	1,510,691	4,200	(12,511)	-	-	1,502,380
Total cost/value	1,593,178	4,519	(13,627)	-	-	1,584,070

2021

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	161	-	-	-	339
Boating facilities	4,712	2,350	(7,036)	-	-	26
Land	-	-	-	-	-	-
Total accumulated depreciation property, plant and equipment	4,890	2,511	(7,036)	-	-	365

Asset class	Balance at 1 July \$000	Depreciation \$000	Revaluation/ Impairments \$000	Additions/ Disposals \$000	Transfers/ re-classification \$000	Balance at 30 June \$000
Net book value						
Buildings - residential	4,355	(161)	-	123	-	4,317
Boating facilities	60,672	(2,350)	5,920	196	-	64,438
Land	12,570	-	-	-	-	12,570
Heritage collections	1,510,691	-	(12,511)	4,200	-	1,502,380
Total net book value	1,588,288	(2,511)	(6,591)	4,519	-	1,583,705

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

Capital work in progress

The total amount of property, plant and equipment under construction is \$0.570 million (2019/20: \$0.052 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 \$16.886 million (2019/20: \$16.925 million).

5. Creditors and other payables

Actual 2020 \$000		Actual 2021 \$000
Creditors and other payables under exchange transactions		
9,091	Accrued expenses	15,660
139	Accrued heritage collection purchases	37
9,230	Total creditors and other payables	15,697

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.

6. Financial instruments

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

Actual 2020 \$000		Note	Actual 2021 \$000
	Financial assets at fair value through profit or loss		
16,723	Shares	3	18,949
16,723	Total financial assets at fair value through profit or loss		18,949
	Loans and receivables		
66,291	Cash and cash equivalents		115,362
353	Debtors and other receivables	2	182
56,579	Receivable – repayable equity	9	63,198
123,223	Total loans and receivables		178,742
	Financial liabilities measured at amortised cost		
9,230	Creditors and other payables	5	15,697
9,230	Total financial liabilities measured at amortised cost		15,697

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 the Department, on behalf of the Crown, to enter into any transactions that are speculative in nature.

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
2021						
Creditors and other payables	5	15,697	15,697	-	-	-
2020						
Creditors and other payables		9,230	9,230	-	-	-

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.

	2020	2021
Discount rate	0.95%	2.08%
Consumer price index	1.75%	2.00%

8. Revaluation of property, plant and equipment and collections

2021	Balance at 1 July \$000	Revaluation movement \$000	Balance at 30 June \$000
Land and buildings	10,774	-	10,774
Boating facilities	3,717	5,920	9,637
Archives New Zealand heritage collection	12,207	-	12,207
Alexander Turnbull Library heritage collections	333,202	(12,511)	320,691
Total revaluation reserves	359,900	(6,591)	353,309

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

Critical accounting estimates and assumptions

Land and residential buildings – Ministerial properties

The land and buildings were revalued in June 2019, 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 while COVID-19 continues to affect the property market, the overall effect is not high for this property type and so at 30 June 2021, the 2019 valuation is still deemed to be fair and reasonable.

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

In line with the Department's accounting policy, a new valuation of the boating facilities was undertaken as at 30 June 2021. The valuation was performed by RS Valuation Limited, a Licensed Real Estate Agent (REAA 2008) and registered independent valuer. The next valuation will be effective from 30 June 2024, in line with the Department's accounting policy.

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 next valuation will be effective from 30 June 2023, in line with the Department's accounting policy.

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. The next valuation will be effective from 30 June 2023, in line with the Department's accounting policy.

Alexander Turnbull Library heritage collections

The Alexander Turnbull Library Heritage Collections revaluation was undertaken in 2020. The valuation of the Photographic category could not be completed then but was undertaken for the 2021 year by independent valuer Dunbar Sloane. These valuations were based on market assessments and from other collections of a similar nature to the government collection. The next valuation will be effective from 30 June 2023, in line with the Department's accounting policy.

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. These loans 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 2020 \$000		Actual 2021 \$000
68,490	Balance at 1 July	56,579
-	Face value of repayable equity movement	19,089
(13,000)	Repayment of repayable equity	(13,000)
-	Less: fair value write-down at initial recognition	(336)
1,089	Interest unwind	866
56,579	Carrying value at 30 June	63,198
	Current and non-current apportionment	
12,330	Repayable equity – current	12,114
44,249	Repayable equity – non-current	51,084
56,579	Carrying value repayable equity	63,198

Further information

There was a capital injection in 2020/21 of \$19.089 million (2019/20: nil) for the transition project costs to amalgamate rural and urban fire services into a new unified organisation, Fire and Emergency New Zealand (FENZ).

FENZ repaid \$13 million to the Department in 2020/21 (2019/20: \$13 million).

The fair value of the repayable equity is \$63.198 million (2019/20: \$56.579 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 schedule of revenue and expenditure

Variances between 2020/21 actuals and the Main Estimates

The following major budget variances occurred between the 2020/21 Actuals and the 2020/21 Main Estimates.

	Actual 2021 \$000	Unaudited Main EST 2021 \$000	Variance \$000	Variance %
Schedule of non-Departmental revenue				
Total operating revenue	3,155	1,000	2,155	215%
Schedule of non-Departmental expenditure				
Total operating expenses	448,623	467,304	(18,681)	(4%)

Explanations for significant variances between the 2020/21 actuals and the Main Estimates are detailed below:

Operating revenue

Operating revenue was higher than budget by \$2.155 million mainly due to the following:

- higher value of accession of records received by Archives New Zealand and National Library of New Zealand during 2020/21, and
- grant refunds, dividends and interest are not budgeted for.

Operating expenses

Operating expenses were lower than budget by \$18.681 million mainly due to the following:

- lower travel costs mainly due to international and domestic travel restrictions resulting from the COVID-19 pandemic,
- lower demand than budgeted from foreign nationals who met the criteria for the support from COVID-19 Foreign National Support programme, and
- 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 lower than anticipated demand from the individuals participating in the activities of the Inquiry for counselling services and legal assistance.

This is offset by,

- higher Three Waters Infrastructure Investment and Service Delivery grants to territorial authorities, and
- higher grants distributed from the Safer Communities Fund.

Schedule of non-Departmental assets and liabilities

Variances between 2020/21 actuals and the Main Estimates

The following major budget variances occurred between the 2020/21 actuals and the 2020/21 Main Estimates.

	Actual 2021 \$000	Unaudited Main EST 2021 \$000	Variance \$000	Variance %
Schedule of non-Departmental assets				
Cash and cash equivalents	115,362	46,898	68,464	146%
Heritage Collections	1,502,380	1,695,075	(192,695)	(11%)

Explanations for significant variances between the 2020/21 actuals and the Main Estimates are detailed below:

Cash and cash equivalents

Cash and cash equivalents were higher than budget by \$68.464 million due to funding that was expected to be paid out or payable at year end to recipients but was not, primarily for:

- funding for the Three Waters Infrastructure Investment and Service Delivery grants to territorial authorities budgeted for but not payable to the territorial authorities as at year end,
- lower than budgeted payments to foreign nationals eligible for support from the time limited COVID-19 Foreign National Support programme,
- capital injections for Fire and Emergency New Zealand for rebuild and upgrade of fire stations that have not been drawn down as at year end,
- lower expenditure for counselling services and legal assistance than anticipated due to lower demand from individuals participating in the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions, and
- grant funding that was budgeted but that was not paid or payable at year end, for other grant schemes like Community-led Development and Digital Skills Grants

Heritage Collections

The Heritage Collections actual value was \$192.695 million lower than budget due to the decrease in value recognised in revaluation as at 30 June 2020. The valuation was completed after the Main 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 their 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 they no longer hold 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

2021	FBT	Airfares	Surface Travel	Total
	\$	\$	\$	\$
Lady Beverley Reeves	-	-	5,107	5,107
Dame Catherine Tizard	-	-	4,807	4,807
The Rt Hon Sir Michael Hardie-Boys	-	-	4,807	4,807
Dame Sylvia Cartwright	1,513	3,248	6,521	11,282
The Rt Hon Sir Anand Satyanand	1,251	3,094	4,892	9,237
Lt Gen the Rt Hon Sir Jerry Mateparae	1,875	1,377	5,176	8,428
Total	4,639	7,719	31,310	43,668

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

Former Prime Ministers

2021	FBT \$	Airfares \$	Surface Travel \$	Total \$
Lady Glen Rowling	323	503	8,532	9,358
Margaret Pope	-	-	8,532	8,532
The Rt Hon Sir Geoffrey Palmer	2,153	4,746	8,886	15,785
Yvonne Dereany	4,137	-	10,002	14,139
The Rt Hon Jim Bolger	5,334	2,051	13,348	20,733
The Rt Hon Dame Jenny Shipley	7,531	3,916	9,821	21,268
The Rt Hon Helen Clark	6,499	7,513	12,935	26,947
The Rt Hon Sir John Key	564	1,400	9,218	11,182
The Rt Hon Sir Bill English	4,207	-	11,231	15,438
Total	30,748	20,129	92,505	143,382

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