

15 Kohitaatea 2025

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E te rangatira e David, teenaa koe

### **Government accounting rules requiring capital investment for digitisation**

Thank you for your email, received on 1 December 2024, requesting information under the Official Information Act 1982 (the Act).

You have requested:

*“Could you provide more details about the government’s accounting rules that classify digitised material as an asset requiring capital investment? I am seeking an accountancy-focused explanation so that I can assess whether this classification might impact the digitization of material by other government agencies. Additionally, please clarify what is meant by “digitisation” in this context, including examples.”*

Te Rua Mahara o te Kaawanatanga Archives New Zealand (Te Rua Mahara) adheres to the Asset Accounting Policy in use by Te Tari Taiwhenua Department of Internal Affairs (the Department). It is standard accounting practice that where an asset is created, it is paid for by capital expenditure. The requirements for the use of capital and operational expenditure are all-of-government accounting rules, set by The Treasury according to the Public Finance Act 1989.

Assets are a resource or item owned by the Department or the Crown, with a lifespan of more than one year, that contribute to the Department being able to provide the goods and services that the Department is funded for, or that the Crown holds for the public good.

Departmental assets are assets that the Department has ownership and control over and are used to support its services and activities, for example buildings, office furniture, and software licences. Non-Departmental assets are assets the Department manages on behalf of the Crown, for example the National Library and Te Rua Mahara holdings, and Ministerial residences.

*Kia pono ai te rua Mahara – Enabling trusted government information*

In the Department's Asset Accounting Policy, 'digitisation' (or 'digitising records' specifically) is defined as the process of creating a digital copy of an original document or collection item, that will create a digital intangible asset. The policy applies **PBE IPSAS 31 Intangible Assets accounting standard** for the recognition of digital assets. A copy of the standard from the External Reporting Board can be found by the link below:

<https://www.xrb.govt.nz/standards/accounting-standards/public-sector-standards/standards-list/pbe-ipsas-31/>

Digital intangible assets can be Departmental or Non-Departmental, depending on their origin and original file format. In general, where the Department digitises records from Non-Departmental heritage collections, the digital intangible asset created would meet the definition of a Departmental asset.

However, when the Department is digitising an item expected to replace the original (e.g. audio-visual collections, where an original item has a limited lifespan due to degradation) or receives a digital transfer of 'born-digital' archives, for example, then the digital intangible asset would meet the definition of a Non-Departmental asset. These assets would be accessioned into Te Rua Mahara's holdings.

Our digitisation programme Te Maeatanga, including Te whakamatihiko-aa-tono Digitisation on demand user-paid service, received capital funding for the creation of Departmental digital intangible assets for access. This was funded by Crown capital until 30 June 2023 and then funded by internal Department capital until 30 June 2024. No further funding was available.

The Department has recently changed its accounting treatment of digital intangible assets by reassessing the estimated useful life of these assets. More information can be found on page 116 of the 2023/2024 Internal Affairs Annual Report, which can be accessed by the link below:

[https://www.dia.govt.nz/diawebsite.nsf/Files/2023-24-DIA-Annual-Report/\\$file/2023-2024-Internal-Affairs-Annual-Report.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/2023-24-DIA-Annual-Report/$file/2023-2024-Internal-Affairs-Annual-Report.pdf)

Please contact [oca@dia.govt.nz](mailto:oca@dia.govt.nz) if you have any questions about this response.

Please note that in cases where our response provides information that is identified to be of public interest, the response may also be published on the Department's website. If the Department publishes its response to your request under the Act, all personal information, including your name and contact details, will be removed.

You have the right under section 28 of the Act to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint can be found at <https://www.ombudsman.parliament.nz/> or freephone 0800 802 602.

Ngaa mihi, naa

A handwritten signature in black ink, appearing to read 'Taila Roth', with a long horizontal flourish extending to the right.

**Taila Roth**  
Acting Poumanaaki Chief Archivist