



Hawke's Bay Museums Trust ***Ruawharo Ta-u-rangi***

STATEMENT OF INTENT 2020 – 2022

The Hawke's Bay Museums Trust is a Council Controlled Organisation as three of the five members of the Board are either the two Councils' respective nominees, or the jointly appointed chair.

As a Council Controlled Organisation, the Trust acknowledges the 2012 and 2019 amendments to the Local Government Act 2002.

The Objectives of the Trust are:

- To hold and protect the collection for the people of Hawke's Bay
- To encourage the development of quality cultural facilities capable of accessing or drawing upon the collection within Hawke's Bay
- To advance and promote cultural heritage and the arts through the use of the collection
- To oversee collection management through the development of collection policy, conservation and risk management strategies via a contract for services with the Napier City Council
- To oversee collection development through the regulation of the acquisition and disposal of collection items
- To manage the bequests vested in the Trust in a way in which best industry practices benefit to the collection.

Governance of the Trust is:

The Board is constituted to have five members appointed as follows:

- One appointed by the Napier City Council
- One appointed by the Hastings District Council
- One appointed by the Hawke's Bay Museums Foundation Charitable Trust
- One by Ngati Kahungunu Iwi (Incorporated)
- One Chairperson who is jointly appointed by the Napier City Council and the Hastings District Council.

The Trust Board will govern on a high-level strategic direction basis. It will ensure regional balance and Iwi representation. It will undertake a management agreement with Napier City Council for the care and management of the regional collection.

The strategic intentions of the Trust for 2020-2022 are:

The Trust will:

- work closely with the Napier City Council and the Hastings District Council and other local authorities in the Hawke's Bay region to promote public appreciation of the collection
- consult regularly with the Director of MTG to advance the standing of the MTG in the community and further afield
- review annually the performance of the Napier City Council in the execution of its contract for care and management of the collection
- ensure that the Trust's investment policy is managed in a manner that satisfies the guiding principles set by Hastings District Council and Napier City Council for their own investment policies.

- work closely with Napier City Council, Hastings District Council and Hawke's Bay Regional Council to determine a solution to develop long-term storage for the collection.

The Nature and Scope of Activities to be undertaken by Napier City Council are outlined below. These activities will be achieved in accordance with agreed best industry practice and consistent with HBMT policies and procedures.

1) Protection

- Storage including pest control, storage media, shelving and air quality
 - Pest control
 - Storage media
 - Shelving
 - Air quality
- Security including alarm and access systems and monitoring, and insurance
 - Alarm systems (burglary, fire)
 - Alarm monitoring
 - Access systems
 - Insurance (loan items, owed items)
- Records Management including Vernon database and other records
 - Vernon database
 - Other records

2) Quality including conservation, accessioning and de-accessioning.

- Conservation - appropriate conservation to accepted best industry practice and consistent with HBMT collection policies.
- Accessioning - appropriate accessioning to accepted best industry practice consistent with HBMT collection policies.
- De-accessioning - appropriate de-accessioning to accepted best industry practice consistent with HBMT collection policies.

3) Access including exhibitions, research and archives.

- Exhibitions - Collection available to Hastings City Art Gallery and MTG Hawke's Bay and other institutions as appropriate within accepted best industry practice.
- Research - Collection made available through MTG Hawke's Bay as appropriate within accepted best industry practice.
- Archives - Archives made available through MTG Hawke's Bay as appropriate within accepted best industry practice.

4) Development including fundraising, reserves management and relationship development.

- Fundraising - To work with the MTG Hawke's Bay Foundation to provide funding.
- Reserves - To appropriately manage accession reserves.
- Relationships - To appropriately manage relationships to allow the collection to develop appropriately.
 - Funding Councils
 - Te Rōpū Kaiawhina Taonga
 - MTG Friends

Accounting Policies adopted by the Hawke's Bay Museums Trust will be:

Reporting entity

The Hawke's Bay Museums Trust is registered under the Charitable Trusts Act 1957 and is registered as a charitable entity under the Charities Act 2005.

Statutory base

The financial statements will be prepared in accordance with Part 3 (Audits and Reports), Section 15, of the Public Audit Act 2001.

General accounting policies

The general accounting policies recognised as appropriate for the measurement and reporting of results and financial position under the historical cost method as modified by any revaluation of certain assets, will be followed in the preparation of the financial statements.

The Board has elected to apply PBE-SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million. The financial statements will be prepared on the assumption that the Trust will continue to operate in the foreseeable future. All transactions in the financial statements will be reported using the accrual basis of accounting

Specific accounting policies**Bank Accounts and Cash**

Bank Accounts and Cash comprise cheque or savings accounts and deposits held on call with banks.

Investments

Investments comprise bank term deposits. Investments will be stated at lower of cost or net realisable value.

Interest Revenue

Interest revenue will be recorded as it is earned during the financial year, and accrued at year-end.

Accounts receivable

Any accounts receivable will be stated at their estimated net realisable value.

Grants

Any grants received will be recognised in the Statement of Financial Performance when the requirements under the grant agreement are met. Any grants for which the requirements under the grant agreement are not completed will be carried as liabilities until the conditions are fulfilled.

Donated Assets

Revenue from donated assets will be recognised upon receipt of the asset if the asset has a useful life of more than 12 months and the value of the asset is readily obtainable and significant.

Artworks and Collection

The Trust has elected to apply Public Sector Accounting Standard 17 – Property, Plant and Equipment (PBE IPSAS 17). Items contained in collection assets tend to have an indefinite life, and are generally not of a depreciable nature. Depreciation will therefore not be applicable and collection assets will be carried at fair value. Carrying values will be reviewed at least every three years by an independent qualified valuer, to ensure those values are not materially different from fair value. Carrying values will be reassessed annually in the intervening years.

Purchases of collection items will be recorded at cost, and donated collection assets will be recorded without attached values at the time of acquisition. These values will be captured during annual update revision of the valuation as noted above.

Creditors and Accrued Expenses

Creditors and accrued expenses will be measured on the amount owing.

Goods and Services Tax (GST)

The Trust is registered for GST. The Statement of Financial Performance will be prepared so that components are stated exclusive of GST. All items in the Statement of Financial Position will be stated net of GST, with the exception of receivables and payables, which will include GST invoiced.

Income tax

Hawke's Bay Museums Trust is exempt from paying income tax.

Changes in accounting policies

Any changes in accounting policies will be clearly signified and quantified.

Performance Targets

Key Result Area	Performance Indicator	Target/Reporting Method	
		2020/21 target	2020/21 actual
Protection	Full insurance cover is provided for the collection.	Yes	
	Collections are stored in an acceptable environment.	No items reported to have suffered deterioration due to environment	
Quality	Every item accessioned into the collection has undergone a detailed selection process within the framework of the Collection Strategy	Yes	
	De-accessions are managed in accordance with the Collection Strategy and reported to the Board	Yes	
Access	HBMT collections are used for academic and personal research	1,500 enquiries	
	Collections are made available to the public through quality exhibitions	2 - 5 collection-based exhibitions	
Development	Bequest funds income is used in the manner determined by the donor.	Yes	
	Conservation funds income is used solely for collection care.	Yes	
	Joint HBMT/Te Rōpū Kaiawhina Taonga meeting held.	1 per annum	

Hawke's Bay Museums Trust Financial Performance Targets

Financial Performance	2020/21	2021/22	2022/23
Revenue			
Council Funding (NCC & HDC)*	1,191,729	1,217,617	1,244,075
Interest Income **	16,700	16,700	16,700
Donations	6,000	6,000	6,000
Total Revenue	1,214,429	1,240,317	1,266,775
Expenses			
Management Fee & Education Grant	958,829	979,923	1,001,482
Off-Site Storage	180,000	183,960	188,007
Education Grant (LEOTC)	15,000	15,000	15,000
Trust Admin & Management	28,300	28,923	29,559
Audit, Insurance & Legal etc***	9,600	9,811	10,027
Conservation	11,350	11,350	11,350
Accessions	11,350	11,350	11,350
Total Expenses	1,214,429	1,240,317	1,266,775
Surplus/(Deficit)	0	0	0
Financial Ratio Target:			
Ratio of Shareholders Funds to Total Assets **** (minimum ratio):	95%	95%	95%

* Net Council Funding results from inflation-adjusting some of the Trust's expenses in accordance with the same inflation rates used in both Councils' Annual Plans. Future year Statement of Intent Financial Targets (for 2021/22 and 2022/23) may differ from the above targets.

** Interest income is based on maintaining capital funds at present levels with projected interest rates, and therefore no inflation adjustment is applied. Early spending of these funds will reduce the interest income.

*** Audit, Insurance & Legal etc for 2020/21 includes Audit Fees \$5,350, Insurance \$2,288, Legal Fees \$1,600, Charities Filing \$45, MYOB Subscription \$255, and Sundries \$62.

**** The ratio of Shareholders Funds to Total Assets measures the percentage of assets on which equity holders have a residual claim. Shareholders Funds is the amount of equity that belongs to the shareholders and represents an estimate of the amount the shareholders would receive if the Trust liquidated. Assets are the resources, for which the Trust has ownership or guardianship, that can be measured and expressed in dollars.

Other than the funding shown in Financial Targets above, no additional council funding is requested. No dividend back to the two contributing councils is recommended.

Compensation from Local Authority

The costs of maintaining the collection will be equally funded by Napier City Council and Hastings District Council. Additional funding may be sought from other sources as appropriate.

Capital Expenditure

There is no planned expenditure on 'Buildings' or 'Plant and Machinery' for the 2020-2022 periods. Accessions and conservation will be funded from grants, donations, de-accessions, and bequest and investment interest income.

Hawke's Bay Museums Trust Projected Statements of Financial Position

Projected Statements of Financial Position	30/6/2021	30/6/2022	30/6/2023
Current Assets			
Bank Accounts and Cash	44,438	44,561	44,687
Investments	625,260	625,260	625,260
Prepayments and Accrued Revenue	3,409	3,409	3,409
Total Current Assets	<u>673,107</u>	<u>673,230</u>	<u>673,356</u>
Non-Current Assets			
Artworks and Collection	41,909,429	41,920,779	41,932,129
Total Non-Current Assets	<u>41,909,429</u>	<u>41,920,779</u>	<u>41,932,129</u>
Total Assets	<u>42,582,536</u>	<u>42,594,009</u>	<u>42,605,485</u>
Current Liabilities			
Accounts Payable and Accruals	5,588	5,711	5,837
GST Payable	164	164	164
Unspent Grants	0	0	0
Total Current Liabilities	<u>5,752</u>	<u>5,875</u>	<u>6,001</u>
Non-Current Liabilities			
Trust Funds Held on Behalf	75,260	75,260	75,260
Total Non-Current Liabilities	<u>75,260</u>	<u>75,260</u>	<u>75,260</u>
Total Liabilities	<u>81,012</u>	<u>81,135</u>	<u>81,261</u>
Accumulated Funds			
Retained Earnings	1,588,336	1,599,686	1,611,036
Asset Revaluation Reserve	40,375,979	40,375,979	40,375,979
Special Funds	537,209	537,209	537,209
Total Accumulated Funds	<u>42,501,524</u>	<u>42,512,874</u>	<u>42,524,224</u>
Total Funds Employed	<u>42,582,536</u>	<u>42,594,009</u>	<u>42,605,485</u>

Financial Reports

Full and final audited accounts will be included in the 2020/21 Annual Report.

Reporting against intended performance

The 2020/21 Annual Report will include comparisons of both financial and non-financial performances against the relevant targets outlined in this Statement of Intent.

Compensation from Local Authority

The Board estimates the commercial value of the Hawke's Bay Museums Trust collection will be \$41.9 million (including the Faraday Collection). The collection is revalued at least every three years by an independent registered valuer, to ensure carrying values are not materially different from fair value.

Faraday Centre

Trustees are reviewing the future direction of the Faraday Centre. This includes potentially separating this activity from the Hawke's Bay Museums Trust when an appropriate and sustainable model is identified.