



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

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### STATEMENT OF INTENT 2022-24

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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 2022-2024 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	
		2021/22 target	2021/22 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	Note	2021/22	2022/23	2023/24
<b>Revenue</b>				
Council Funding (NCC & HDC)	A	1,187,234	1,222,401	1,257,416
Interest Income	B	5,300	4,330	4,240
Donations		10,000	10,000	10,000
Total Revenue		1,202,534	1,236,731	1,271,656
<b>Expenses</b>				
Management Fee & Education Grant		969,533	998,619	1,027,579
Off-Site Storage	E	164,001	168,921	173,820
Education Grant (LEOTC)		15,000	15,000	15,000
Trust Admin & Management		28,800	29,664	30,524
Audit, Insurance & Legal etc	C	9,900	10,197	10,493
Conservation		7,650	7,165	7,120
Accessions		7,650	7,165	7,120
Total Expenses		1,202,534	1,236,731	1,271,656
<b>Surplus/(Deficit)</b>		0	0	0
<b>Financial Ratio Target:</b>				
Ratio of Shareholders Funds to Total Assets (minimum ratio):	D	95%	95%	95%

- A 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 (2023 3% and 2024 6%). Future year Statement of Intent Financial Targets may differ from the above targets.
- B 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.
- C Audit, Insurance & Legal etc for 2021/22 includes Audit Fees \$5,610, Insurance \$2,270, Legal Fees \$1,600, Charities Filing \$45, MYOB Subscription \$255, and Sundries \$62.
- D 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.
- E Please note we have assumed the off-site storage facility will continue to be leased for the next three years. There has been a new storage facility obtained by Hastings District Council, it is not yet known when this will be available for the HB Museum Trust collection or the associated costs.

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 2022-2024 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	30/6/2022	30/6/2023	30/6/2024
<b>Current Assets</b>			
Bank Accounts and Cash	19,162	19,162	19,162
Investments	655,260	655,260	655,260
Prepayments and Accrued Revenue	6,692	6,692	6,692
<b>Total Current Assets</b>	<b>681,114</b>	<b>681,114</b>	<b>681,114</b>
<b>Non-Current Assets</b>			
Artworks and Collection	41,106,061	41,173,226	41,180,346
<b>Total Non-Current Assets</b>	<b>41,106,061</b>	<b>41,173,226</b>	<b>41,180,346</b>
<b>Total Assets</b>	<b>41,787,175</b>	<b>41,854,340</b>	<b>41,861,460</b>
<b>Current Liabilities</b>			
Accounts Payable and Accruals	5,940	6,090	6,240
GST Payable	-1,377	-1,397	-1,417
<b>Total Current Liabilities</b>	<b>4,563</b>	<b>4,693</b>	<b>4,823</b>
<b>Non-Current Liabilities</b>			
Trust Funds Held on Behalf	75,260	75,260	75,260
<b>Total Non-Current Liabilities</b>	<b>75,260</b>	<b>75,260</b>	<b>75,260</b>
<b>Total Liabilities</b>	<b>79,823</b>	<b>79,953</b>	<b>79,953</b>
<b>Accumulated Funds</b>			
Retained Earnings	1,629,937	1,636,972	1,643,962
Asset Revaluation Reserve	39,530,051	39,530,051	39,590,051
Special Funds	547,364	547,364	547,364
<b>Total Accumulated Funds</b>	<b>41,707,352</b>	<b>41,774,387</b>	<b>41,781,377</b>
<b>Total Funds Employed</b>	<b>41,787,175</b>	<b>41,854,340</b>	<b>41,861,460</b>

### Financial Reports

Full and final audited accounts will be included in the 2021/22 Annual Report.

### Reporting against intended performance

The 2021/22 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 which includes potentially separating this activity from the Hawke's Bay Museums Trust when an appropriate and sustainable model is identified.