



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

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## STATEMENT OF INTENT 2019 – 2021

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The Hawke's Bay Museums Trust is a Council Controlled Organisation as two of the five members of the Board are Council nominees.

As a Council Controlled Organisation the Trust acknowledges the 2012 amendment of 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 2019-2021 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 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 any assets will be followed in the preparation of the financial statements.

The Trust qualifies as a Not-for-Profit (NFP) public benefit entity (PBE) for financial reporting purposes and is classified as a Tier 3 PBE reporting entity. It is therefore eligible to elect to report in accordance with PBE Simple Format Reporting - Accrual (Not-for-Profit) (PBE SFR-A (NFP)) on the basis that it does not have public accountability (as defined in XRB A1 (FP Entities + PS PBEs + NFPs -FP T3 + T4 Update)) and it has total expenses less than or equal to \$2 million.

### **Specific accounting policies**

This Statement of Intent has been prepared on the basis that the Hawke's Bay Museums Trust is a going concern.

### **Accounts receivable**

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

### **Inventory**

Any inventory will be stated at the lower of cost and net realisable value on a FIFO basis after due allowance for damaged and obsolete stock.

### **Investments**

Investments will be stated at lower of cost or net realisable value.

### **Grants**

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

### **Artworks and Collection assets**

The Board considers it is a custodian of the Collection and as the collections 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.

An independent qualified valuer provides a three-yearly full revaluation of the collection. Carrying values will be reassessed annually in the intervening years.

Purchases of collections 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.

### **Goods and Services Tax (GST)**

The Statement of Financial Performance will be prepared so that components will be 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	
		2019/20 target	2019/20 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	Minimum of 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 Targets

<b>Financial Performance</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Revenue</b>			
Council Funding (NCC & HDC)*	1,182,520	1,208,205	1,234,455
Interest Income **	20,100	20,100	20,100
Donations	5,000	5,000	5,000
Total Revenue	1,207,620	1,233,305	1,259,555
<b>Expenses</b>			
Management Fee & Education Grant	950,620	971,534	992,907
Off-Site Storage	180,000	183,960	188,007
Education Grant (LEOTC)	15,000	15,000	15,000
Trust Admin & Management	27,900	28,514	29,141
Audit, Insurance & Legal etc***	9,000	9,197	9,400
Conservation	12,550	12,550	12,550
Accessions	12,550	12,550	12,550
Total Expenses	1,207,620	1,233,305	1,259,555
<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Ratio Target:</b>			
Ratio of Shareholders Funds to Total Assets (minimum ratio): (Measures the percentage of assets on which equity holders have a residual claim)	95%	95%	95%

\* Council Funding has been inflation-adjusted according to the assumptions used by both Councils' Ten Year Plans, but the future year adjustments for 2020/21 and 2021/22 may differ from the above targets.

\*\* Interest income is based on maintaining capital funds at present levels – early spending of these funds will reduce the interest income.

\*\*\* Audit, Insurance & Legal etc for 2019/20 includes Audit \$5,275, Insurance \$2,080 and Legal \$1,600 and Charities \$45.

No dividend is recommended.

No additional Council funding is requested.

### Capital Expenditure

There is no planned expenditure on buildings or plant and machinery for the 2019-2021 periods. Accessions and conservation will be funded from grants, donations, de-accessions, and bequest and investment interest income.

### 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 a sustainable model is identified.

### Financial Reports

These will be inserted as the 2019/20 final audited accounts.

### 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.

The Board estimates the commercial value of the Hawke's Bay Museums Trust collection at \$40 million (including the Faraday Collection).

**Reporting against intended performance**

An Annual Report will be prepared which will include a comparison of performance with the relevant Statement of Intent.