

1 Introduction

This statement is submitted by the Tasman Bays Heritage Trust (the Trust) as a Council Controlled Organisation of Nelson City Council and Tasman District Council (the stakeholders), and in terms of Section 64 of the Local Government Act, 2002, and sets out the intentions and expectations of the Trust for the period **1 July 2011 - 30 June 2012**. This is the lead document and is accompanied by the Strategic Plan agreed by the Board of Trustees.

2 Principal Objectives

The aim of the Trust shall be to:

- 2.1 foster, promote and celebrate a sense of history and awareness of the importance of the Nelson and Tasman region's heritage and identity and the relationship of the Tangata Whenua as kaitiaki of taonga Maori within the rohe of Te Tai Ao; and
- 2.2 be a good employer; and
- 2.3 exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- 2.4 conduct all trading affairs in accordance with sound business practice.

3 Governance Statement

3.1 Structure, Function and Obligations of the Board.

3.1.1 The Role of the Board

- To set policy.
- Ensuring the Trust meets its objectives approved in the Deed of Trust, Statement of Intent and Memorandum of Understanding with the two Council stakeholders.
- Ensuring the Trust complies with all its lawful obligations.
- Ensuring sound financial management of the Trust.
- Ensuring the stakeholders are kept well informed on all relevant issues, and that there are no surprises on matters likely to cause community or political concern.
- Encouraging the stakeholders to take an active and positive role in ensuring that the museum meets its objectives and continues to aim for sustainable growth within the community
- Employing the Chief Executive (including entering into a performance management agreement, reviewing performance and setting remuneration).

3.1.2 Composition of the Board

- The Board is made up no more than seven, nor less than five, non-executive Trustees.
- The appointment, rotation and removal of Trustees shall be in accordance with the procedures defined in the Deed of Trust.
- Two trustees will be putting their names forward for reappointment in 2010. This will be one year in advance of their first three year term.
- This enables the Trust to reestablish a staged rotation and will assist the continuity and delivery of governance.

3 Governance Statement continued

3.2 Guidance and Resources Provided to Board Members

3.2.1 Resources available to Board members to carry out their duties:

Sound financial management systems that provide Board reports as follows:

- Statement of Financial Position for the preceding month and year to date.
- Statement of Financial Performance for the preceding month and year to date.
- Statement of Cash Flow for the preceding quarter and forecast for next quarter.
- Schedule of Fixed Assets for the preceding quarter and year to date.
- Chief Executive's report addressing issues related to the Trust and Museum performance against objectives (financial and non-financial).

3.2.2 The Board will ensure that relevant training opportunities and an induction kit are made available to Trustees.

3.2.3 Code of Conduct:

- All Board members shall observe the Governance Charter, 2008.
- All Board members will be required to comply with the New Zealand Institute of Directors "Code of Proper Practice for Directors".
- All Board members will apply their best endeavours to ensure the Trust achieves the financial, cultural, social and environmental objectives defined in Section 2 of this document.
- All Board members will apply their best endeavours to ensure the Trust complies with the requirements of its Deed of Trust, Memorandum of Understanding and the statutory compliance of the annual Statement of Intent and Strategic Plan.
- All Board members will apply their best endeavours to ensure the Trust complies with the Museums Aotearoa code of ethics.

3.3 Significant Policies in Place for Accountability

3.3.1 The Board shall ensure the Trust complies with the reporting requirements outlined in Section 7 of this document.

3.3.2 Risk Management Policies:

- The Board shall ensure that appropriate insurance is maintained on all insurable risks of the Trust, and in particular public liability insurance.
- The Board shall ensure that the Trust has systems in place to achieve compliance with the Health & Safety in Employment Act 1992 and subsequent amendments.
- The Board shall review appropriate security measures to safeguard assets (cash, collection, archives) and staff handling of such assets.

3.3.3 Remuneration

- Trustees may with the prior approval of both Councils, and in accordance with the Terms of the Deed of Trust, resolve to pay themselves an annual remuneration.

4 Nature and Scope of Activities

The objects for which the Trust is established are detailed in the Deed of Trust:

- To manage and operate the Museum in accordance with the Strategic Plan, to manage the Trusts assets and facilities, and acquire and manage the collections, including research collections of archives, library and photographs, and to operate them for the benefit of the residents of the region and the public generally, in accordance with the Strategic Plan;
- To recognise the special nature of the history of the region and the role of Tangata Whenua as kaitiaki of taonga Maori and special contribution to the heritage and identity of Te Tai Ao;
- To support the strategic direction and policies of Nelson City Council and Tasman District Council in relation to cultural heritage issues and to enhance the special character of the region by protecting and celebrating its heritage and promoting it as a destination for cultural tourism (in association with nelsontasman tourism, other regions and Tourism NZ);
- To foster support from a wide network including employees, volunteers, iwi komiti, life associates, ratepayers and residents, educational providers, domestic and international visitors, heritage and other interest groups, corporate sponsors, private donors and supporters, philanthropic / funding agencies, Museums Aotearoa and departments of the New Zealand government;
- To foster effective participation with the community on heritage matters;
- To develop exhibition programmes and education policies for the Trust facilities and Museum services, with a view to maximising public utilisation of these facilities and services in Nelson city and at Isele Park.
- To provide services which relate to the education of the residents of the Nelson and Tasman region, the rohe of Te Tai Ao, and the wider community generally, relating to the region's past history and heritage issues relating to the present time; via exhibitions, our website and direct and electronic access to collections;
- To collaborate with other museums and facilities within the region to maximise community input into heritage issues;
- To develop and maintain partnership programmes with other Museums;
- To consult with and seek input from the community generally by whatever manner the Trustees deem appropriate to enable the services provided by the Trust and the Museum to be in accordance with the wishes of the community;
- To retain Acquisition, Deaccession, Exhibition and Collection Policies for the Trust;
- To provide all financial, administration, marketing, technology and other services required for the Trust facilities;
- To acquire land and other assets where such land or other assets can be used in conjunction with the Trust facilities or to promote the aims and objectives of the Trust;
- To ensure that all facilities are managed effectively;
- To comply with all relevant legislation and regulations and, where practicable, observe, support all international conventions and treaties as they relate to museums and items held by museums;
- To protect and manage for the benefit of the Museum all intellectual property, including trademarks, copyright and any reproduction rights;

Generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the objects and aims of the Trust set out above.

5 Accounting Policies

The reporting entity is Tasman Bays Heritage Trust. The financial year is the treasury year from 1 July until 30 June. The financial statements will be presented in accordance with NZ International Financial Reporting Standards [NZ IFRS] NZ GAAP and the NZ Financial Reporting Act 1993.

5.1 Measurement Base

The financial accounting policies recognised which materially affect the measurement of financial performance and financial position will be applied.

5.2 Good and Services Tax

The financial statements will be prepared so that all components are stated exclusive of Goods and Services Tax.

5.3 Fixed Assets

Tasman Bays Heritage Trust has the following classes of assets:

- Land, Buildings and Improvements
- Plant and Equipment
- Exhibition Fit Outs
- Office Furniture and Fittings
- Collections

All fixed assets acquired from the Nelson Provincial Museum in 2000-01 were recorded at their previous book value. A revaluation was conducted for audit purposes in 2006. The most recent revaluation will be effective from 1 July 2009. Subsequent additions are recorded at cost. Collection assets donated to, or acquired by, the Trust are recorded.

5.4 Depreciation

The Trust adheres to its Depreciation Policy. Each asset group has been assigned an appropriate depreciation rate calculated to allocate asset costs over their estimated life. Land and Buildings are assessed on Fair Value. A new schedule was adopted in 2009-10.

5.5 Financial Instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include; bank accounts, short-term deposits, accounts receivable, accounts payable and loans.

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

All financial instruments are recognised in the Statement of Financial Position.

5.6 Employee Entitlements

Provision is made in respect of the Trust's liability for annual leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay.

5.7 Audit and Risk Management Advisory Committee

This board advisory committee was established in 2008-9 to consider all financial and accounting information and to identify and assist the management of the risk framework.

6 Performance Targets

6.1 Annual Objectives

As detailed in the Strategic Plan document.

- Governance, Financial and Strategic Performance Objectives
- Service Performance Objectives

6.2 Governance Obligations

- Operate within the annual budget at all times.
- Consult with Te Tai Ao Komiti to assist with kaitiakitanga of taonga Maori.
- Maintain the Research Library and catalogue and care for the NPM collection at IseI Park.
- Prioritise strategies that contribute towards sustainable growth and future certainty.
- Open the Nelson city facility at TA 445 to the public for 363 days per year and to steadily grow annual visitor numbers year on year. Operate within the annual budget at all times.
- Protect the NPM collection in accordance with Museums standards and legal requirements.

7 Reporting to Stakeholders

Financial reports will be provided to stakeholders in accordance with statutory compliance.

7.1 Draft Statement of Intent (SOI)

The Trust will begin development of the SOI by 30 November in each year. No later than 28 February in each year, the Trust will deliver to the stakeholders a DRAFT Statement of Intent [SOI], Strategic Plan and Budgets which fulfill the requirements of LGA 2002 (Section 64).

7.2 Completion of Statement of Intent (SOI)

The stakeholders' comments on the draft are to be received no later than 30 April. After due consideration, the Trustees will deliver to the stakeholders a FINAL SOI for the stakeholders approval, on or before the 30 June each year.

7.3 Strategic Plan

A Strategic Plan prepared in accordance with Section 29 of the Deed of Trust will be included in the DRAFT and FINAL SOI. The Strategic Plan will include:

Performance objectives and Proposed budget (year 1) and Indicative budgets (years 2 & 3)

7.4 Half Year Report

After the end of the half year (31 December) of the financial year the Trust will deliver to the stakeholders a brief un-audited report containing the following information in respect of the period under review (due no later than 28 February).

- Statement of financial performance disclosing actual & budgeted revenue and expenditure (P&L) and comparative figures from previous half year report.
- Statement of financial position at the end of the period.
- Statement of cash flow.
- A Trust commentary on the results for the period, including progress against objectives in the Statement of Intent and the Strategic Plan. An outlook for the second half year, with reference to any significant factors that are likely to have an effect on performance.

7 Reporting to Stakeholders continued

7.5 Annual Report

On or before 30 September, the Trustees shall deliver to the stakeholders an annual report which fulfils the statutory requirements of LGA 2002 (Section 67) and prepared to comply with NZ International Financial Reporting Standards (IFRS) and audited financial statements in respect of the financial year containing at least the following information:

- A report including a summary of the financial results, a review of operations and comparison of performance in relation to objectives in the Statement of Intent and the Strategic Plan.
- Statement of financial performance disclosing actual and budgeted revenue and expenditure and comparative figures from previous annual reports.
- Statement of financial position at the end of the year.
- Statement of cash flows.
- Auditor's report on the above statements and the measure of performance in relation to the declared objectives.
- The annual report is to be available for public for inspection (on the NPM website).

8 Procedure for Acquisition of Other Interests

If the Trustees believe that Tasman Bays Heritage Trust should invest in or otherwise acquire any interests in any other organisation, or property, they will obtain the approval of both stakeholding Councils. This will require a resolution passed by each Council.

9 Funding from Local Authorities

An annual funding contribution shall be made to the Trust (NPM) as an operational grant, in accordance with the funding agreement in the Memorandum of Understanding. This grant and other Council funding such as Trustee fees or special funds will be clearly identified by the Trust in the SOI budgets. The confirmation of funding requires the approval of each Council by resolution. Council provisions for the Trust (NPM) will be disclosed in each Councils ten year Long Term Council Community Plan [LTCCP], annual plans and annual reports. The Trust will submit all funding requests to the two Councils in accordance with due process. The Trust will submit to the Councils LTCCP for capital expenditure funding support for development or investment projects.

10 Estimate of the Trusts Value

The estimated net asset worth of Tasman Bays Heritage Trust at **30 June 2010** was **\$16,602,634**. The Trustees note that the collections of the museum were last valued in 2005 and that minimal value has been applied to recent donations to the collections. Significant donations are examined by independent valuers and are noted in the annual accounts. The valuation of properties and fixed assets was completed in 2009, the next date for these valuations is 2014.

11 Dividend Policy

As a non-profit charitable trust the Councils are stakeholders rather than shareholders. There is no issue of shares and no mechanism for dividends. However, the Trust anticipates, through delivery of performance objectives, that an annual, non-financial dividend will be returned to our wider community through a contribution to the social and cultural well being of the region.

12 Insurance

On behalf of the Trustees, Tasman Bays Heritage Trust will purchase Trustees' indemnity insurance. The Trustees will in return sign a declaration that such insurance is fair, as required by the Companies Act 1993. The Trust will ensure that appropriate insurance is maintained on all inwards loans, buildings owned by the Trust, and in particular public liability insurance.

**Tasman Bays Heritage Trust
Statement of Intent 2011 – 2012**

**SOI FINAL / 7.07.2011
STATUTORY REQUIREMENTS**

<u>TBHT FINANCIALS</u>	<u>2010-11 BUDGET</u>	<u>2011-12 BUDGET</u>	<u>2012-13</u>	<u>2013-14</u>
Reserve Bank CPI - 31 December	Act. CPI @ 2.0%	Act. CPI @ 4.0%	Est. CPI @ 4.0%	Est. CPI @ 4.0%
REVENUE				
Council Ops Grants	1,468,800	1,527,552	1,588,654	1,652,200
Trustee Fees	56,100	58,344	60,678	63,105
Council Grant-Collections	-	67,000	-	-
TOTAL COUNCILS	1,524,900	1,652,896	1,649,332	1,715,305
LEOTC Contract (Fixed)	82,190	82,190	82,190	-
Project Grants Contra	50,000	100,000	104,000	108,160
Other	196,950	152,150	158,236	164,566
TOTAL REVENUE	1,854,040	1,987,236	1,993,758	1,988,031
<u>EXPENDITURE</u>				
Staffing	589,800	656,876	683,151	710,477
Education Contractors	112,190	82,190	82,190	-
Council Grant- Collections	-	67,000	-	-
Property	172,671	177,969	185,087	192,491
Other	73,500	109,680	114,068	118,630
DIRECT COSTS	948,161	1,093,715	1,064,496	1,021,598
Project Grants Contra	50,000	100,000	104,000	108,160
GROSS SURPLUS	855,879	793,521	825,262	858,273
Overheads	246,509	220,564	229,386	238,562
Interest Costs	182,000	165,506	167,925	165,170
Trustee Fees	56,100	58,344	60,678	63,105
TOTAL EXPENSES	484,609	444,414	457,989	466,837
NET OP SURPLUS	371,270	349,107	367,273	391,436
Less INTEREST – NCC/TDC	146,738	157,010	-	-
Less DEPRECIATION	358,785	258,613	268,957	279,715
SURPLUS/DEFICIT	(134,253)	(66,516)	98,316	111,721

2011-12 NOTATIONS TO BUDGET

1. 31 Dec 2010 CPI rate of 4%. The total funding from Councils is for operational costs (including trustee fees).
2. The Trust has requested an increase to the current level of service and Collections Management staffing.
3. The Councils operational grant provides for staffing as well as property, governance, compliance and finance costs.
4. Other Revenue includes admissions, donations and sponsors that fund the exhibition programme. Projects are by application.
5. Education is budgeted to 30 June 2013 when the current contract with the Ministry of Education will be completed.
6. Property costs have increased with the addition of the low risk storage bays at Elms Street, Whakatu Industrial Estate.
7. Primary Loan (NBS) of \$1,500,000 is budgeted at 8.5%, with repayment of principal and interest from 2009-10.
8. J A Cross Bequest, Collections and Exhibitions Reserves are investments. These are NPM specific purpose funds.
9. A revaluation of assets is effective from 1 July 2009. The depreciation schedule was amended in accordance with IRD.
10. These budgets contain no expectation of capital expenditure or development until the LTCCP 2012-2022.

NELSON CITY COUNCIL

Date _____

TASMAN DISTRICT COUNCIL

Date _____

TASMAN BAYS HERITAGE TRUST

Date _____