

## **TASMAN BAYS HERITAGE TRUST**

### **Governance Statement: Structure, Function and Obligations of the Board**

#### **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)

#### **Composition of the Board**

- The Board is made up of 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 and the Council's policy and procedure for the joint appointment of directors/trustees of Council Controlled Organisations and Council Controlled Trading Organisations

#### **Guidance and Resources Provided to Board Members**

Resources available to Board members to carry out their duties:

- Sound financial management systems that provide Board reports as follows:
  - 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, including health and safety)
- The Board will ensure that relevant training opportunities and an induction kit are made available to Trustees

#### **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 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
- Board members are expected to devote the time, diligence, effort and commitment to allow the Board to achieve its objectives
- Board members will undertake a review of their performance every 18 months and work towards rectifying any issues identified

### **Significant Policies in Place for Accountability**

The Board shall ensure the Trust complies with the reporting requirements of the Local Government Act, the Trust Deed and those outlined in this document.

### **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 and Safety at Work Act 2015* and subsequent amendments
- The Board shall review appropriate security measures to safeguard assets (cash, Collection, archives) and staff handling of such assets
- The Chief Executive maintains a full Risk Register for all Museum operations. The Trust Audit & Risk reviews the full document quarterly, and newly identified or significant risks are reported to the full Board monthly. Risks identified include natural hazards and information technology failures (malicious and otherwise) causing business interruption.

### **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

### **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 Trust's 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 Māori and their special contribution to the heritage and identity of Te Tau Ihu
- 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 NRDA - Nelson Regional Development Agency)

- To foster support from a wide network including employees, volunteers, iwi, 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 at the Museum in Nelson City and the Collections Research Facility at Isel Park
- To provide services that relate to the education of the residents of the Nelson and Tasman region, the rohe of Te Tau Ihu, and the wider community generally, relating to the region's past history and heritage issues and to the present time via exhibitions, our website, and physical 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 and 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.

### **Accounting Policies**

The reporting entity is Tasman Bays Heritage Trust. The financial year is from 1 July until 30 June.

The Trust reports financially under the Accounting Standards Framework implemented by the Financial Accounting External Reporting Board to effect changes enacted by the Financial Reporting Act 2013. For Financial Reporting purposes the Trust is a "Not-For-Profit Public Benefit Entity". The Trust reports under the Tier 2 PBE Accounting Standards. All transactions in the financial statements are reported using the accrual basis of

accounting. The Trust reports internally on a monthly accounting cycle with actuals for the Statement of Financial Performance and Statement of Financial Position being presented to Management and the Board monthly. Progress against budgets and forecasts is regularly monitored internally and reported against.

The Accounting policies are those set out in the Trust's Annual Report.

### **Measurement Base**

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

### **Goods and Services Tax**

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

### **Fixed Assets**

Tasman Bays Heritage Trust has the following classes of assets:

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

All fixed assets acquired from the Nelson Provincial Museum [NPM] in 2000-01 were recorded at their previous book value. Subsequent additions are recorded at cost. Collection assets donated to, or acquired by, the Trust are recorded and are not subject to depreciation. Items with a value greater than \$500 are approved prior to accession and where practicable a value is assigned based on research. Land, Buildings and Collection assets are revalued in line with their revaluation cycle.

### **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. Buildings are valued for Audit and Insurance purposes biennially.

### **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.

### **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.

### **Audit and Risk Management Committee**

This Board sub-committee was established in 2008-09 to consider all financial and accounting information and to identify and assist in the management of the risk framework and performance targets.

### **Annual Objectives**

As detailed in the Strategic Plan document.

- Governance, Financial and Strategic Performance Objectives set by the Board
- Service Performance Objectives developed by the CEO with senior staff

### **Governance Obligations**

- Operate within the annual budget at all times
- Consult with Te Tai Ao Komiti to assist with kaitiakitanga of taonga Māori
- Maintain the Research Library and catalogue and care for the NPM collection at Isel Park
- Prioritise strategies that contribute towards sustainable growth and future certainty
- Open the Nelson city facility at 270 Trafalgar Street to the public for 363 days per year
- Care for the NPM Collection in accordance with Museum standards and legal requirements.

### **Reporting to Stakeholders**

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

### **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 that fulfil the requirements of LGA 2002 (Section 64).

### **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 30 June each year. Performance objectives and Proposed budget (year 1) and Indicative budgets (years 2 and 3) are included with the Draft and Final SOI.

### **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 and 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

### **Annual Report**

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 inspection (on the NPM website)

The non-financial part and the draft financials will be delivered to TDC and NCC Councils on or before 6th August 2022. Finalised financials will be delivered on or before 19th August 2022.

### **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.

### **Funding from Local Authorities**

An annual funding contribution shall be made to the Trust 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. In addition to the base funding Tasman District Council makes storage space available at Whakatū Estate in a lease arrangement (at an estimated value of over \$65,000 pa) and Nelson City Council has made a grant of \$75,316 pa available for work on the collection. The confirmation of funding requires the approval of each Council by resolution. Council provisions for the Trust will be disclosed in each Council's ten-year Long Term Plan [LTP], annual plans and annual reports. The Trust will submit all funding requests to the two Councils in accordance with due process.

### **Estimate of the Trust's Value**

The net asset worth of the Trust at 30 June 2021 was \$31,697,713. The Museum Collection was valued at \$20,135,551 with an effective date of 30 June 2021. This was carried out by independent valuers Dunbar Sloane. Significant donations are examined by independent valuers and are noted in the annual accounts.

The most recent valuation of land and buildings was performed by independent registered valuer I McKeage of Telfer Young (Nelson) Ltd. The Isele property was valued at \$347,000 (a drop of \$66,000 from the 2018 valuation) while the TA445 land and buildings was valued at \$10,083,000 (a rise of \$863,000 in the same period). The Church St land was valued at \$935,000 an increase of \$115,000 from its purchase in May 2019.

The effective date of this valuation was 30 June 2021

### **Loan Agreements**

The Trust has entered into a loan arrangement with the Nelson City Council and Tasman District Council for their respective loans. The Trust will repay the amount of \$100,000 to each Council commencing June 2016 until the loans are repaid, subject to adequate ongoing operational grant funding from both Councils. As the loans are at nil interest these are discounted to their fair value upon receipt. A loan facility agreement is now signed and in place.

### **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 wellbeing of the region.

### **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.