SOUTHLAND MUSEUM AND ART GALLERY TRUST BOARD

STATEMENT OF INTENT

FOR THE FINANCIAL YEAR ENDING
June 30 2016

The purpose of this Statement of Intent is to:

- State publicly the activities and intentions of this Council Controlled Organisation for the year and the objectives to which those activities will contribute; and
- Provide an opportunity for shareholders to influence the direction of the organisation; and
- Provide a basis for the accountability of the board to their stakeholders for the performance of the organisation.

This Statement of Intent covers the year 1 July 2015 to 30 June 2016.

1. MISSION, VISION, STRATEGIC OBJECTIVES AND THE THREE YEAR PLANNING PERIOD

1.1 Mission Statement

- *The Redevelopment shall showcase the lifestyles created in our Southern Frontier* and capture both art and history.

1.2 Vision Statement

- *Southland Museum and Art Gallery is the hub that links and celebrates the stories of our people, land and culture.*

1.3 Key Priorities

Through its activities the Southland Museum and Art Gallery Trust Board will:

- Commence the refurbishment and extension of the Museum and Art Gallery to enlarge exhibition and storage space and to enhance accessibility to the collection.
- Focus the Museum and Art Gallery as a regional facility in the community through the provision of exhibitions – local, national and international.
- Offer a variety of experiences to the people of Southland that they wouldn't otherwise have access to.
- Actively promote the Southland Museum and Art Gallery as a hub for other museums in the province.
- Work to maintain the presence of the *i-SITEinformation Centre* and work with the Department of Conservation to see what opportunities may exist for providing services on their behalf.

The principal activities, which contribute to the achievement of the objectives, are categorised into three areas:

1. The Collections – Caring for, developing, and researching collections.
2. The Community – Engaging communities, including iwi/Maori, in exploring the culture and heritage of Southland.
3. The Experience – Providing access to the collections and telling the Story of Southland through exhibitions, events, publications and learning programmes.

1.4 Financial Planning Assumptions

The Southland Museum and Art Gallery Trust Board receives an annual grant from the Southland Regional Heritage Committee and Invercargill City Council. Income is also generated from the Museum and Art Gallery's shop (Momento), and cafe (Pyramid on Gala) and rental from the i-SITE/Information Centre located in the foyer, donations and entry fees for special touring exhibitions.

The Invercargill City Council holds the management contract from the Southland Museum and Art Gallery Trust Board who approve the management expenditure each year.

The Southland Museum and Art Gallery Trust owns the Museum and Art Gallery building and collections. The existing building requires extensive refurbishment and has insufficient storage and exhibition space to enable the facility to meet the community's needs. The Trust has minimal building reserves and will need to attract significant funding contributions from a wide range of sources. The cost of the proposed work is approximately $40 million.

1.5 Bicultural Development

Southland Museum and Art Gallery has developed a close working partnership with iwi through the Iwi Liaison Komiti, which has representatives from the four Southland runanga. The Iwi Liaison Komiti meets quarterly to discuss issues relating to the collections and exhibitions.

2. STATEMENT ON THE BOARD'S APPROACH TO GOVERNANCE

2.1 Role of the Board

The Board is responsible for the governance of the Trust. The Board is responsible for setting the strategic direction of the Trust, approving the Statement of Intent and monitoring organisational performance.

2.2 Board Membership

The Southland Museum and Art Gallery Trust Board is a Council Controlled Organisation with eight members and three ex officio members who represent the contributing authorities. The Board also has the authority to appoint additional members whose skills and experiences benefit the Trust and its functions.

Invercargill City Council
Cr D J Ludlow
Cr I L Esler
Cr G J Sycamore

Southland District Council
Cr G Macpherson
Cr N Paterson

TANGATA WHENUA
Jane Davis

APPOINTMENTS BY THE ABOVE TRUSTEES
Gwen Neave
Wallace Jack

EX OFFICIO
Manager – Paul Horner
Director of Finance and Corporate Services, Invercargill City Council – Dean Johnston – Secretary/Treasurer

2.3 Management of the Southland Museum and Art Gallery

The Southland Museum and Art Gallery Trust Board has a management contract with the Invercargill City Council for the operation of the Museum facility. The Council employs a Museum Manager and staff.

2.4 Alignment with Community Outcomes

The Southland Museum and Art Gallery Trust contributes towards the achievement of Invercargill's community outcomes.

Community Outcome	Intermediate Outcomes	Activity's Contribution
Healthy lifestyles in a healthy environment.	*Provide or promote the provision of a diverse range of excellent quality and safe indoor and outdoor recreational facilities, both natural and man-made.*	Provision of a facility that enables the collections, which focus on Southland, to be stored, maintained and exhibited in conditions that ensure their long term preservation; while providing a quality visitor experience.
A city that is a great place to live and visit.	*Promote Invercargill actively as a great place to live, work, play and visit.* *Provide and promote a range of events that create vibrancy and build community.*	Provision of a facility with exhibitions and events that inspire and inform visitors of Southland's heritage and culture provide exhibitions of local, national and international interest.

3.0 MEASURING PERFORMANCE

3.1 Explanation

The Trust has two levels of performance measures.

The first are high level community indicators which are set by the Trust and mirrored in the Council Long Term Plan.

The second set of measures are internal performance measures and of a more technical nature.

All targets are included in the table following with the Long Term Plan targets shown in ***bold italics.***

3.2 The Collections

Objective	Goal	Target Levels of Performance 2015/16	Target Levels of Performance 2016/17	Target Levels of Performance 2017/18
Caring for Collections. Collections are managed and preserved in accordance with established standards and cultural requirements.	Collections are maintained in optimal conditions for their long term preservation.	***Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.*** No irreparable loss or damage is caused to collections or objects on loan.	***Undertake building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.*** No irreparable loss or damage is caused to collections or objects on loan.	***Undertake building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.*** No irreparable loss or damage is caused to collections or objects on loan
Developing Collections. The collections are developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage.	Collection is developed in accordance with reviewed policies - Collection and Management Policies and Acquisitions Strategy	100% of objects acquired entered into Vernon database and verified 100% records on Vernon database maintained Project planned to review, update and verify records on database	100% of objects acquired entered into Vernon database and verified 100% records on Vernon database maintained. Review, update and verify 10% of records on database	100% of objects acquired entered into Vernon database and verified. 100% records on Vernon database maintained. Review, update and verify 10% of records on database

3.3 The Experience

Objective	Goal	Target Levels of Performance 2015/16	Target Levels of Performance 2016/17	Target Levels of Performance 2017/18
To provide an inspiring, informed and rich programme of exhibitions, events and learning opportunities.	Development and implementation of an annual visitor experience programme.	Three semi-permanent exhibitions are delivered. ***A minimum of 12 short-term exhibitions, including 8 in the community access gallery, are***	Three semi-permanent exhibitions are delivered. ***A minimum of 12 short-term exhibitions, including 8 in the community access gallery, are***	Three semi-permanent exhibitions are delivered. ***A minimum of 12 short-term exhibitions, including 8 in the community access gallery, are***

		presented annually.	***presented annually.***	***presented annually.***
	Develop and deliver inspiring education programmes for school audiences.	Over 25 education programmes delivered to 4000 school students, including curriculum-linked and exhibition-related programmes.	Over 25 education programmes delivered to 4000 school students, including curriculum-linked and exhibition-related programmes.	Over 25 education programmes delivered to 4000 school students, including curriculum-linked and exhibition-related programmes.

3.4 **The Community**

Objective	Goal	Target Levels of Performance 2015/16	Target Levels of Performance 2016/17	Target Levels of Performance 2017/18
To recognise the Museum and Art Gallery as a place where our culture and heritage is valued and promoted.	Maintain strong relationships with iwi/Maori over issues relating to the collections, exhibitions and tuatara management.	Iwi Liaison Komiti (representing the four Southland runanga) meet four times/year.	Iwi Liaison Komiti (representing the four Southland runanga) meet four times/year.	Iwi Liaison Komiti (representing the four Southland runanga) meet four times/year.
	Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	***Annual visitor numbers exceed 200,000/annum***	***Annual visitor numbers exceed 200,000/annum***	***Annual visitor numbers exceed 200,000/annum***

4.0 ACCOUNTING POLICIES

4.1 Reporting Entity

The Southland Museum and Art Gallery Trust Board is a Trust incorporated and domiciled in New Zealand.

The purpose of the Trust is to ensure prudent administration of the facilities and collections within that facility and to monitor the management contract, which is currently with the Invercargill City Council.

4.2 Statement of Compliance and Basis of Preparation

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) with the exception of

the Exhibits and Collections. The Trust has applied the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to public benefit entities that qualify for and apply differential reporting concessions. The Trust is a reporting entity for the purposes of the Charities Act 2005 and its financial statements comply with that Act.

The Trust qualifies for Differential Reporting exemptions as it has no public accountability and it is not large as defined in the Framework for Differential Reporting. All available reporting exemptions allowed under the Framework for Differential Reporting for Entities Applying New Zealand Equivalents to IFRS Reporting Regime have been adopted except NZ IAS 7, Cash Flow Statements.

The financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis with the exception of certain items for which specific accounting policies are identified.

The accounting policies set out below have been applied consistently to all periods presented in these financial accounts.

4.3 **Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

4.4 **Trade and Other Payables**

Trade and other payables are stated at cost.

4.5 **Trade and Other Receivables**

Trade and other receivables are stated at their cost less impairment losses.

4.6 **Revenue**

Revenue is measured at the fair value of consideration received.

The Trust receives grants from the Invercargill City Council and grants from other local organisations. These grants are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Interest income is recognised using the effective interest method.

4.7 **Expenditure**

All expenditure is recognised in the Statement of Financial Performance in the period in which it is incurred.

4.8 **Goods and Services Tax**

The Financial Statements have been prepared exclusive of Goods and Services Tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

4.9 **Donated Services**

The work of the museum is dependent on the voluntary service of many individuals and organisations. Since these services are not normally purchased by the museum and because of the difficulty of determining their value with reliability, donated services are not recognised in these financial statements.

4.10 **Statement of Cash Flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Trust invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Trust and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Trust.

4.11 **Property, Plant and Equipment**

4.11.1 *Additions*

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

4.11.2 *Valuation of Fixed Assets – Fit out*

Under previous GAAP the Museum established a deemed cost for the Museum building and fit out at an amount that was not materially different to its fair value on initial recognition. The Museum has elected to use that fair value measurement as deemed cost for NZ IFRS.

Purchases of fixed assets have been recorded at cost less accumulated depreciation.

4.11.3 *Exhibits and Collections*

The value of exhibits is not reflected in these Financial Statements. However the direct purchase costs of fixed assets acquired during the year for upgrading assets contained within various galleries have been capitalised and are subject to the depreciation policy.

The Trust does not recognise contributions of works of art, historical treasures and similar assets if the donated items are added to collections that meet all the following conditions:

- Are held for public exhibition, education, or research in the furtherance of public service rather than financial gain.

- Are protected, kept unencumbered, cared for and preserved.
- Are subject to an organisational policy that requires the proceeds from sales of the collections items to be used to acquire other items for the collections.

This policy is in accordance with a USA Financial Accounting Standards Board Statement – Statement of Financial Accounting Standard No 116.

The Southland Museum and Art Gallery Trust Board has decided to continue its policy of not attributing a monetary value to items gifted to the collection. This treatment is contrary to NZ IAS 16 Property, Plant and Equipment, which requires that if an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. The fair value of the asset received must be recognised in the Statement of Financial Performance. NZ IAS 16 has not been followed because the Board considers that the collection does not have the characteristics of property, plant or equipment.

Collection items have substantial intangible characteristics in that they are unique with iconic status or are historic and irreplaceable or sacred to particular communities. Without an active market no financial value can or should be ascribed. Scientific collections have great research importance but little market value. With good conservation the life of an object or specimen is indefinite. Age usually increases the significance of an object rather than depreciating it. The collection is not like manufacturing plant that is heavily used, wears out and is then replaced.

A number of leading museums in New Zealand and museums in the United Kingdom, United States of America and Canada do not capitalise their collections.

The collection is valued at $10,000,000 for insurance purposes.

4.12 **Depreciation**

Depreciation has been charged in the Financial Statements on the basis of the economic life rates recommended by the Inland Revenue Department as follows:

Buildings	2% CP
Fit-out	9 – 40% DV

4.13 **Financial Instruments**

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

4.14 **Changes in Accounting Policies**

There are no changes in accounting policy during the period. All accounting policies have been consistently applied throughout the period covered by these financial statements.