

tauranga art gallery
toi tauranga

Tauranga Art Gallery Trust
FINAL STATEMENT OF INTENT

to

Tauranga City Council

For 2016 -17, 2018 -19

1. Introduction

The Tauranga Art Gallery Trust (TAGT) is incorporated under the Charitable Trusts Act 1957, and is a not for profit entity established to deliver and operate a public art gallery to serve residents of the Tauranga, the Western Bay of Plenty and visitors to the region. The TAGT has charitable status with the Inland Revenue Department.

Abbreviations used:

The Tauranga Art Gallery	“The Gallery” or “TAG”
The Tauranga Art Gallery Trust	“The Trust” or “TAGT”
Tauranga City Council	“TCC” or “Council”
Council Controlled Organisation	“CCO”
Enduring Statement of Expectations	“ESE”
Letter of Expectations	“LOE”
Statement of Intent	“SOI”
Learning Experiences Outside the Classroom	“LEOTC”

Principle Objective

The principle objective of the TAGT is the operation of a Public Art Gallery for the Tauranga Region located in the Tauranga city centre. Specific

Objectives:

- To exhibit the finest works of art available with special emphasis on New Zealand art, both historical and contemporary
- Connect art and people through the propagation of knowledge and appreciation of visual art
- To create a sense of belonging and ownership of Tauranga’s cultural institution
- Develop and maintain a collection of art with particular emphasis on artists who have a connection with the Bay of Plenty.

To increase audience visitation, elucidate exhibition information, assure financial security and plan for future generations of gallery visitors, the following four focus areas define the guiding principles upon which the Gallery operates and delivers its programmes:

- Exhibitions
- Visitor Experience
- Relationships
- Collections

2. Governance

The Tauranga Art Gallery Trust is a Council Controlled Organisation of the Tauranga City Council.

2.1 The Role of the Trust

Trustees are responsible for setting the strategic direction of the Trust; approving the SOI; the Annual Business Plan and the Annual Budget.

The Trust delegates the day-to-day operation of the Gallery (which includes determining the nature and content of exhibitions and programmes presented in the Gallery) to the Art Gallery Director, who reports regularly to the Trust Board.

Trustee Skills, Knowledge and Experience

Within the composition of the Trust Board there shall be and are, members who have the following skills, experience and knowledge:

- Business and management (including financial management)
- Knowledge of art education in NZ
- An interest and awareness of the art gallery and museum environment in NZ
- Understanding of the cultural history of NZ
- Linkages with and understanding of, Tauranga Moana Tangata Whenua.

2.2 The role of TCC

The TCC, in meeting its responsibility to provide for good-quality local public services in an efficient, effective and appropriate manner, is a partner of the Tauranga Art Gallery Trust.

TCC and TAGT have agreed to an Enduring Statement of Expectations (ESE) which defines the general principles for an operating framework between them and the obligations of each entity and to each other. The ESE is designed to enhance the TCC and TAGT understanding in meeting their respective responsibilities and obligations to ensure the sustainability of a public art gallery in Tauranga. It outlines the enduring expectations of the TAGT Board in relation to matters which are unlikely to change year to year, such as the role and purpose of the TAGT Board, governance and funding principles. The ESE Clause 7.1 General Funding Principles notes there are five high-level funding principles:

1. To enable the sustainability of the Tauranga Public Art Gallery, Tauranga City Council will provide funding as a contribution towards operational expenses
2. At least 20% of TAGT operating expenditure will be provided from sources other than Council funds
3. The role of Council is to hold TAGT accountable for the use of funds provided by Council
4. The TAGT Board is empowered to determine the best use and allocation of funds
5. TAGT is expected to meet the approved annual budget.

A Letter of Expectations (LOE) defines TCC's expectations for 2016/2017 in four focus areas; Economic, Social, Cultural and Environmental. Other aspects relating to the effective delivery of outcomes for the Gallery are defined in the Gallery's Strategic Plan. Within that document (which incorporates the detail in this SOI), there are additional goals and outcomes which the TAGT Board requires of the Director, and which the Board will monitor in accordance with its governance responsibilities.

In addition to the ESE/LOE, TCC is also:

- Represented on the appointment panel selecting the Trust's Board of Trustees
- Approves the appointment of any person(s) to the Trust Board
- Provides financial support on behalf of the residents of Tauranga (as outlined above)
- Monitors TAGT's performance as outlined on the LOE and as per CCO requirements.

3. The Future: 2016 - 2019 and beyond

TAGT's Strategic Plan 2016-2019 reaffirms TAGT's commitment to delivering outcomes in accordance with the Gallery's specific objectives described above. Given the changing demographics in the Tauranga and Western Bay of Plenty sub region and to support TCC Long Term Plan goals to create:

- A talented and innovative city full of opportunity
- A city of great spaces, places and environments
- A city with heart and soul;

TAGT will also direct its energies to support those desirable outcomes. To meet the challenges of the future TAGT will build on its founding principles and energise its efforts achieve:

Gallery Purpose: To create exceptional art experiences that engage, inspire, challenge and educate.

Aspirations: We will.....

- Be recognised as a leader in arts and culture locally and nationally
- Become known for innovation in the way we work and what we create
- Be a vital part of the fabric of the city
- Become an iconic destination and a must-see location
- Be a model of sustainable practice both philosophically and operationally
- Be acknowledged as a hub for diversity.

4. Deliverables and Rationales

TAGT will achieve its objectives by delivery under the four guiding principles, which are core to operating a successful Public Art Gallery. TAGT's overarching key strategies have been built within a framework for delivering:

- **Art Experiences that engage, inspire, challenge and educate**
The quality of the art experiences offered by the Gallery contributes to its success, its visitor numbers and whether or not it is seen as a destination of choice within the city. Delivering innovative and alternative ways to provide art experiences creates new challenges and opportunities and will be a key focus to present exhibitions and events that encourage visitations and share art and culture with an increasingly diverse population. TAG will use a variety of formats to promote its exhibition and events programme and will measure their success through online tracking and visitor numbers.
- **Social Integration**
TAG is a public art gallery. It must strive to cater for a diverse range of interests and expectations. It will provide the opportunity for all to access, learn and experience visual art. TAG is part of the fabric of the city. It will engage with its community to meet expectations and collaborate with entities that aspire to make Tauranga more vibrant and interesting.
- **Cultural Relevance**
TAG will become a hub for multicultural experiences and audiences. The Gallery will engage with a wide range of audiences while also taking steps to promote Tauranga's unique identity.
- **Art Gallery and Environmental Best Practice**
TAGT will manage the Gallery in a sustainable manner. It will protect the Gallery and its assets for current and future generations.
- **Sound Financial Management**
TAGT must demonstrate its value and benefit to its community of stakeholders. The type of art experiences offered, the way in which TAGT delivers those experiences and the extent of visitor attendance and visitor satisfaction, will be key drivers that will impact on funding support and ultimately, the Gallery's financial performance.

TCC approved Letter of Expectation with TAGT for 2016-17 describes Council’s expectations in four areas and with successful outcomes Council has defined as:

Economic Focus Area: Ensuring TAG is seen as a destination for both visitors and residents

- Stage signature events, attracting visitors to the gallery and the city centre
- Undertake effective marketing and promotion of the gallery
- Achieve a high level of customer satisfaction
- Investigate innovative and alternative ways to provide art experiences to the city
- Collaborate with other organisations to create and promote art opportunities in Tauranga
- Increase the use of digital platforms to provide new art experiences and enhance audience development

Social Focus Area: Provide the opportunity for all to access, learn and experience visual art

- Increase the number of visitors taking part in TAG art experiences
- Provide new experiences both within the gallery and outside the gallery in order to engage with additional audiences
- Maintain or increase the number of participants in educational experiences

Cultural Focus Area: Be a hub for multicultural experiences and audiences

- Provide art experiences that promote Tauranga’s distinctive culture and heritage
- Offer a wide range of exhibitions and art experiences in order to engage with a diverse audience
- Increase community engagement with groups not normally engaged with the gallery

Environmental Focus Area: Run the Gallery in a sustainable manner, protecting the Gallery and its collections for current and future generations

- Complete asset management plan work
- Comply with Museums Aotearoa Code of Ethics
- Investigate opportunities for energy efficiency and waste reduction in conjunction with Council

EXPECTATION	MEASURE
Economic Focus Area: Ensuring TAG is seen as a destination for both visitors and residents	
<ul style="list-style-type: none"> • Stage signature events, attracting visitors to the gallery and the city centre 	<ul style="list-style-type: none"> • Present at least 1 signature event annually, with that event attracting not less than 15,000 visitors
<ul style="list-style-type: none"> • Undertake effective marketing and promotion of the gallery 	<ul style="list-style-type: none"> • Achieve outcomes as defined in the TAG marketing plan for each art experience and gallery activity
<ul style="list-style-type: none"> • Achieve a high level of customer satisfaction 	<ul style="list-style-type: none"> • At least an 80% ‘highly satisfied’/positive visitor response rating
<ul style="list-style-type: none"> • Collaborate with other organisations to create and promote art opportunities in Tauranga 	<ul style="list-style-type: none"> • Partner with other organisations to develop and present exhibitions and events per calendar year
<ul style="list-style-type: none"> • Increase use of digital platforms to provide new art experiences and enhance audience development 	<ul style="list-style-type: none"> • Achieve outcomes as described in the annual Exhibitions Programme and the Marketing Plan
<ul style="list-style-type: none"> • Explore opportunities to engage with the community and offer new art experiences outside the Gallery building 	<ul style="list-style-type: none"> • As part of the Exhibitions/Learning & Engagement Programmes, develop strategy by 1 July 2016 for 2016/17 year. • Achieve outcomes as per the TAGT approved strategy

EXPECTATION	MEASURE
Social focus area: Provide the opportunity for all to access, learn and experience visual art	
<ul style="list-style-type: none"> Provide daily access to the Gallery to encourage visitations 	<ul style="list-style-type: none"> Gallery opened daily except Christmas Day, Boxing Day and New Years Day
<ul style="list-style-type: none"> Increase the number of visitors taking part in TAG art experiences 	<ul style="list-style-type: none"> Total visitations increased to 65,000 in 2016/2017 year based on 2014/2015 actual figures
<ul style="list-style-type: none"> Provide new experiences both within and outside the Gallery in order to engage with additional audiences 	<ul style="list-style-type: none"> Development of programmes by 1 July 2016 for 2016/17 year Achieve outcomes described in the TAG annual <ul style="list-style-type: none"> - Exhibitions Programme - Learning and Engagement Programme - Marketing Plan
<ul style="list-style-type: none"> Maintain or increase the number of participants in educational experiences 	<ul style="list-style-type: none"> Develop Learning and Engagement Programme for 2016/17 year by 31 July 2016 Deliver programmes that attract not less than 6,000 participants annually (subject to Ministry of Education LOETC or other funding being secured)
<ul style="list-style-type: none"> Provide an ArtBus free of charge to deliver school students to and from the Gallery 	<ul style="list-style-type: none"> The free ArtBus offered to school groups and funding raised to meet the demand

EXPECTATION	MEASURE
Cultural focus area: Be a hub for multicultural experiences and audiences	
<ul style="list-style-type: none"> Provide art experiences that promote mana whenua and Tauranga's distinctive culture and heritage 	<ul style="list-style-type: none"> Achieve outcomes described in the Exhibitions Programme and the Learning and Engagement Programme and through engagement with iwi
<ul style="list-style-type: none"> Offer a wide range of exhibitions and art experiences in order to engage with a diverse audience 	<ul style="list-style-type: none"> Deliver not less than 15 exhibitions and other art experiences that cover contemporary and historical content and which feature a range of multicultural perspectives
<ul style="list-style-type: none"> Increase community engagement with groups not normally engaged with the Gallery 	<ul style="list-style-type: none"> Achieve outcomes described in the Exhibitions Programme and the Learning and Engagement Programme

EXPECTATION	MEASURE
Environmental Focus Area: Run the Gallery in a sustainable manner, protecting the Gallery and its collections for current and future generations	
<ul style="list-style-type: none"> Complete asset management plan work 	<ul style="list-style-type: none"> Plan updated by 30 August 2016 and TAGT approved actions are implemented
<ul style="list-style-type: none"> Comply with Museums Aotearoa Code of Ethics 	<ul style="list-style-type: none"> Evidence of compliance in relevant areas
<ul style="list-style-type: none"> Investigate opportunities for energy efficiency and waste reduction 	<ul style="list-style-type: none"> Plan to be presented to TAGT Board by 31 October 2016 Achieve outcomes as approved by TAGT

EXPECTATION	MEASURE
Sound Financial Management: TAGT will pursue opportunities to secure funding and manage all funds with prudence and care	
<ul style="list-style-type: none"> Seek financial support from benefactors, sponsors, build partnerships and secure grants 	<ul style="list-style-type: none"> Achieve outcomes described the TAG Funding Strategy
<ul style="list-style-type: none"> Achieve a degree of financial self-sufficiency 	<ul style="list-style-type: none"> Achieve at least 20% income generated by TAGT
<ul style="list-style-type: none"> Gross revenue target achieved and forecasted expenditure is contained within the approved budget 	<ul style="list-style-type: none"> Budget is met
<ul style="list-style-type: none"> Manage all funds with prudence and care 	<ul style="list-style-type: none"> Compliance with TAGT Audit Committee Policy, Audit NZ requirements and approved general accounting practices. Compliance with TCC CCO obligations

EXPECTATION	MEASURE
Health and Safety: TAGT will take all practical steps to protect the health and safety of all persons and Gallery workers who enter the Tauranga Art Gallery and TAG Staff while off site on TAG business. It will ensure policies and operational procedures are in place, remain current and are followed so that no person is put at risk.	
<ul style="list-style-type: none"> Health & Safety Policies and Procedures are documented, hazards identified, operation actions and practices are applied to take all practicable steps to eliminate risk or potential harm to any person (staff member, gallery visitor, the public, contractors and service providers). 	<ul style="list-style-type: none"> Health & Safety Policy and operational procedures meet statutory requirements and best practice standards of reporting. The TAGT Board approves the TAG Health & Safety Policy and Procedures. TAG Health & Safety policies and procedures remain current and are independently reviewed and assessed on an annual basis. TAG management and staff work collaboratively to ensure TAG Health & Safety Policy and Procedures are relevant, detailed, understood and followed. Monthly Health & Safety staff meetings are held to identify risks or concerns. Minute's record required actions. Details are promptly conveyed to all staff.
<ul style="list-style-type: none"> TAG Director will report immediately on any critical incident or risk. 	<ul style="list-style-type: none"> The Director will communicate immediately with the TAGT Chair and the TAGT Chair Risk, Finance & Administration Sub Committee, with details of any significant critical incident or risk and what has / should be done.
<ul style="list-style-type: none"> The TAGT Board receives regular and detailed information about the status of TAG Health and Safety performance and / or issues and risk mitigation plans. 	<ul style="list-style-type: none"> At TAGT Board meetings, the Director will provide detailed information about TAG Health and Safety performance as per the metrics and format required by the Board.

5. Planning

TAGT will prepare and annually update a three-year Strategic Plan and annual Business Plan with;

- Indicative rolling three year forecast of financial performance and position, separately identifying any significant intended expenditure.
- Any likely requests for increased levels of funding from Council.
- Key actions or initiatives to deliver on the objectives of the Trust.
- Upcoming challenges, risks and opportunities for the Trust.

TAGT will work collaboratively with TCC to review and as necessary update the ESE and the annual LOE.

6. Reporting

TAGT will:

- Keep TCC informed of matters of substance affecting the Trust as outlined in ESE.
- Produce half yearly and annual reports to TCC on both financial and non-financial performance.
- Appraise the performance of the Trust Board/Trustees at least every 18 months.

Half Yearly Report

Within two months after the end of the first half of each financial year, TAGT shall deliver to the Council an unaudited report containing the following information in respect of the half year under review:

- Statement of Financial Performance disclosing revenue and expenditure and comparative figures;
- Statement of Financial Position;
- Statement of Performance against Financial and Non-Financial Performance Targets;
- A commentary on the results for the first six months, together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on the Trust's performance, including an estimate of the financial result for the year based on that outlook.

Within two months after the end of the first half of each financial year, TAGT shall deliver to the Council an unaudited report containing the following information in respect of the half year under review:

- Statement of Financial Performance disclosing revenue and expenditure and comparative figures;
- Statement of Financial Position;
- Statement of Performance against Financial and Non-Financial Performance Targets;
- A commentary on the results for the first six months, together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on the Trust's performance, including an estimate of the financial result for the year based on that outlook.

Annual Report

Within two months after the end of each financial year, TAGT shall deliver to the TCC a Draft Annual Report, and within three months after the end of each financial year audited financial statements in respect of that financial year, containing the following information:

- Trustees' report including a summary of the financial results, a report of the operations, and comparison of performance in relation to its objectives and recommendations for further funding requirements or opportunities;
- Audited financial statements for that financial year; and
- The Auditor's report on:
 - Those financial statements; and
 - The performance targets and other measures by which performance has been judged in relation to the objectives;

The audited financial statements shall consist of

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Cash Flows;
- Statement of Performance against Financial and Non-Financial Performance Targets;
- Such other statements as may be necessary to fairly reflect the financial position of the Trust, the resources available to the Trust and the financial results of the operations of the Trust; and
- A statement of accounting policies and notes to the accounts.

7. Financial Performance Targets

TAGT aims to operate in a financially sustainable manner. As a CCO delivering part of TCC's cultural responsibilities, long-term financial performance and position is sustainable where planned long term service standards are met without unplanned increases in TCC funding or cuts in deliverables.

Indicative Financial Performance Targets:

- Gross revenue is consistent with the agreed budget
- Expenditure is managed within the agreed budget
- Working capital ratio of no less than 1 (excluding current portion of term debt)
- Interest cost as a percentage of total revenue should not exceed 10%
- Consolidated funds (total equity) are not less than 90% of total assets (all current and non current assets)
- No debt is to be raised to finance operating expenses
- TAGT achieving of financial self-sufficiency (generates at least 20% of its annual operating budget operating budget)
- No distribution of income or capital to TCC

Non-Financial Performance Targets

Indicative Non-Financial Performance Targets of planning and reporting requirements are met. Refer to comments under heading section number 4, Deliverables and Rationale.

8. Accounting Policies

Financial statements will be prepared and applied consistently in accordance with NZ GAAP. They will comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate to public benefit entities that qualify for and apply differential reporting concessions.

9. Asset Management

TAGT will prepare and implement Asset Management Plans for the building and other assets.

Commercial Values of Assets

TAGT operates a public service and not a commercial activity. So it is not practical to provide a commercial value to assets. Fair value of land, building and artworks are determined by an independent valuer every three years and changes reflected in the financial statements. Fair value is reviewed annually. The next valuation is to be undertaken in the year ended 30 June 2018.

10. Transactions between related parties

Transactions between Tauranga City Council and TAGT will be conducted on a wholly commercial basis.

11. Significant Decisions

TAGT will not undertake any activity of a significant nature or scope not provided for in the ESE or the SOI without prior approval of the Council. In particular the prior approval would be required for the Trust to:

- Form any subsidiary entity
- Purchase shares in any other entity
- Dispose of any significant assets, e.g. land or buildings
- Dispose of or de-accession any works within the TCC Civic Art Collection
- Purchase any significant assets e.g. land or buildings.

12. Investment From TCC

TCC will purchase services from the Trust as follows

2016/17

Management and care of the TCC Civic Art Collection \$3,294 (based on \$3,242 in 2015/16 and applying an inflation adjustment of 1.6%) , and see note below*

Management and operation of the Tauranga Art Gallery \$893,985 (1.6% inflation) plus agreed Trustee Fees and costs \$20,000

2017/18

Management and care of the TCC Civic Art Collection \$3,347 (based on \$3,294 in 2016/17 and applying an inflation adjustment (1.6%))

Management and operation of the Tauranga Art Gallery \$908,289, plus Trustee Fees and costs \$20,000

2018/19

Management and care of the TCC Civic Art Collection \$3,400 (based on \$3,347 in 2017/18 and applying an inflation adjustment (1.6%))

Management and operation of the Tauranga Art Gallery \$922,822 plus Trustee Fees and costs \$20,000

***Note:** TCC and TAGT to discuss and agree on the provision of a Service Agreement which defines expectations, obligations of both parties and agreement on the costs for the management and care of the TCC Civic Art Collection.

13. Payment arrangements

- Payment for the management of the TCC Civic Art Collection from 1 July
- Payment of the Tauranga Art Gallery management and operation will be made monthly in advance

Compensation for any other services provided to or by the Council will be based on a service delivery agreement entered into by both parties.

14. Termination

If any party wishes to terminate this three year rolling arrangement, due to non-performance or other substantive reason within the control of either of the parties:

- The party may give written notice to the other party specifying the issue and if possible requiring remedy within twenty-eight (28) days; and/or
- If the issue is unable to be remedied to the party's satisfaction, the party must give written notice of intention to terminate this arrangement from a date being not less than one year commencing the forthcoming 1 July. (That is, the party must have at least one full financial year's notice commencing on 1 July and ending on 30 June).

Signed by

Date

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Chair
Tauranga Art Gallery Trust

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Gallery Director